

UNIVERSITY OF HOUSTON SYSTEM
Audit and Compliance Committee
Tuesday, August 11, 2009
12:30 p.m. – 1:45 p.m.

AGENDA

UNIVERSITY OF HOUSTON SYSTEM AUDIT AND COMPLIANCE COMMITTEE MEETING

DATE: Tuesday, August 11, 2009

TIME: 12:30 p.m.

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

Chair: Dennis D. Golden

Vice Chair: Nelda Luce Blair

Members: Jacob M. Monty
Welcome W. Wilson, Sr., Ex Officio

AUDIT AND COMPLIANCE COMMITTEE

A. Call to Order

B. UHS Internal Auditing Department Long-Range Internal Audit Plan for Fiscal Years 2010-2012 – UH System AUDIT - 1

Action: Approval

C. Audit & Compliance Committee Planner – UH System AUDIT - 2

Action: Approval

D. Audit & Compliance Committee Charter and Checklist – UH System AUDIT - 3

Action: Approval

E. Institutional Compliance Status Report for the Four Months Ended June 30, 2009, and Annual Compliance Plan for FY 2010 – UH System AUDIT - 4

Action: Information

F. Internal Audit Report – Briefing Booklet – UH System AUDIT - 5

Action: Information

G. Support Organizations Report – UH System AUDIT - 6

Action: Information

H. Internal Audit Special Project Report – UHS Job Order Contracts –
UH System AUDIT - 7

Action: Information

I. Adjourn

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

COMMITTEE: Audit & Compliance

ITEM: UHS Internal Auditing Department Long-Range Internal Audit Plan for Fiscal Years 2010-2012

DATE PREVIOUSLY SUBMITTED:

SUMMARY:

Attached for your review and approval is the UHS Internal Auditing Department Long-Range Internal Audit Plan for Fiscal Years 2010-2012 (Audit Plan). The Audit Plan has been prepared to meet the requirements of the Board of Regents policy and the Texas Internal Auditing Act (Texas Government Code, Sec. 2102), as amended. The Texas Internal Auditing Act requires the Board of Regents to approve the Audit Plan and periodically review the resources dedicated to the Internal Audit program and determine if adequate resources exist to ensure that risks identified in the annual risk assessment are adequately covered within a reasonable time frame. The Internal Audit resources are described in Section 2 of the Audit Plan, and the risk assessment is included in Section 8 of the Audit Plan. Risk assessment techniques were employed to identify auditable areas and to ensure that the accounting systems and controls, the administrative systems and controls, and other major systems and controls are reviewed on a periodic basis.

FISCAL NOTE:

SUPPORTING DOCUMENTATION: UHS Internal Audit Plan (under separate cover)

ACTION REQUESTED: Approval

COMPONENT: University of Houston System

CHIEF AUDIT EXECUTIVE

Don F. Guyton
Don F. Guyton

7/24/09
DATE

CHANCELLOR

Renu Khator
Renu Khator

8-4-09
DATE



UNIVERSITY OF HOUSTON SYSTEM

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

MEMORANDUM

TO: Board of Regents

FROM: Don F. Guyton
Chief Audit Executive

DATE: July 24, 2009

SUBJ: Annual Internal Audit Plan

Attached for your review and approval is the final draft of the Long-Range Internal Audit Plan for Fiscal Years 2010-2012. This plan has been prepared to meet the requirements of the Board of Regents policy and the Texas Internal Auditing Act (Texas Government Code, Sec. 2102). This act states that the annual audit plan developed by the internal auditor must be approved by the governing board. This plan is an approval item on the agenda for the August 11, 2009 Audit and Compliance Committee meeting and August 18, 2009 Board of Regents meeting.

Please let me know if you have any questions.

Attachments



UNIVERSITY OF HOUSTON SYSTEM

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

MEMORANDUM

TO: Distribution

FROM: Don F. Guyton
Chief Audit Executive

DATE: July 24, 2009

SUBJ: Long-Range Internal Audit Plan, FY 2010-2012

Over the past few weeks, we received input on the Long-Range Internal Audit Plan from key personnel at all components. We conducted meetings with these personnel in order to discuss the audit process, our risk assessment and our planning methodology. A key ingredient to our planning methodology is to receive management's input on risk, changes in environment and identification of sensitive areas.

A draft of our FY 2010-2012 Long-Range Internal Audit Plan is attached for your review and comments. Please let me know if you have any suggested changes to the plan prior to the August 11, 2009 Audit and Compliance Committee of the Board of Regents. The Long-Range Internal Audit Plan will be submitted for approval at the August 18, 2009 Board of Regents meeting.

On September 1, 2009, the approved Long-Range Internal Audit Plan and Risk Analysis will be distributed according to the attached distribution listing. Please make the appropriate changes to this listing and forward it to our office prior to the scheduled distribution date.

Thank you very much for your assistance.

DG:rh
Attachments

DISTRIBUTION: (July 24, 2009)

UH System / UH

R. Khator
J. Antel
D. Birx
G. Campbell
C. Carlucci
E. Charlson
D. Cornell
T. Ehardt
D. Fouty
E. Hugetz
E. Lee
E. Messa
C. Ness
M. Rierson
M. Rhoades
B. Stanley
D. Wells

Board of Regents

W. Wilson
N. Blair
D. Golden
K. Lindley
J. Monty
M. Mosbacher
C. Ray
L. Rose
C. Stephens
J. Wise

UH-Clear Lake

W. Staples
M. Dotter
C. Stockton
J. Cordary

UH-Downtown

W. Flores
M. Woods
D. Bradley
E. Apodaca
I. Montalbano
E. Pearson

UH-Victoria

T. Hudson
S. LaBrecque
W. Beran

State Auditor's Office

V. Elliott

DISTRIBUTION: (September 1, 2009)

UH System / UH

R. Khator
J. Antel
D. Brix
G. Campbell
C. Carlucci
E. Charlson
D. Cornell
M. Davis
T. Ehardt
D. Fouty
E. Hugetz
E. Lee
C. Ness
M. Rierison
M. Rhoades
B. Stanley
D. Wells
Deans (15)
Division/College Business Mgrs. (26)

UH-Clear Lake

W. Staples
M. Dotter
C. Stockton
J. Cordary

UH-Downtown

W. Flores
M. Woods
D. Bradley
E. Apodaca
Y. Montalbano
E. Pearson

UH-Victoria

T. Hudson
S. LaBrecque
W. Beran

State Auditor's Office

V. Elliott

UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT

LONG - RANGE INTERNAL AUDIT PLAN
and
RISK ANALYSIS

Fiscal Years 2010 - 2012

To be Presented to the Board of Regents
for Approval on August 18, 2009



UNIVERSITY OF HOUSTON SYSTEM

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

MEMORANDUM

TO: Dr. Dennis Golden
Chair, Audit and Compliance Committee

Dr. Renu Khator
Chancellor/President, UHS/UH

FROM: Don F. Guyton
Chief Audit Executive

DATE: July 24, 2009

SUBJ: Long-Range Internal Audit Plan - Fiscal Years 2010-2012

Attached for your review and approval is the UHS Internal Auditing Department Long-Range Internal Audit Plan for Fiscal Years 2010-2012 (Audit Plan). The Audit Plan has been prepared to meet the requirements of the Board of Regents directives and the Texas Internal Auditing Act (Texas Government Code, Sec. 2102), as amended. The Texas Internal Auditing Act requires the Board of Regents to approve the Audit Plan and periodically review the resources dedicated to the Internal Audit program and determine if adequate resources exist to ensure that risks identified in the annual risk assessment are adequately covered within a reasonable time frame. The Internal Audit resources are described in Section 2 of the Audit Plan, and the risk assessment is included in Section 8 of the Audit Plan. Risk assessment techniques were employed to identify auditable areas and to ensure that the accounting systems and controls, the administrative systems and controls, and other major systems and controls are reviewed on a periodic basis. Coverage of key departments and functions at planned intervals has been designed into the plan to assure that no significant auditable area has been overlooked.

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

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

Recommendation:

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

DFG:rh
Attachment

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT**

**LONG-RANGE INTERNAL AUDIT PLAN
FY 2010-2012**

Table of Contents

<u>Description</u>	<u>Section</u>
Executive Summary	1
Summary of Man-Hours / Man-Hour Assumptions	2
Audit Team	3
Auditable Areas	4
Audit Objectives	5
Three-Year Audit Schedule	6
Frequency of Audit Activity	7
Risk Analysis	8

Executive Summary

Section 1

University of Houston System
Annual Long-Range Internal Audit Plan, FY 2010-2012

Executive Summary

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

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

1. **Annual assistance to external auditors**
 - State Auditors Office (SAO): Projects included in the SAO's annual audit plan, including SACS accreditation reviews, and special projects upon request
 - External CPA firms: Audits of KUHT, KUHF, Endowment Fund, Athletics, and Charter School
2. **Annual mandates**
 - Follow-up activity required by the Institute of Internal Auditors (IIA) Standards
 - Chancellor/Board of Regents Travel and Entertainment reimbursements requested by Board of Regents/Chancellor
 - Foundation audits requested by Board of Regents
 - Financial Aid based on risk assessment and State Auditor suggestion
 - Special projects and police investigations required by institutional policy and IIA Standards
 - Texas Higher Education Coordinating Board: ARP/ATP Grants, Facilities Audit (5 year cycle), and Technology Workforce Development Grants
 - NCAA Rules-Compliance and football attendance audits required by NCAA rules
3. **Departmental Reviews:** These compliance reviews test 15 different areas of compliance for system and campus policies. These reviews are conducted every 5 years for all departments within the system. Many of the policies tested are directly related to internal controls. See Attachment A for a listing of all departmental reviews by college/division together with pertinent data on each college/division.
4. **Functional Reviews:** These engagements are operational reviews for efficiency/effectiveness and are conducted for all divisions and service organizations within the system.
5. **Information Technology Reviews:** The security reviews are required by Texas Administrative Code, and various other information technology areas are addressed based on risk.

The Internal Audit Resources allocated to each of these areas for fiscal years FY 2010-2012 are as follows:

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
Assistance to External Auditors	600	600	700
Mandates	4,600	4,600	4,050
Departmental Reviews	3,746	2,946	3,146
Functional Reviews	3,300	3,500	3,550
IT Reviews	1,300	1,900	2,100
	<hr/>		
Total Hours	13,546	13,546	13,546
	<hr/>		

Departmental Resources: The Texas Internal Auditing Act requires the Board of Regents to approve the Audit Plan and periodically review the resources dedicated to the Internal Audit program and determine if adequate resources exist to ensure that risks identified in the annual risk assessment are adequately covered within a reasonable time frame. The Internal Audit Team is comprised of a Chief Audit Executive, Assistant Director, two Senior Auditor, Information Technology Auditor, and six Staff Auditors (three positions vacant). The salary budget is \$869,414 and the M&O budget is \$47,539. In our opinion, the resources dedicated to the Internal Auditing program are adequate.

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

Risk Analysis: After performing the preliminary risk assessment, the following areas received the highest risk rank (25-19). Some of these areas are scheduled for review during FY 2010-2012, while some are not scheduled during FY 2010-2012, and some receive other audit coverage.

<u>Scheduled</u>	<u>Unscheduled</u>
<u>ALL COMPONENTS:</u> Accounts Payable General Accounting Student Accounting & Receivables	<u>ALL COMPONENTS:</u> Property Management (<i>departmental reviews address certain aspects</i>) FP&C – New Construction Projects (<i>outsourced</i>)

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

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT
INTERNAL AUDIT PLAN, FY 2010-2012
ATTACHMENT A**

**AUDIT COVERAGE MATRIX
DEPARTMENTAL REVIEWS**

University	College/Division Name	FY 2009 BUDGET			FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
		Operations Expenditures	Restricted Expenditures	FTEs					
UH	Academic Affairs/Provost Division	76,540,380	46,442,975	705		X			
UH	Administration & Finance	38,768,928	77,310	778			X		
UH	Architecture	4,068,573	929,338	63					
UH	Athletics	22,265,038	0	146	X				
UH	Business	29,808,649	4,859,107	341			X		
UH	Chancellor/President Division	2,030,980	70,687	21	X				
UH	Education	13,564,730	5,720,211	357		X			
UH	Engineering	18,184,982	12,143,962	527			X		
UH	Graduate and Professional Studies	1,682,486	117,335	7			X		
UH	Graduate School of Social Work	3,069,429	3,559,250	106		X			
UH	Honors	1,414,089	640,952	48				X	
UH	Hotel & Restaurant Management	9,238,127	2,639,495	111	X				
UH	Law Center	19,964,134	213,764	256				X	
UH	Liberal Arts & Social Sciences	46,264,937	12,339,048	1,046				X	
UH	Library	15,206,268	294,945	184			X		
UH	Natural Sciences & Mathematics	32,780,294	19,570,992	732			X		
UH	Optometry	12,813,208	4,825,789	191	X				
UH	Pharmacy	8,324,855	2,933,041	160				X	
UH	Research	17,148,484	11,635,653	450		X			
UH	Student Affairs	30,782,533	661,054	515	X				
UH	Technology	9,046,390	1,309,080	104			X		
UH	University Advancement	10,225,205	0	104		X			
		423,192,699	130,983,988	6,952					
UHCL	Administration & Finance	12,632,391	14,550	184	X				
UHCL	Business	8,486,145	102,108	120				X	
UHCL	Education	6,039,312	750,875	117		X			
UHCL	Human Sciences & Humanities	6,636,727	371,798	133	X				
UHCL	President's Office	2,140,405	18,277	22		X			
UHCL	Provost's Office	16,297,061	4,913,644	272		X			
UHCL	Science and Computer Engineering	5,536,451	730,955	98				X	
		57,768,492	6,902,207	946					
UHD	Academic Affairs & Provost	6,519,877	150,781	103		X			
UHD	Administration & Finance	18,951,301	122,676	208		X			
UHD	Business	7,521,803	146,092	140			X		
UHD	Employment Svc & Operations	1,399,281	0	16		X			
UHD	Humanities & Social Sciences	9,596,996	90,493	235			X		
UHD	President's Office	2,261,614	126,315	27		X			
UHD	Public Service	3,706,894	714,486	75		X			
UHD	Sciences & Technology	6,291,618	1,666,331	132				X	
UHD	Student Svc & Enrollment Mgmt	5,711,023	46,012	112		X			
UHD	University College	891,253	1,180,297	38		X			
		62,851,660	4,243,483	1,086					
UHV	Administration & Finance	5,078,252	0	66	X				
UHV	Arts & Sciences	2,404,597	169,872	39		X			
UHV	Business Administration	3,676,047	178,169	50		X			
UHV	Education	2,506,459	85,783	35		X			
UHV	Nursing	1,188,647	11,328	20		X			
UHV	President's Office	1,736,845	196,108	17		X			
UHV	Provost	2,266,875	37,625	85	X				
		18,857,722	678,885	312					

ATTACHMENT B

SCHEDULED MEETINGS WITH MANAGEMENT

BOR Audit and Compliance Committee

Dennis Golden

UHS/UH Chancellor/President

Renu Khator
Barbara Stanley

UHS/UH Administration & Finance

Carl Carlucci
Tom Ehardt

General Counsel

Dona Cornell

UH Provost/Academic Affairs

John Antel
Elaine Charlson
Craig Ness
Ed Hugetz

UH Research

Donald Birx
Liz Fletcher
Rosemary Grimmet
Selesta King
Anne Sherman

UH Information Technology

Dennis Fouty

UHCL Senior Management

William Staples
Carl Stockton
Michelle Dotter
John Cordary

UHD Senior Management

Max Castillo
Molly Woods
David Bradley
Yvonne Motalbano
Ed Apodaca
Elaine Pearson

UHV Senior Management

Tim Hudson
Suzanne LaBrecque
Wayne Beran

UH Administration & Finance

Raymond Bartlett
David Ellis
Mike Glisson
Margie Hattenbach
Karin Livingston
Emily Messa
Carla Ponzio

Summary of Man-Hours / Man-Hour Assumptions

Section 2

**University of Houston System
Internal Auditing Department**

**Long-Range Internal Audit Plan
Summary of Man-Hours**

<u>Activity</u>	<u>Fiscal Year</u>		
	<u>2010</u>	<u>2011</u>	<u>2012</u>
Scheduled Audits	7,146	7,146	6,846
IT Reviews/Monitoring	1,200	1,900	2,250
Special Projects	1,600	1,600	1,600
Departmental Reviews	3,100	2,400	2,350
Follow-up Reviews	<u>500</u>	<u>500</u>	<u>500</u>
Total Direct Audit Hours	<u><u>13,546</u></u>	<u><u>13,546</u></u>	<u><u>13,546</u></u>

**University of Houston System
Internal Auditing Department**

**Long-Range Internal Audit Plan
Man-Hour Assumptions**

<u>Available Man-Hours</u>	<u>Chief Audit Executive</u>	<u>Assistant Director</u>	<u>Senior Auditor</u>	<u>Information Technology Auditor</u>	<u>Staff</u>
Vacations	120	120	96	96	96
Holidays (14 days)	112	112	112	112	112
Sick Leave	40	40	60	60	60
Professional Training	60	60	40	40	40
In-house Training	40	40	40	40	40
Professional Organizations	40	40	16	16	16
Indirect Audit Hours: Administrative	1,000	800	300	80	40
Direct Audit Hours	<u>668</u>	<u>868</u>	<u>1,416</u>	<u>1,636</u>	<u>1,676</u>
Total Hours Available	<u><u>2,080</u></u>	<u><u>2,080</u></u>	<u><u>2,080</u></u>	<u><u>2,080</u></u>	<u><u>2,080</u></u>
 <u>Allocable Direct Audit Hours</u>					
Direct Audit Hours By Position	668	868	1,416	1,636	1,676
Staff Size By Position	1	1	2	1	6
Employee Turnover/Attrition	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1.5</u>
Available Staff Size	1.0	1.0	2.0	1.0	4.5
Subtotal	<u>668</u>	<u>868</u>	<u>2,832</u>	<u>1,636</u>	<u>7,542</u>
Total Direct Audit Hours					<u><u>13,546</u></u>

**University of Houston System
Internal Auditing Department**

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

The Texas Internal Auditing Act requires the Board of Regents to approve the Audit Plan and periodically review the resources dedicated to the Internal Audit program and determine if adequate resources exist to ensure that risks identified in the annual risk assessment are adequately covered within a reasonable time frame. In our opinion, the resources dedicated to the Internal Auditing program are adequate.

FY 2009 Departmental Resources:

- Personnel: Chief Audit Executive, Assistant Director, two Audit Seniors, Information Technology Auditor, and six Staff Auditors (three vacant)
- Salary Budget: \$869,414
- M&O Budget: \$47,539

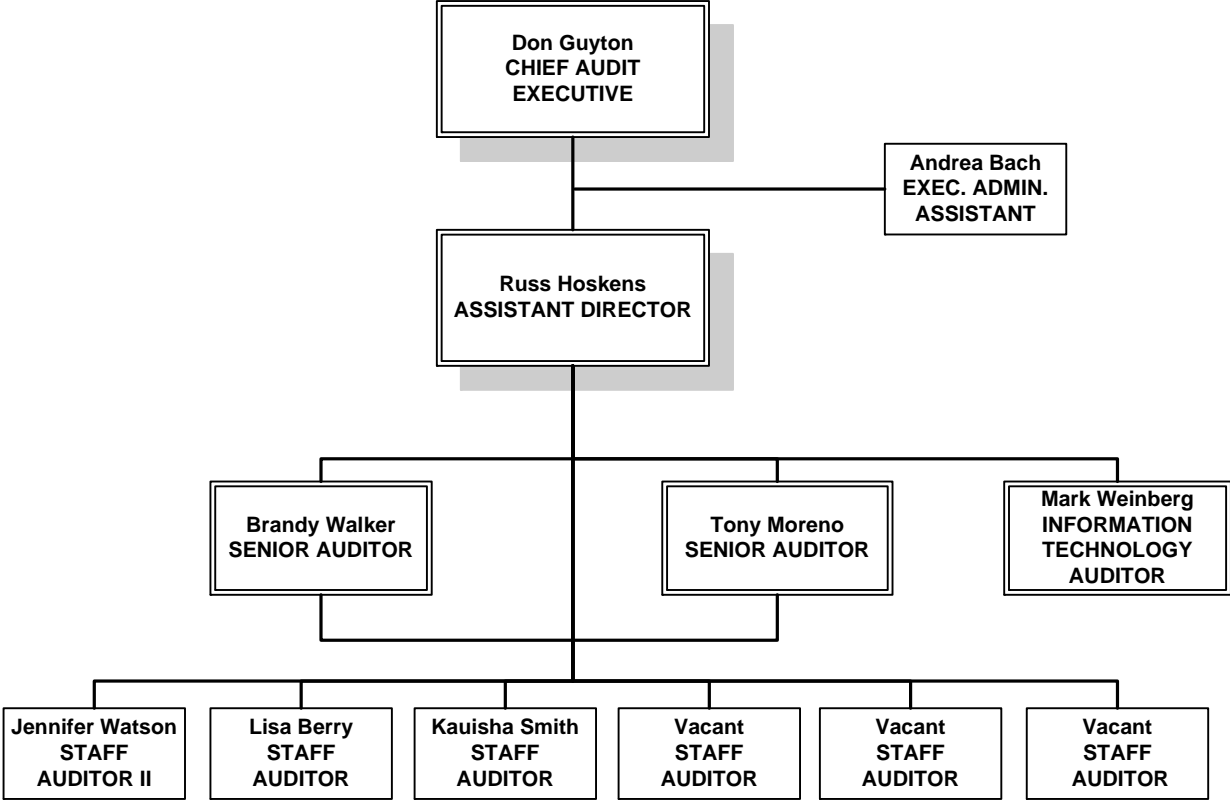
Estimated FY 2010 Departmental Resources:

- Salary Budget: \$869,414
- M&O Budget: \$47,539

Organization Chart:

The departmental organization chart is attached.

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



Audit Team

Section 3

**University of Houston System
Internal Auditing Department**

Internal Audit Team

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

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

Tony Moreno, Senior Auditor, began working in the UHS Internal Auditing Department on October 10, 2005. Other experience includes: nine years of internal audit experience and ten years of banking experience. He received B.S. degrees in Economics and Anthropology from the University of Houston and is a member of the IIA. He is also a graduate of the UH Business Management Institute.

Brandy Walker, Senior Auditor, began working in the UHS Internal Auditing Department on December 11, 2006. Other experience includes one year of internal audit experience at the Department of the Navy. She received a M.S. degree in Finance from Tulane University and is a member of the IIA.

Mark Weinberg, Information Technology Auditor, began working in the UHS Internal Auditing Department on June 15, 2009. Other experience includes approximately four years of both Big Four public accounting and industry internal audit. He received a B.S. degree in Information Systems and a concentration in Internal Audit from Louisiana State University. He is a member of ISACA and the IIA.

**University of Houston System
Internal Auditing Department**

Internal Audit Team

Jennifer Watson, Staff Auditor II, began working in the UHS Internal Auditing Department on July 7, 2008. Other experience includes: approximately three years of auditing experience in the Banking industry. She received a B.S. degree in Business and Economics from Ursinus College and is a member of the IIA.

Lisa Berry, C.F.E., Staff Auditor, began working in the UHS Internal Auditing Department on September 8, 2008. Other experience includes two years of internal audit experience in industry. She received a B.B.A. degree in Accounting from the University of Houston. She is a member of the IIA and the ACFE. She is also President of the Internal Audit Student Association at the UH Bauer College of Business.

Kausha Smith, Staff Auditor, began working in the UHS Internal Auditing Department on March 16, 2009. Other experience includes six years as a State Tax Auditor. She received a B.S. degree in Accounting from Alabama State University and is a member of the IIA.

Andrea Bach, Executive Administrative Assistant, began working in the UHS Internal Auditing Department on August 1, 2008. Other experience includes 4 years of secretarial experience at UH.

Staff Auditor – Three Vacant Positions

Auditable Areas / Audit Activities

Section 4

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT
INTERNAL AUDIT PLAN, FY 2010-2012**

**AUDITABLE AREAS / AUDIT ACTIVITIES
ALL COMPONENTS**

ANNUAL AUDITABLE AREAS / AUDIT ACTIVITIES

Annual External Audits	Special Projects
Athletics – NCAA	Annual Audit Plan/Risk Analysis
Charter School	Annual Internal Audit Activity Report
Endowments	Internal Audit Quality Assurance
KUHF	Management Requests
KUHT	Police Investigations
Athletics – Football Attendance Audit	Special Appropriated Line Items
Athletics – Rules-Compliance	State Auditor’s Office
Board of Regents’ Travel	Bonds/Loan Compliance
Chancellor/President’s Travel	Liaison
Financial Aid	Regional Accreditation Reviews (SACS)
Follow-up Audit Procedures	Reports – Follow-up
Foundations	Texas Higher Education Coordinating Board
IT – Review & Monitor Systems	ARP/ATP Grants
	Facilities Audits
	Technology Workforce Development Grants

OTHER AUDITABLE AREAS

Compliance Audits	FP&C – New Construction Projects
Administrative Contracts	
Institutional Compliance Programs	Financial Account Reviews
Policy Compliance Reviews	
	Inventory Observation
Functional Audits	
Academic Fees	IT – Security Admin./Access Controls
Accounts Payable	
Bank Reconciliations	Management Consulting Projects
Budgeting	
Cash Handling	Privacy/Information Security
Contract & Grants Administration	
EEO/Affirmative Action	Treasurer
Financial Reporting	Investments – Non-endowed
Formula Funding	
General Accounting	Unit Audits
Payroll	Departments/Centers/Institutes,
Personnel/Human Resources	Division/College, and Management
Property Management (Fixed Assets)	Changeover Reviews
Purchasing/Contract Administration	
Student Accounting & Receivables	Wortham House – Fixed Asset Inventory
Student Admissions & Registration	
Travel and Entertainment Expenditures	

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT
INTERNAL AUDIT PLAN, FY 2010-2012
AUDITABLE AREAS
UNIVERSITY OF HOUSTON**

President	Information Technology
Academic Affairs	Administration of IT Organization, Clerical Support
Educational Technology & Outreach	Administrative/Enterprise Information Systems
Institutional Research (Formula Funding)	Desktop Computing Support, User Support Services, Training, Computer Store
Enrollment Services	Enterprise Infrastructure and Services, Identity Management
Administration and Finance	Help Desk
Controlled Substance Inventories	Information Technology Policy
Cougar Card	Information Technology Security
Facilities, Planning & Construction	Instructional Technology, Multimedia Services, Student Computing
Parking	Network Infrastructure and Services/Telephony
Physical Plant	Operations, Data Center, Print Services
Police Department	Research Computing, Academic Computing
Postal Services	Web Support Services
Printing	
Procurement/Travel Card	
Athletics	
Colleges	Research
Architecture	Contracts & Grants Administration
Business Administration	Intellectual Property Management
Education	Institutional Review Board
Engineering	Research Centers
CEAC	Research Financial Services
Graduate and Professional Studies	Research Information Center
Honors	Time and Effort Reporting
Hotel & Restaurant Management	
Law	Student Affairs
Liberal Arts & Social Sciences	Campus Recreation & Wellness Center
Arte Publico	Residence Life & Housing
Library	University Center
Natural Sciences & Mathematics	
Optometry	University Advancement
Pharmacy	
Social Work	
Technology	

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT
INTERNAL AUDIT PLAN, FY 2010-2012**

**AUDITABLE AREAS
UH-CLEAR LAKE**

Administration & Finance

- Facilities Management and Construction
- Police Department (Parking)

Information Resources & Academic Administration

- Library
- University Computing & Telecommunications

President's Office

Provost's Office

- Environmental Institute of Houston
- Office of Institutional Effectiveness – Formula Funding
- Office of Sponsored Programs
- Office of Academic Records
- Office of Admissions
- Student Services

Schools

- Business
- Education
- Human Sciences and Humanities
- Science and Computer Engineering

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT
INTERNAL AUDIT PLAN, FY 2010-2012**

**AUDITABLE AREAS
UH-DOWNTOWN**

Administration & Finance
Information Technology
Parking
Physical Plant
Police Department

Colleges
Business
Humanities and Social Sciences
Public Service
Sciences and Technology
University College

Employment Services & Operations

President's Office

Provost's Office
Continuing Education Units
Institutional Research & Planning – Formula Funding
Library
Office of Sponsored Programs

Student Services & Enrollment Management
Admissions
Records

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT
INTERNAL AUDIT PLAN, FY 2010-2012**

**AUDITABLE AREAS
UH-VICTORIA**

Administration

Computing Services
Physical Plant (Custodial Services / Grounds Maintenance)

President's Office

Athletics
Human Resources
University Advancement

Provost/Academic Affairs

Enrollment Management/Student Services – Admissions and Records
Enrollment Management/Student Services – Formula Funding
Regional Outreach Center/LEAD

Schools

Arts and Sciences
Business Administration
Education
Nursing

Audit Objectives

Section 5

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT
INTERNAL AUDIT PLAN, FY 2010-2012**

AUDIT OBJECTIVES

ANNUAL AUDITABLE AREAS / AUDIT ACTIVITY:

Annual External Audits

Athletics – NCAA, Endowments, KUHT, KUHF, and Charter School

Perform fieldwork and provide assistance to external auditors to expedite the audit and reduce audit costs to the university.

ARP/ATP Grants (Advanced Research Program/Advanced Technology Program)

To determine whether expenditures of grant funds comply with the terms and conditions of the grants. Internal Audits of a sample of these grants is one of the terms and conditions of the grants.

Athletics – Football Attendance Audit

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

Athletics – Rules-Compliance

To determine the adequacy of the Athletic Department's NCAA Rules-Compliance Program in accordance with the requirements of NCAA Bylaw 23.2.3.(e).

Board of Regents Travel

To determine whether the travel expenditures and reimbursements to the members of the Board of Regents comply with the applicable statutes/Board of Regents policies.

Chancellor/President's Travel

To determine whether the travel expenses and non-payroll payments or reimbursements to the Chancellor/President were adequately documented and comply with the applicable statutes and Board of Regents/UHS policies.

Financial Aid

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

Follow-up Reviews

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

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT
INTERNAL AUDIT PLAN, FY 2010-2012**

AUDIT OBJECTIVES

Foundations

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

IT - Review and Monitor of EDP Systems

To review and monitor the planning, design and implementation of new systems and modifications of existing systems to determine whether controls are adequate to ensure that university information is secure and processed, reported, stored and transferred accurately.

Special Projects

Annual Audit Plan/Risk Analysis

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

Management Requests

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

Police Investigations

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

Quality Assurance

Procedures performed to ensure that the Internal Auditing Department complies with the *Standards of Internal Auditing* as promulgated by the Institute of Internal Auditors.

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT
INTERNAL AUDIT PLAN, FY 2010-2012**

AUDIT OBJECTIVES

State Auditor's Office

Liaison

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

Appropriated Special Line Items

To determine whether appropriated special line items are received by the appropriate operating unit and are expended or allocated for expenditure pursuant to the provisions of the appropriations request.

Reports – Follow-up

Review and audit responses to findings by the State Auditor to determine whether management's remedial actions are implemented as planned and in a timely manner.

Technology Workforce Development Grants

To determine whether expenditures of grant funds comply with the terms and conditions of the grants. Internal Audits of a sample of these grants is one of the terms and conditions of the grants.

THECB Facilities Audit

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

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT
INTERNAL AUDIT PLAN, FY 2010-2012**

AUDIT OBJECTIVES

OTHER AUDITABLE AREAS:

Compliance Audits

Administrative Contracts

To determine whether all executed contracts are in accordance with Board and university policies and that the terms of the contract are being fulfilled.

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

To determine whether programs are designed and functioning effectively.

Policy Compliance Review

To determine whether components are complying with BOR and UHS policies.

Financial Reviews

Accreditation - Financial Reviews

To assist the State Auditor's Office in performing the specified audit procedures for the special report required every 10 years for each campus by the Southern Association of Colleges and Schools.

Financial Account Reviews

To review the financial activity in departmental budget accounts for compliance with Board and university policies and state regulations.

IT - Security Administration/Access Controls

To determine whether practices, policies and procedures for security of IT resources provide adequate control over access to automated applications and data.

Special Projects

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

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT
INTERNAL AUDIT PLAN, FY 2010-2012**

AUDIT OBJECTIVES

Unit Audits

Departments/Centers/Institutes, Division/College, and Management Changeover Reviews

To determine whether departmental financial and administrative activity complies with Board and university policies and state regulations.

Management Reviews

To determine whether there are management practices in place to help ensure goals and objectives are being accomplished efficiently and effectively.

Functional Audits: To review the financial and administrative operations of the unit for economy, efficiency and effectiveness of accomplishing the goals and objectives of the unit for compliance with state and federal regulations and Board and university policies and procedures and to identify opportunities for standardization among units.

Academic Fees

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

Accounts Payable

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

Bank Reconciliations

Review of bank reconciliation process to determine adequacy of controls, and reliability and accuracy of process.

Cash Handling Procedures - Receipts/Deposits

To determine whether procedures assure all cash due the university is received, recorded and deposited or adequately safeguarded.

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT
INTERNAL AUDIT PLAN, FY 2010-2012**

AUDIT OBJECTIVES

Contract and Grants Administration

Audit contracts and grants for compliance with state and federal regulations and university policies and procedures.

Formula Funding

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

Inventory Observation

To determine whether inventories exist, are properly safeguarded, accurately valued, and properly reflected in the financial statements.

Payroll

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

Personnel/Human Resources

To determine whether procedures are in place to assure compliance with Board and university policies and state and federal regulations.

Procurement Cards

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

Property Management

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

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT
INTERNAL AUDIT PLAN, FY 2010-2012**

AUDIT OBJECTIVES

Purchasing/Contract Administration

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

Student Accounting and Receivable System

Review of systems internal controls to determine whether adequate security and controls related to software, data, and operating personnel exist and to determine whether application meets desired user objectives.

Student Admissions and Registration

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

Time and Effort Reporting

To determine whether research personnel are reporting time and effort in accordance with university policies and federal regulations.

Travel and Entertainment Expenditures

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

Three-Year Audit Schedule, FY 2010 - 2012

Section 6

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT
INTERNAL AUDIT PLAN, FY 2010-2012
SCHEDULED AUDITS - FY 2010**

<u>AUDIT ACTIVITY</u>	<u>BUDGET HOURS</u>
<u>ANNUAL AUDIT ACTIVITY (4,600 hours)</u>	
Annual External Audits	
Endowments	300
Liaison	100
Athletics - Football Attendance Audit	100
Athletics - NCAA Rules-Compliance	400
Board of Regents Travel, FY 2010	250
Chancellor/President's Travel, FY 2010	100
Financial Aid (All Components)	900
Follow-up Reviews	500
Foundations	150
Special Projects/Police Investigations	1,600
State Auditor's Office Liaison	
Audit Assistance - General	100
Follow-up Reports	100
<u>ALL COMPONENTS (2,200 hours)</u>	
Cash Handling	200
Executive and Foreign Travel	500
Financial Reporting	500
Student Accounting & Receivables	1,000
<u>COMPONENT SPECIFIC (800 hours)</u>	
ARP Grants, 2007 Awards (UH & UHD)	200
Center for Advanced Materials (UH)	300
Texas Center for Superconductivity and Advanced Materials (UH)	300
<u>DEPARTMENTAL REVIEWS (3,100 hours)</u>	
UH Architecture	100
UH Athletics	100
UH Chancellor/President	100
UH Hotel & Restaurant Management	500
UH Optometry	450
UH Student Affairs	700
UHCL Administration & Finance	400
UHCL Human Sciences & Humanities	100
UHD Sciences & Technology - Engineering Technology, Follow-up	100
UHV Administration & Finance	250
UHV Provost Office	300
<u>INFORMATION TECHNOLOGY (1,200 hours)</u>	
IT - Review and Monitor of IT Systems (PeopleSoft Student & Academic Administration - Post Implementation Review)	700
Information Security (UH)	500
<u>INITIATED DURING FY 2009 - TO BE COMPLETED/REPORTED IN FY 2010</u>	1,646
Total Hours Scheduled for Fiscal Year 2010	<u>13,546</u>

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT
INTERNAL AUDIT PLAN, FY 2010-2012
FY 2009 AUDITS IN PROGRESS AT YEAR-END**

<u>AUDIT ACTIVITY</u>	<u>Budget Hours</u>
<u>Projects Initiated During FY 2009, But Not Completed</u>	1,646
ARP Grants - 2006 Awards (UH/UHCL)	
Board of Regents Travel, FY 2009	
Chancellor/President's Travel, FY 2009	
Foundations	
Information Security - TAC 202 (UH/UHCL)	
Medical Billings	
Payroll - Leave Accountability	
Privacy Issues	
Scholarships (UH)	
UH CLASS, Departmental Reviews	
UH Law, Departmental Reviews	
UH Honors, Departmental Review	
UHCL Science and Computer Engineering, Departmental Review	
UHCL Business, Departmental Review	

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT
INTERNAL AUDIT PLAN, FY 2010-2012
SCHEDULED AUDITS - FY 2011**

<u>AUDIT ACTIVITY</u>	<u>BUDGET HOURS</u>
<u>ANNUAL AUDIT ACTIVITY (4,600 hours)</u>	
Annual External Audits	
Endowments	300
Liaison	100
Athletics - Football Attendance Audit	100
Athletics - NCAA Rules-Compliance	400
Board of Regents Travel, FY 2011	250
Chancellor/President's Travel, FY 2011	100
Financial Aid (All Components)	900
Follow-up Reviews	500
Foundations	150
Special Projects/Police Investigations	1,600
State Auditor's Office Liaison	
Audit Assistance - General	100
Follow-up Reports	100
<u>ALL COMPONENTS (1,400 hours)</u>	
Cash Handling	200
Physical Plant	1,200
<u>COMPONENT SPECIFIC (1,900 hours)</u>	
Formula Funding (UHD & UHV)	500
Internal Auditing Internal Quality Assurance Review	100
Internal Auditing External Quality Assurance Review	100
Office of Sponsored Programs (UHD)	300
Environmental Institute of Houston (UHCL/UH)	300
Texas Institute for Measurement, Evaluation, and Statistics (UH)	300
Texas Learning & Computation Ctr. (UH)	300
<u>DEPARTMENTAL REVIEWS (2,400)</u>	
UH Academic Affairs/Provost Division	600
UH Education	400
UH Graduate School of Social Work	100
UHCL Provost Office	600
UHD Academic Affairs & Provost	300
UHD University College	300
UHV Business Administration	100
<u>INFORMATION TECHNOLOGY (1,900 hours)</u>	
IT - Review and Monitor of IT Systems	500
Desktop Computing Support, User Support Services, Training, Computer Store (UH)	400
Web Support Services (UH)	300
TAC 202 (UHCL, UHD, UHV)	700
<u>INITIATED DURING FY 2010 - TO BE COMPLETED/REPORTED IN FY 2011</u>	1,346
Total Hours Scheduled for Fiscal Year 2011	<u>13,546</u>

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT
INTERNAL AUDIT PLAN, FY 2010-2012
SCHEDULED AUDITS - FY 2012**

<u>AUDIT ACTIVITY</u>	<u>BUDGET HOURS</u>
<u>ANNUAL AUDIT ACTIVITY (4,300 hours)</u>	
Annual External Audits	
Endowments	300
Liaison	100
Athletics - Football Attendance Audit	100
Board of Regents Travel, FY 2012	250
Chancellor/President's Travel, FY 2012	100
Financial Aid (All Components)	900
Follow-up Reviews	500
Foundations	150
Special Projects/Police Investigations	1,600
State Auditor's Office Liaison	
Regional Accrediation Review - SACS (UHCL)	100
Audit Assistance - General	100
Follow-up Reports	100
<u>ALL COMPONENTS (2,200 hours)</u>	
Accounts Payable	1,000
Cash Handling	200
General Accounting	1,000
<u>COMPONENT SPECIFIC (900 hours)</u>	
Auxillary Contracts (UH)	300
Center for Materials Chemistry (UH)	300
Institute for Space System Operations (UH/UHCL)	300
<u>DEPARTMENTAL REVIEWS (2,350 hours)</u>	
UH Graduate & Professional Studies	100
UH Research	500
UH University Advancement	300
UHCL Education	100
UHCL President's Office	200
UHD Administration & Finance	300
UHD Employment Services & Operations	100
UHD President's Office	200
UHD Student Services & Enrollment Management	100
UHV Arts & Sciences	100
UHV Education	100
UHV Nursing	100
UHV President's Office	150
<u>INFORMATION TECHNOLOGY (1,900 hours)</u>	
IT - Review and Monitor of IT Systems	500
Enterprise Information Systems (UH)	600
Instructional Technology, Multimedia Services, Student Computing (UH)	400
TAC 202 (UH)	400
<u>INITIATED DURING FY 2011 - TO BE COMPLETED/REPORTED IN FY 2012</u>	1,896
Total Hours Scheduled for Fiscal Year 2012	<u>13,546</u>

FREQUENCY OF AUDIT ACTIVITY

**Frequency Analysis
Fieldwork Scheduled, FY 2010 - 2012
Reports Issued, FY 2005 - 2009**

Section 7

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT
FREQUENCY OF AUDIT ACTIVITY
INTERNAL AUDIT PLAN, FY 2010-2012**

UNIVERSITY OF HOUSTON

Auditable Area	WORK PERFORMED										WORK SCHEDULED			LATER
	Audit Rpt. No./Special Project Rpt. No. X = Work In-Progress/Scheduled										FY 2010	FY 2011	FY 2012	
	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009				
Academic Fees				03-19										X
Accreditation - Financial Reviews														X
Administrative Contracts													X	X
Athletics-NCAA		01-06, 01-16	02-24	03-27	04-25		06-03							X
Athletics - Football Attendance Audit							06-17	07-16	08-10	09-13	X	X	X	
Athletics, Rules-Compliance		01-18	02-07	03-09, 03-26			06-15		08-02	09-25	X	X		
Budget Office						05-30								X
Charter School			02-09											X
Component Accounting Module - Accounts Payable													X	
Component Accounting Module - Bank Reconciliations			02-03	03-23										X
Component Accounting Module - Financial Reporting											X			
Component Accounting Module - General Accounting													X	
Component Accounting Module - Payroll	00-08									X				X
Contract Administration		01-07												X
Contracts - Food Service					04-09									X
Research - Administration										X				X
Research - Allied Geophysical Lab					04-14									
Research - ARP/ATP			02-15		04-23		06-22			X	X			
Research - CEAC														X
Research - Center for Advanced Materials											X			
Research - Center for Materials Chemistry													X	
Research - Center for Neuro and Biomechanical Research														X
Research - Environmental Institute of Houston												X		
Research - Institute for Space System Operations					04-06								X	
Research - Institutional Review Board														X
Research - Intellectual Property Management			02-25											X
Research - JAMP						05-12		07-12		09-05				X
Research - Research Financial Services														X
Research - Research Information Center														X
Research - TcSAM						05-15					X			
Research - Techonology Workforce Development										09-16				
Research - TIMES					04-27							X		
Research - Time and Effort Reporting							06-12							X
Research - TX Learn. & Comp. Ctr. (TLC2)						05-17						X		
Research - Wind Center														X
College/Division - College of Business				03-04				07-23	08-18					X
College/Division - College of Architecture	00-13					05-21, 05-22					X			
College/Division - College of Education	00-20					05-25, 05-28						X		
College/Division - College of Engineering					04-28	05-01, 05-14		08-17						X
College/Division - College of Liberal Arts & Social Sciences	00-22, 00-23		02-16, 02-22 '02-31	03-06, 03-08						X				X
College/Division - College of Optometry				03-29, 03-32							X			
College/Division - Graduate & Professional Studies							06-18							X
College/Division - Honors College						05-01, 05-16				X				X
College/Division - Hotel & Restaurant Management					04-11, 04-12						X			
College/Division - Library								07-17						X
College/Division - Natural Sciences & Mathematics					04-20, 04-28	05-10				09-12				X
College/Division - Pharmacy				03-30, 03-32						09-23				X
College/Division - Graduate School of Social Work	00-14					05-18, 05-22						X		
College/Division - Law Center				03-06, 03-12			06-01, 06-05			X				X
College/Division - College of Technology	00-12		02-22							09-02				X

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT
FREQUENCY OF AUDIT ACTIVITY
INTERNAL AUDIT PLAN, FY 2010-2012**

UNIVERSITY OF HOUSTON

Auditable Area	WORK PERFORMED										WORK SCHEDULED			LATER	
	Audit Rpt. No./Special Project Rpt. No. X = Work In-Progress/Scheduled										FY 2010	FY 2011	FY 2012		
	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009					
College/Division - Academic Affairs/Provost				03-06			06-20, 06-26						X		
College/Division - Administration & Finance				03-32	04-03					09-18					X
College/Division - Athletics					04-20						X				
College/Division - Chancellor/President						05-01					X				
College/Division - Research					04-03, 04-11	05-11		07-13						X	
College/Division - Student Affairs							06-13, 06-20				X				
College/Division - University Advancement								07-25						X	
Departmental Control/Cash Handling Reviews	00-06, 00-18	01-20	02-17	03-10	04-15	05-27	06-16	07-18		09-23	X	X	X		
Departmental Operations - Admissions					SP04-10										
Departmental Operations - Architecture		SP01-07													
Departmental Operations - Arte Publico															X
Departmental Operations - Athletics					SP04-06 SP04-08 SP04-09										
Departmental Operations - Biology/Biochemistry					SP04-07										
Departmental Operations - Campus Recreation & Wellness Ctr.															X
Departmental Operations - CMCD						SP04-04									
Departmental Operations - College of Engineering						SP04-11									
Departmental Operations - Educational Tech. & Outreach								SP07-01	08-19 SP08-01						X
Departmental Operations - FP&C			SP02-05 SP02-08							X					
Departmental Operations - Health Center				SP03-06											
Departmental Operations - Hotel		SP01-06				SP05-05									
Departmental Operations - Information Technology				03-16		05-08					X	X	X		
Departmental Operations - Law		SP01-02													
Departmental Operations - Liberal Arts & Social Sciences			SP02-13												
Departmental Operations - Parking															X
Departmental Operations - Physical Plant													X		
Departmental Operations - Police Department				03-13											X
Departmental Operations - Postal Services						SP05-03									X
Departmental Operations - Residence Halls									08-08						X
Departmental Operations - Small Bus. Dev. Ctr.															
Departmental Operations - University Advancement								SP07-02							X
Departmental Operations - University Center															X
IT - Computing	00-28	01-22	02-33	03-33	04-29	05-31	06-29	07-29	08-24	09-26	X	X	X		
IT - E-Commerce Compliance															
IT - Financial Aid System															
IT - One Card	00-21														
IT - PeopleSoft Change Management								07-08							
IT - PeopleSoft Development				SP03-03							X				
IT - Security Administration/Access Controls															X
IT - Telecommunications					04-01										
Enrollment Services - Registration & Academic Records								07-26						X	
Enrollment Services - Admissions								07-26						X	
Financial Aid	00-10	01-02	02-18					07-26		X	X	X	X		
Formula Funding		01-08													X
Foundations										X	X	X	X		
Foundations - Business								07-09							X

UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT
FREQUENCY OF AUDIT ACTIVITY
INTERNAL AUDIT PLAN, FY 2010-2012

UNIVERSITY OF HOUSTON

Auditable Area	WORK PERFORMED										WORK SCHEDULED			LATER	
	Audit Rpt. No./Special Project Rpt. No.										FY 2010	FY 2011	FY 2012		
	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009					
Foundations - FERV					04-21			SP07-03							X
Foundations - HAF									08-05						X
Foundations - Law Center							06-04								X
Human Resources				03-28	04-22										X
Institutional Compliance Program															X
KUHT/KUHF	00-15 00-16	01-12 01-13	02-19 02-20 SP02-01	03-14 03-15	04-17 04-18	05-19 05-20									X
Management Changeover Reviews															
Policy Compliance Review					04-16										X
Privacy / Information Security										X					
Procurement/Travel Card								07-33							X
Property Management	00-09														X
Purchasing		01-07					SP05-01								X
State Auditor's - Assistance					SP04-01, 02						X	X	X		
Student Accounting & Receivables											X				

UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT
FREQUENCY OF AUDIT ACTIVITY
INTERNAL AUDIT PLAN, FY 2010-2012

UNIVERSITY OF HOUSTON-CLEAR LAKE

Auditable Area	WORK PERFORMED										WORK SCHEDULED			LATER
	Audit Rpt. No./Special Project Rpt. No.										FY 2010	FY 2011	FY 2012	
	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009				
Academic Records														X
Accreditation - Financial Reviews			SP02-04										X	
Admissions														X
Budgeting						05-30								X
Component Accounting Module - Acct's Payable													X	
Component Accounting Module - Bank Rec's		01-14												X
Component Accounting Module - Financial Reporting											X			
Component Accounting Module - General Accounting													X	
Component Accounting Module - Payroll	00-08								X					X
Continuing Education														X
Contracts - Food Service					04-09									X
Contracts and Grants - Office of Sponsored Programs														X
Contracts and Grants - ARP/ATP			02-04	03-22					X					X
Contracts and Grants - Environment Institute												X		
Contracts and Grants - Technology Workforce Development									09-16					
College/Division - Business						05-01, 05-02			X					X
College/Division - Education		01-19					06-26, 06-28						X	
College/Division - Human Sciences and Humanities				03-24, 03-32							X			
College/Division - Science & Computer Engineering			02-27						X					X
College/Division - Administration & Finance					04-11						X			
College/Division - President's Office								07-19					X	
College/Division - Provost's Office						05-11, 05-22 05-25						X		
Departmental Control/Cash Handling Reviews		01-20						07-18		09-23	X	X	X	
Departmental Operations - Library														X
Departmental Operations - Facilities Management		01-04										X		
Departmental Operations - Police Department				03-13										X
Departmental Operations - Univ Computing & Telecom														X
IT - Computing	00-28	01-22	02-33	03-33			06-27					X		
Financial Aid	00-10	SP01-01	02-01	03-05		05-05	06-11	07-31	08-13		X	X	X	
Formula Funding														X
Human Resources				03-28										X
Institutional Compliance														X
Policy Compliance Reviews					04-16									X
Privacy / Information Security									X					X
Property Management	00-04													X
Purchasing / Contract Administration		01-07												X
Student Accounting & Receivables											X			
Student Services														X

UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT
FREQUENCY OF AUDIT ACTIVITY
INTERNAL AUDIT PLAN, FY 2010-2012

UNIVERSITY OF HOUSTON-DOWNTOWN

Auditable Area	WORK PERFORMED										WORK SCHEDULED			LATER
	Audit Rpt. No./Special Project Rpt. No.										FY 2010	FY 2011	FY 2012	
	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY2009				
Accreditation Review														X
Admissions				03-34										X
Budgeting						05-30								X
Component Accounting Module - Acct's Payable													X	
Component Accounting Module - Bank Rec's		01-14												X
Component Accounting Module - Financial Reporting											X			
Component Accounting Module - General Accounting													X	
Component Accounting Module - Payroll	00-08									X				X
Continuing Education														X
Contracts - Food Service					04-09									X
Contracts and Grants - ARP/ATP				03-21							X			
Contracts and Grants - CCSDS														X
Contracts and Grants - JAMP						05-12		07-11		09-04				X
Contracts and Grants - Research Administration								07-28				X		X
College/Division - Business			02-28		04-28					09-03				X
College/Division - Humanities and Social Sciences			02-26			05-01		08-24						X
College/Division - Public Service							06-26	07-05						X
College/Division - Sciences and Technology	00-26			03-31, 03-32						09-17	X			X
College/Division - University College		01-05				05-11, 05-29						X		
College/Division - Academic Affairs & Provost						05-01						X		
College/Division - Administration & Finance							06-20, 06-26						X	
College/Division - Employment Services & Operations							06-20						X	
College/Division - President's Office								07-20					X	
College/Division - Student Services & Enrollment Mgmt							06-26	07-03						X
Departmental Control/Cash Handling Reviews		01-20			04-15			07-18		09-23	X	X	X	
Departmental Operations - Library														X
Departmental Operations - Parking														X
Departmental Operations - Physical Plant	00-24											X		
Departmental Operations - Police Department				03-13										X
Financial Aid	00-10		02-12, 02-30			05-05	06-11	07-30	08-14		X	X	X	
Human Resources				03-28										X
Information Technology	00-28	01-22	02-33	03-33			06-21			09-20		X		
Institutional Compliance														X
Institutional Research - Formula Funding												X		
Policy Compliance Reviews					04-16									X
Privacy / Information Security										X				
Property Management														X
Purchasing / Contract Administration		01-07												X
Records				03-34										X
Student Accounting and Receivables											X			

UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT
FREQUENCY OF AUDIT ACTIVITY
INTERNAL AUDIT PLAN, FY 2010-2012

UNIVERSITY OF HOUSTON-VICTORIA

Auditable Area	WORK PERFORMED										WORK SCHEDULED			LATER
	Audit Rpt. No./Special Project Rpt. No.										FY 2010	FY 2011	FY 2012	
	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009				
Accreditation Review				SP03-05										X
Budgeting						05-30								X
Component Accounting Module - Acct's Payable													X	
Component Accounting Module - Bank Rec's		01-14												X
Component Accounting Module - Financial Reporting											X			
Component Accounting Module - General Accounting													X	
Component Accounting Module - Payroll	00-08									X				X
College/Division - Arts & Sciences								07-21					X	
College/Division - Business Administration								07-21				X		
College/Division - Education								07-21					X	
College/Division - Nursing													X	
College/Division - Administration & Finance					04-11						X			
College/Division - President's Office							06-26	07-04						X
College/Division - Provost						05-11		07-14, 07-15			X			
Departmental Control/Cash Handling Reviews					04-15						X	X	X	
Enrollment Services - Formula Funding												X		
Financial Aid	00-10	01-01	02-14, 02-29			05-05	06-11	07-32	08-20		X	X	X	
Human Resources				03-28										X
IT - Computing	00-28	01-22	02-33	03-33			06-19			09-19		X		
Institutional Compliance														X
Library														X
Physical Plant	00-25											X		
Policy Compliance Review					04-16									X
Privacy / Information Security										X				X
Property Management	00-07													X
Purchasing / Contract Administration		01-07												X
Regional Outreach Center				SP03-01										X
Site Visit					04-24					X	X	X	X	
Small Business Development Center						SP05-07								
Student Accounting & Receivables											X			

UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT
FREQUENCY OF AUDIT ACTIVITY
INTERNAL AUDIT PLAN, FY 2010-2012

UNIVERSITY OF HOUSTON-SYSTEM

Auditable Area	WORK PERFORMED										WORK SCHEDULED			LATER
	Audit Rpt. No./Special Project Rpt. No.										FY 2010	FY 2011	FY 2012	
	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009				
All Components - Consumable/Resale Inventory	00-05	01-15	02-10	03-11	04-10	05-09	06-06			09-06				X
All Components - Bond Compliance														X
All Components - Endowments	00-12		02-02, 02-23	03-18		05-04		07-24	08-16	09-14	X	X	X	
All Components - Policy Compliance Review					04-16									X
All Components - Student Accounting and Receivables											X			
All Components - Travel and Entertainment				03-20							X			
Assistance to SAO											X	X	X	
Bid Openings - FPC	SP00-06	SP01-05		SP03-04	SP04-05	SP05-06					X	X	X	
Board of Regents' Travel	00-02	01-10	02-06	03-01	04-04	05-07	06-07	07-07	08-06	09-10	X	X	X	
Chancellor/President's Office			SP02-09											
Chancellor/President's Travel	00-03	01-11	02-08	03-03	04-05	05-06	06-08	07-06	08-07	09-09	X	X	X	
Component Accounting Module - Accounts Payable													X	
Component Accounting Module - Bank Reconciliations			02-03	03-23										X
Component Accounting Module - Financial Reporting											X			
Component Accounting Module - General Accounting													X	
Component Accounting Module - Payroll	00-08									X				X
Departmental Control/Cash Handling Reviews			02-17		04-15		06-16	07-18	08-23	09-24	X	X	X	
IT - Computing	00-28	01-22	SP02-06, SP02-12, 02-33	SP03-03, 03-33	04-29	05-31	06-29	07-29	08-12, 08-24	09-26	X	X	X	
Facilities Planning & Construction	SP00-03	SP01-03	SP02-07							09-22				X
Facilities Planning & Construction - New Construction											X	X	X	
Follow-up Audit Procedures	00-01, 00-11, 00-19, 00-27	01-03, 01-09, 01-17, 01-21	02-05, 02-11, 02-21, 02-32	03-02, 03-07, 03-17, 03-25	04-02, 04-13, 04-19, 04-26	05-03, 05-13, 05-23, 05-26	06-09, 06-14, 06-23, 06-24	07-01, 07-10, 07-22, 07-27	08-01, 08-09, 08-15, 08-21	09-01, 09-11, 09-15, 09-21	X	X	X	
Human Resources				03-28										X
Internal Auditing Quality Assurance/Peer Review			02-12, SP02-10			05-24				09-08		X		
Inventory - Wortham House					04-07				08-04 08-11					X
Management of External Fund Managers					04-08									X
Non-Compliance Report							06-10	07-02	08-03	09-07	X	X	X	
Property Management	00-09													X
Purchasing/Contract Administration		01-07												X
Treasurer - Investments														X
University Advancement														X

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT
AUDIT REPORTS ISSUED**

REGULAR REPORTS

REPORT #	TITLE
2009-01	Follow-up Status Report - Actions Scheduled for Implementation from 7/1/08 to 9/30/08
2009-02	UH College of Technology, Departmental Reviews
2009-03	UHD College of Business, Departmental Reviews
2009-04	UHD JAMP, FY 2007 - 2008
2009-05	UH JAMP, FY 2007 - 2008
2009-06	Consumable/Resale Inventory Observation, FY 2008
2009-07	Annual Non-Compliance Report, FY 2008
2009-08	UHS Internal Quality Assurance Review of Internal Auditing
2009-09	Chancellor/President's Travel, FY 2008
2009-10	Board of Regents' Travel, FY 2008
2009-11	Follow-up Status Report - Actions Scheduled for Implementation from 10/1/08 to 12/31/08
2009-12	UH NSM, Departmental Reviews
2009-13	UH Athletics - Football Attendance, 2008 Season
2009-14	Review of Expenditures of Endowment Income, FY 2008
2009-15	Follow-up Status Report - Actions Scheduled for Implementation from 1/1/09 to 2/28/09
2009-16	UH/UHCL TWD Grants, 2002, 2003, 2005 and 2006 Awards
2009-17	UHD College of Sciences & Technology, Departmental Reviews
2009-18	UH Division of Administration & Finance, Departmental Reviews
2009-19	UHV TAC 202
2009-20	UHD TAC 202
2009-21	Follow-up Status Report - Action Scheduled for Implementation from 3/1/09 to 6/30/09
2009-22	UHS Facilities Development Projects
2009-23	UH College of Pharmacy, Departmental Reviews
2009-24	UHS Cash Handling Reviews, FY 2009
2009-25	UH Athletics - NCAA Rules-Compliance
2009-26	IT Audit Activity Report, FY 2009
2008-01	Follow-up Status Report - Actions Scheduled for Implementation from 7/1/07 to 9/30/07
2008-02	UH Athletics, NCAA Rules-Compliance
2008-03	Annual Non-Compliance Report, FY 2007
2008-04	Wortham House Inventory Observation
2008-05	Foundations - HAF
2008-06	Board of Regents' Travel, FY 2007
2008-07	Chancellor/President's Travel, FY 2007
2008-08	UH Residential Life & Housing
2008-09	Follow-up Status Report - Actions Scheduled for Implementation from 10/1/07 to 12/31/07
2008-10	UH Athletics - Football Attendance, 2007 Season
2008-11	Wortham House Inventory Observation

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REGULAR REPORTS

REPORT #	TITLE
2008-12	PeopleSoft - Student Academic & Administration System, Data Conversion
2008-13	UHCL Financial Aid, Scholarships
2008-14	UHD Financial Aid, Scholarships
2008-15	Follow-up Status Report - Actions Scheduled for Implementation from 1/1/08 to 3/31/08
2008-16	Review of Expenditures of Endowment Income, FY 2007
2008-17	UH College of Engineering, Departmental Reviews
2008-18	UH College of Business, Departmental Reviews
2008-19	Annual Non-Compliance Report, FY 2007
2008-20	UHV Financial Aid, Scholarships
2008-21	Follow-up Status Report - Actions Scheduled for Implementation from 4/1/08 to 6/30/08
2008-22	UHD College of Humanities and Social Sciences, Departmental Reviews
2008-23	UHS Cash Handling Reviews, FY 2008
2008-24	Information Technology Audit Activity Report, FY 2008
2007-01	Follow-up Status Report - Actions Scheduled for Implementation from 7/1/06 to 9/30/06
2007-02	Non-Compliance Report, FY 2006
2007-03	UHD Division of Student Services and Enrollment Management, Departmental Reviews
2007-04	UHV Division of the President, Departmental Reviews
2007-05	UHD College of Public Service, Dean's Review
2007-06	Chancellor/President's Travel, FY 2006
2007-07	Board of Regents' Travel, FY 2006
2007-08	PeopleSoft Program Change Control
2007-09	UH College of Business Foundation
2007-10	Follow-up Status Report - Actions Scheduled for Implementation from 10/1/06 to 12/31/06
2007-11	UHD JAMP, FY 2005-2006
2007-12	UH JAMP, FY 2005-2006
2007-13	UH Division of Research, Departmental Reviews
2007-14	UHS Cinco Ranch, Departmental Review
2007-15	UHS Sugar Land, Departmental Review
2007-16	UH Athletics, Football Attendance, 2006 Season
2007-17	UH Library, Dean's Review
2007-18	Cash Handling Reviews, FY 2007
2007-19	UHCL President's Office, Departmental Review
2007-20	UHD President's Office, Departmental Reviews
2007-21	UHV Schools, Dean's Review
2007-22	Follow-up Status Report - Actions Scheduled for Implementation from 1/1/07 to 3/31/07
2007-23	UH College of Business – SBDC, Departmental Review
2007-24	Review of Expenditures of Endowment Income, FY 2006

**UNIVERSITY OF HOUSTON SYSTEM
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AUDIT REPORTS ISSUED**

REGULAR REPORTS

REPORT #	TITLE
2007-25	UH University Advancement Division, Departmental Review
2007-26	UH Enrollment Services
2007-27	Follow-up Status Report - Action Scheduled for Implementation from 4/1/07 to 6/30/07
2007-28	UHD Research Administration
2007-29	Information Technology Audit Activity Report
2007-30	UHD Financial Aid, General Compliance
2007-31	UHCL Financial Aid, General Compliance
2007-32	UHV Financial Aid, General Compliance
2007-33	UH Procurement Cards
2006-01	Departmental Reviews
2006-02	Review of Expenditures of Endowment Income, FY 2004
2006-03	UH Athletics Department, NCAA Audit - FY 2004
2006-04	Foundations - Law
2006-05	UH Law Center, Dean's Review
2006-06	Annual Inventory Observation, FY 2005
2006-07	BOR's Travel, FY 2005
2006-08	Chancellor/President's Travel, FY 2005
2006-09	Follow-up Status Report - Actions Scheduled for Implementation from 7/1/05 to 9/30/05
2006-10	Annual Non-Compliance Report, FY 2005
2006-11	Financial Aid, Designated Tuition Set-Aside (UHCL, UHD, UHV)
2006-12	UH Research, Time and Effort Reporting
2006-13	Department Reviews
2006-14	Follow-up Status Report - Actions Scheduled for Implementation from 10/1/05 to 12/31/05
2006-15	UH Athletics, NCAA Rules-Compliance
2006-16	Cash Handling Reviews, FY 2006
2006-17	UH Athletics, Football Attendance, 2005 Season
2006-18	UH Graduate and Professional Studies
2006-19	UHV TAC 202
2006-20	Departmental Reviews
2006-21	UHD TAC 202
2006-22	UH ATP/TDT Grants, 2003 Awards
2006-23	Follow-up Status Report - Actions Scheduled for Implementation from 1/1/06 to 3/31/06
2006-24	Follow-up Status Report - Actions Scheduled for Implementation from 4/1/06 to 6/20/06
2006-25	UH Data Center Inventory
2006-26	Departmental Reviews
2006-27	UHCL TAC 202
2006-28	UHCL School of Education, Dean's Review

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT
AUDIT REPORTS ISSUED**

REGULAR REPORTS

REPORT #	TITLE
2006-29	Information Technology Audit Activity Report
2005-01	Departmental Reviews
2005-02	UHCL School of Business and Public Administration
2005-03	Follow-up Status Report - Actions Scheduled for Implementation from 7/1/04 to 9/30/04
2005-04	Review of Expenditures of Endowment Income, FY 2003
2005-05	Financial Aid (UHCL, UHD and UHV), FY 2004
2005-06	Chancellor/President's Travel, FY 2004
2005-07	Board of Regents' Travel, FY 2004
2005-08	UH IT Computing & Telecommunication Services
2005-09	Year-end Inventory Observation, FY 2004
2005-10	UH NSM, Dean's Review
2005-11	Departmental Reviews
2005-12	Joint Admissions Medical Program, FY 2003 - FY 2004 (UH & UHD)
2005-13	Follow-up Status Report - Actions Scheduled for Implementation from 10/1/04 to 12/31/04
2005-14	UH Engineering, Dean's Review
2005-15	UH TcSAM, Research Center Review
2005-16	UH Honors College, Dean's Review
2005-17	UH TLC2, Research Center Review
2005-18	UH Social Work, Dean's Review
2005-19	KUHF FM, FY 2004
2005-20	KUHT TV, FY 2004
2005-21	UH Architecture, Dean's Review
2005-22	Departmental Reviews
2005-23	Follow-up Status Report - Actions Scheduled for Implementation from 1/1/05 to 3/31/05
2005-24	Internal Audit Quality Assurance Review
2005-25	Departmental Reviews
2005-26	Follow-up Status Report - Actions Scheduled for Implementation from 4/1/05 to 6/30/05
2005-27	Cash Handling Reviews, FY 2005
2005-28	UH College of Education, Dean's Review
2005-29	UHD University College, Dean's Review
2005-30	UHS Budgeting Review - All Components
2005-31	EDP Activity Report

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT
AUDIT REPORTS ISSUED**

SPECIAL PROJECT REPORTS

REPORT #	TITLE
SP2008-01	Education Technology & University Outreach
SP2007-01	ETUO - Charge Card Purchases
SP2007-02	Donor and Alumni Records Missing Cash
SP2007-03	FERV Follow-Up
SP2007-04	UT Austin Peer Review of Internal Audit Dept.
SP2006-01	Internal Audit Annual Activity Report, FY 2005
SP2006-02	Annual Internal Audit Plan, FY 2006-2008
SP2006-03	University of Tennessee System Internal Audit Peer Review Report
SP2006-04	UHD Financial Aid Packaging / Awards
SP2006-05	SAO Hotline Complaint - UH Human Resources
SP2005-01	Purchasing Department Timekeeping Allegations
SP2005-02	Internal Audit Annual Activity Report, FY 2004
SP2005-03	UH Postal Services Time Keeping
SP2005-04	NCAA Football Attendance Requirements - No report issued
SP2005-05	UH HRM Cash Theft
SP2005-06	Bid Openings - Unannounced Attendance
SP2005-07	UHV SBDC Assertions

INTERNAL AUDIT RISK ANALYSIS

8-1 Risk Analysis Methodology

8-2 Risk Analysis

8-3 Audit Coverage Matrices

RISK ANALYSIS METHODOLOGY

Section 8-1

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT**

RISK ANALYSIS METHODOLOGY

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

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

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

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

Departmental Reviews are scheduled at least once every 5 years. These reviews test compliance with the universities' policies and procedures for the following 15 areas noted below.

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

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT**

RISK ANALYSIS METHODOLOGY

RISK ANALYSIS:

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

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

All risk factors for each auditable area were combined resulting in a total risk factor. All auditable areas with a total risk factor of 19 or greater were included in the three-year audit schedule in the Long-Range Internal Audit Plan.

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT**

RISK ANALYSIS

INDEX

1. Risk Analysis by Campus
2. Risk Analysis by Risk Rank

Risk Analysis by Campus

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT
INTERNAL AUDIT PLAN, FY 2010-2012**

**RISK ANALYSIS
(By Campus)**

Campus	Auditable Area	Total Risk Rank	Reason For Audit		FY2010-2012 Administrative Oversight Risk Level	Administrative Oversight Dollars	Years Since Last Audit	FY 2010	FY 2011	FY 2012	Later
			Auditor Preference	Management Request							
ALL COMPONENTS											
All	General Accounting	25	5		10	619,308,788	10			X	
All	Student Accounting & Receivables	20			10	351,893,204	10	X			
All	FP&C - New Construction Projects	20	5	5	10	291,302,008	0				X
All	Accounts Payable	20			10	202,635,661	10			X	
All	Property Management (Fixed Assets)	19			10	456,192,601	9				X
All	Contract Administration	18			10	202,635,661	8				X
All	Purchasing	18			10	202,635,661	8				X
All	Financial Accounting	16	5		10	1,184,422,711	1	X			
All	Travel and Entertainment Expenditures	16	5	5	0	6,162,805	6	X			
All	EEO / Affirmative Action	15		5	0	N/A	10				X
All	Institutional Compliance	15	5		0	N/A	10				X
All	Payroll	15		5	10	472,781,129	0				X
All	Personnel/Human Resources	15			10	104,601,232	5				X
All	Investments – Non-endowed (Treasurer)	15			5	58,561,469	10				X
All	Budgeting	14			10	1,249,053,830	4				X
All	Bank Reconciliations	14			8	83,660,984	6				X
All	Cash Handling	13		5	8	83,660,984	0	X	X	X	
All	IT – Security Admin./Access Controls	10			0	N/A	10				X
All	Privacy / Information Security	10	5	5	0	N/A	0				X
All	Policy Compliance Review (Compliance Audits)	5			0	N/A	5				X
All	Contract - Food Services	5			0	9,040,906	5				X
All	Management Consulting Projects	0			0	N/A	0				X
All	Inventory Observation	0			0	2,330,059	0				X
UNIVERSITY OF HOUSTON											
UH	Enrollment Services	17		5	10	257,015,826	2			X	
UH	Institutional Research (Formula Funding)	17	5		10	127,143,608	2				X
UH	Research Financial Services	17			7	75,900,000	10				X
UH	Physical Plant	16	5		1	16,170,899	10		X		
UH	University Center	15		5	0	7,026,449	10				X
UH	Parking	15	5		0	3,301,001	10				X
UH	Printing	15		5	0	2,590,833	10				X
UH	Arte Publico (CLASS)	15		5	0	1,621,144	10				X
UH	CEAC (Engineering)	15		5	0	139,701	10				X
UH	Auxillary Contracts	15		5	0	N/A	10			X	
UH	Cougar Card	14	5		0	706,613	9				X
UH	Academic Fees	13		5	7	73,563,987	1				X

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT
INTERNAL AUDIT PLAN, FY 2010-2012**

**RISK ANALYSIS
(By Campus)**

Campus	Auditable Area	Total Risk Rank	Reason For Audit		FY2010-2012 Administrative Oversight Risk Level	Administrative Oversight Dollars	Years Since Last Audit	FY 2010	FY 2011	FY 2012	Later
			Auditor Preference	Management Request							
UH	Procurement/Travel Cards	13	5	5	1	16,285,126	2				X
UH	Contracts & Grants Administration	12		5	7	75,900,000	0				X
UH	Research - Time & Effort Reporting	12	5		3	37,538,203	4				X
UH	Residential Life & Housing	12	5	5	1	10,563,726	1				X
UH	Intellectual Property Management	12		5	0	869,974	7				X
UH	Controlled Substance Inventories	11		5	0	N/A	6				X
UH	University Advancement	11			1	19,507,874	10				X
UH	Police Department	11		5	0	4,776,004	6				X
UH	Institutional Review Board	10			0	N/A	10				X
UH	Facilities Planning and Construction	10		5	5	55,050,867	0				X
UH	Campus Recreation and Wellness Center	10			0	3,957,778	10				X
UH	Postal Services	10			0	1,752,491	10				X
UH	Research Information Center	10			0	646,877	10				X
UH	Information Technology	7	5		2	26,109,615	0	X	X	X	
UH	Educational Technology & Outreach	6		5	0	3,565,554	1				X
UNIVERSITY OF HOUSTON-CLEAR LAKE											
UHCL	University Computing & Telecommunications	15	5		0	5,439,164	10				X
UHCL	Student Services	15		5	0	3,005,643	10				X
UHCL	Office of Sponsored Programs	15	5		0	2,997,819	10				X
UHCL	Office of Admissions	15	5		0	1,403,712	10				X
UHCL	Office of Academic Records	15	5		0	699,618	10				X
UHCL	Facilities Management and Construction	13		5	0	5,987,400	8		X		
UHCL	Police Department (Parking)	11	5		0	1,302,666	6				X
UHCL	Library	10			0	3,399,727	10				X
UHCL	Institutional Research – Formula Funding	9	5		2	25,928,857	2				X
UNIVERSITY OF HOUSTON-DOWNTOWN											
UHD	Institutional Research & Planning – Formula Funding	17	5		2	21,786,879	10		X		
UHD	Information Resources	16	5		1	11,421,999	10				X
UHD	Admissions	15		5	4	47,270,689	6				X
UHD	Records	15		5	4	47,270,689	6				X
UHD	Library	15	5		0	3,830,066	10				X
UHD	Parking (Police Department)	15	5		0	2,665,638	10				X
UHD	Continuing Education Unit	15	5		0	887,284	10				X
UHD	Contracts & Grants - CCSDS	15		5	0	683,331	10				X
UHD	Physical Plant	14	5		0	6,775,809	9		X		
UHD	Police Department	11		5	0	2,665,638	6				X

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT
INTERNAL AUDIT PLAN, FY 2010-2012**

**RISK ANALYSIS
(By Campus)**

Campus	Auditable Area	Total Risk Rank	Reason For Audit		FY2010-2012 Administrative Oversight Risk Level	Administrative Oversight Dollars	Years Since Last Audit	FY 2010	FY 2011	FY 2012	Later
			Auditor Preference	Management Request							
UHD	Office of Sponsored Programs	7		5	0	1,677,081	2		X		
UNIVERSITY OF HOUSTON-VICTORIA											
UHV	Admissions and Records	16	5		1	12,138,655	10				X
UHV	Formula Funding	16	5		1	10,545,940	10		X		
UHV	Regional Outreach Center/LEAD	15		5	0	276,966	10				X
UHV	University Advancement	15		5	0	388,810	10				X
UHV	Athletics	15		5	0	480,536	10				X
UHV	Physical Plant (Custodial Serv. / Grounds Maint.)	13		5	0	925,505	8		X		
UHV	Computing Services	10			0	1,678,262	10				X
UNIVERSITY OF HOUSTON-SYSTEM											
UHS	Internal Audit Quality Assurance	5	5		0	N/A	0		X		
UHS	Wortham House – Fixed Asset Inventory	1			0	N/A	1				X
ANNUAL AUDIT ACTIVITY											
Annual	Financial Aid	15	5		10	>100,000,000	0	X	X	X	
Annual	SAO - Bonds/Loan Compliance	15	5		10	464,730,182	0				X
Annual	Athletics - Football Attendance Audit	7	5		2	25,592,200	0	X	X	X	
Annual	Athletics – NCAA	7	5		2	25,592,200	0	X	X	X	
Annual	Athletics – Rules-Compliance	7	5		2	25,592,200	0	X	X		
Annual	Endowments	7	5		2	25,058,868	0	X	X	X	
Annual	Follow-up Audit Procedures	5	5		0	N/A	0	X	X	X	
Annual	Foundations	5	5		0	N/A	0	X	X	X	
Annual	Management Requests	5		5	0	N/A	0	X	X	X	
Annual	Police Investigations	5		5	0	N/A	0	X	X	X	
Annual	Regional Accreditation Reviews (SACS)	5	5		0	N/A	0				X
Annual	SAO - Liaison	5	5		0	N/A	0	X	X	X	
Annual	SAO - Reports – Follow-up	5	5		0	N/A	0	X	X	X	
Annual	KUHT	5	5		0	9,194,155	0	X	X	X	
Annual	KUHF	5	5		0	7,125,937	0	X	X	X	
Annual	IT – Review & Monitor Systems	5	5		0	6,167,361	0	X	X	X	
Annual	ARP/ATP Grants	5	5		0	2,416,545	0	X			
Annual	Board of Regents’ Travel	5		5	0	40,768	0	X	X	X	
Annual	Chancellor/President’s Travel	5		5	0	17,990	0	X	X	X	
Annual	Bid Openings	5		5	0	N/A	0	X	X	X	
Annual	Charter School	0			0	1,137,699	0	X	X	X	

Risk Analysis by Risk Rank

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT
INTERNAL AUDIT PLAN, FY 2010-2012**

**RISK ANALYSIS
(By Risk Rank)**

Campus	Auditable Area	Total Risk Rank	Reason For Audit		FY2010-2012 Administrative Oversight Risk Level	Administrative Oversight Dollars	Years Since Last Audit	FY 2010	FY 2011	FY 2012	Later
			Auditor Preference	Management Request							
All	General Accounting	25	5		10	619,308,788	10		X		
All	Student Accounting & Receivables	20			10	351,893,204	10	X			
All	FP&C - New Construction Projects	20	5	5	10	291,302,008	0				X
All	Accounts Payable	20			10	202,635,661	10	X			
All	Property Management (Fixed Assets)	19			10	456,192,601	9				X
All	Contract Administration	18			10	202,635,661	8			X	
All	Purchasing	18			10	202,635,661	8			X	
UH	Enrollment Services	17		5	10	257,015,826	2			X	
UH	Institutional Research (Formula Funding)	17	5		10	127,143,608	2				X
UH	Research Financial Services	17			7	75,900,000	10				X
UHD	Institutional Research & Planning – Formula Funding	17	5		2	21,786,879	10		X		
All	Financial Accounting	16	5		10	1,184,422,711	1	X			
UH	Physical Plant	16	5		1	16,170,899	10		X		
UHV	Admissions and Records	16	5		1	12,138,655	10				X
UHD	Information Resources	16	5		1	11,421,999	10				X
UHV	Formula Funding	16	5		1	10,545,940	10			X	
All	Travel and Entertainment Expenditures	16	5	5	0	6,162,805	6	X			
All	EEO / Affirmative Action	15		5	0	N/A	10				X
All	Institutional Compliance	15	5		0	N/A	10				X
Annual	Financial Aid	15	5		10	>100,000,000	0	X	X	X	
All	Payroll	15		5	10	472,781,129	0				X
Annual	SAO - Bonds/Loan Compliance	15	5		10	464,730,182	0				X
All	Personnel/Human Resources	15			10	104,601,232	5				X
All	Investments – Non-endowed (Treasurer)	15			5	58,561,469	10				X
UHD	Admissions	15		5	4	47,270,689	6				X
UHD	Records	15		5	4	47,270,689	6				X
UH	University Center	15		5	0	7,026,449	10				X
UHCL	University Computing & Telecommunications	15	5		0	5,439,164	10				X
UHD	Library	15	5		0	3,830,066	10				X
UH	Parking	15	5		0	3,301,001	10				X
UHCL	Student Services	15		5	0	3,005,643	10				X
UHCL	Office of Sponsored Programs	15	5		0	2,997,819	10				X
UHD	Parking (Police Department)	15	5		0	2,665,638	10				X
UH	Printing	15		5	0	2,590,833	10				X
UH	Arte Publico (CLASS)	15		5	0	1,621,144	10				X
UHCL	Office of Admissions	15	5		0	1,403,712	10				X
UHD	Continuing Education Unit	15	5		0	887,284	10				X
UHCL	Office of Academic Records	15	5		0	699,618	10				X

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT
INTERNAL AUDIT PLAN, FY 2010-2012**

**RISK ANALYSIS
(By Risk Rank)**

Campus	Auditable Area	Total Risk Rank	Reason For Audit		FY2010-2012 Administrative Oversight Risk Level	Administrative Oversight Dollars	Years Since Last Audit	FY 2010	FY 2011	FY 2012	Later
			Auditor Preference	Management Request							
UH	CEAC (Engineering)	15		5	0	139,701	10				X
UH	Auxillary Contracts	15		5	0	N/A	10			X	
UHD	Contracts & Grants - CCSDS	15		5	0	683,331	10				X
UHV	Regional Outreach Center/LEAD	15		5	0	276,966	10				X
UHV	Athletics	15		5	0	480,536	10				X
UHV	University Advancement	15		5	0	388,810	10				X
All	Budgeting	14			10	1,249,053,830	4				X
All	Bank Reconciliations	14			8	83,660,984	6				X
UHD	Physical Plant	14	5		0	6,775,809	9		X		
UH	Cougar Card	14	5		0	706,613	9				X
All	Cash Handling	13		5	8	83,660,984	0	X	X	X	
UH	Academic Fees	13		5	7	73,563,987	1				X
UH	Procurement/Travel Cards	13	5	5	1	16,285,126	2				X
UHCL	Facilities Management and Construction	13		5	0	5,987,400	8		X		
UHV	Physical Plant (Custodial Serv. / Grounds Maint.)	13		5	0	925,505	8		X		
UH	Contracts & Grants Administration	12		5	7	75,900,000	0				X
UH	Research - Time & Effort Reporting	12	5		3	37,538,203	4				X
UH	Residential Life & Housing	12	5	5	1	10,563,726	1				X
UH	Intellectual Property Management	12		5	0	869,974	7				X
UH	Controlled Substance Inventories	11		5	0	N/A	6				X
UH	University Advancement	11			1	19,507,874	10				X
UH	Police Department	11		5	0	4,776,004	6				X
UHD	Police Department	11		5	0	2,665,638	6				X
UHCL	Police Department (Parking)	11	5		0	1,302,666	6				X
All	Privacy / Information Security	10	5	5	0	N/A	0				X
All	IT – Security Admin./Access Controls	10			0	N/A	10				X
UH	Institutional Review Board	10			0	N/A	10				X
UH	Facilities Planning and Construction	10		5	5	55,050,867	0				X
UH	Campus Recreation and Wellness Center	10			0	3,957,778	10				X
UHCL	Library	10			0	3,399,727	10				X
UH	Postal Services	10			0	1,752,491	10				X
UHV	Computing Services	10			0	1,678,262	10				X
UH	Research Information Center	10			0	646,877	10				X
UHCL	Institutional Research – Formula Funding	9	5		2	25,928,857	2				X
UH	Information Technology	7	5		2	26,109,615	0	X	X	X	
Annual	Athletics - Football Attendance Audit	7	5		2	25,592,200	0	X	X	X	
Annual	Athletics – NCAA	7	5		2	25,592,200	0	X	X	X	
Annual	Athletics – Rules-Compliance	7	5		2	25,592,200	0	X	X		

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT
INTERNAL AUDIT PLAN, FY 2010-2012**

**RISK ANALYSIS
(By Risk Rank)**

Campus	Auditable Area	Total Risk Rank	Reason For Audit		FY2010-2012 Administrative Oversight Risk Level	Administrative Oversight Dollars	Years Since Last Audit	FY 2010	FY 2011	FY 2012	Later
			Auditor Preference	Management Request							
Annual	Endowments	7	5		2	25,058,868	0	X	X	X	
UHD	Office of Sponsored Programs	7		5	0	1,677,081	2				X
UH	Educational Technology & Outreach	6		5	0	3,565,554	1				X
All	Policy Compliance Review (Compliance Audits)	5			0	N/A	5				X
UHS	Internal Audit Quality Assurance	5	5		0	N/A	0		X		
Annual	Bid Openings	5		5	0	N/A	0	X	X	X	
Annual	Follow-up Audit Procedures	5	5		0	N/A	0	X	X	X	
Annual	Foundations	5	5		0	N/A	0	X	X	X	
Annual	Management Requests	5		5	0	N/A	0	X	X	X	
Annual	Police Investigations	5		5	0	N/A	0	X	X	X	
Annual	Regional Accreditation Reviews (SACS)	5	5		0	N/A	0			X	
Annual	SAO - Liaison	5	5		0	N/A	0	X	X	X	
Annual	SAO - Reports – Follow-up	5	5		0	N/A	0	X	X	X	
Annual	KUHT	5	5		0	9,194,155	0	X	X	X	
All	Contract - Food Services	5			0	9,040,906	5				X
Annual	KUHF	5	5		0	7,125,937	0	X	X	X	
Annual	IT – Review & Monitor Systems	5	5		0	6,167,361	0	X	X	X	
Annual	ARP/ATP Grants	5	5		0	2,416,545	0	X			
Annual	Board of Regents' Travel	5		5	0	40,768	0	X	X	X	
Annual	Chancellor/President's Travel	5		5	0	17,990	0	X	X	X	
UHS	Wortham House – Fixed Asset Inventory	1			0	N/A	1				X
All	Management Consulting Projects	0			0	N/A	0				X
All	Inventory Observation	0			0	2,330,059	0				X
Annual	Charter School	0			0	1,137,699	0	X	X	X	

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT**

AUDIT COVERAGE MATRICES

INDEX

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

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT
INTERNAL AUDIT PLAN, FY 2010-2012**

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

<u>Year</u>	CAMPUS			
	<u>UH</u> 10 Year	<u>UHCL</u> 10 Year	<u>UHD</u> 10 Year	<u>UHV</u> 10 Year
2010				
2011				
2012		X		
2013				
2014				X
2015				
2016			X	
2017				
2018	X			
2019				
2020				
2021				
2022		X		
2023				

Note: A special project report from the State Auditor's Office (SAO) is required for the 10 year reviews. The Internal Auditing Department prepares the working papers for the SAO, using the SAO's work program.

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT
INTERNAL AUDIT PLAN, FY 2010-2012**

**AUDIT COVERAGE MATRIX
NCAA RULES-COMPLIANCE**

<u>Audit Areas</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
<u>Major Areas</u>					
Eligibility		X			
Financial Aid				X	
Recruiting	X				X
<u>Other Areas</u>					
Representatives of Athletics Interests				X	
Extra Benefits					
- Athletic Equipment and Apparel	X				X
- Complimentary Admissions				X	
- Student-Athlete Vehicles				X	
- Team Travel	X				X
Camps and Clinics	X				X
Employment (of Student-Athletes)				X	
Playing and Practice Seasons		X			
Coaching Staff Limits and Contracts		X			
Rules Education Program	X				X
Certification of Compliance	X	X		X	X

Note: NCAA Bylaw 22.2.1.3.(e) - ...the institution shall demonstrate that: ... at least once every four years, its rules-compliance program is the subject of evaluation by an authority outside of the athletics department.

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT
INTERNAL AUDIT PLAN, FY 2010-2012**

**AUDIT COVERAGE MATRIX
FINANCIAL AID**

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
<u>Title IV</u>						
General Compliance (All Programs)					X	
Pell Grants	X					
Federal Family Education Loan Program		X				
Federal Direct Loan Program		X				
Perkins Loans			X			
College Work-Study			X			
Supplemental Education Opportunity Grants			X			
Academic Competitiveness Grant				X		
National SMART Grant				X		
TEACH Grant				X		
<u>Non-Title IV</u>						
Scholarships						X
Designated Tuition (20%)				X		
Other Non-Title IV					X	

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT
INTERNAL AUDIT PLAN, FY 2010-2012**

**FINANCIAL AID PROGRAMS
TOTAL AWARDS**

Entity/ Year	Federal Family	Federal	Pell Grants	Perkins Loans	College Work-Study	Supplemental	Academic	National	TEACH	Total
	Education Loan Program	Direct Loan Program				Education Opportunity Grants				
	\$ Awards	\$ Awards	\$ Awards	\$ Awards	\$ Awards	\$ Awards	\$ Awards	\$ Awards	\$ Awards	\$ Awards
UH										
1995	\$40,242,030	N/A	\$8,524,079	\$1,478,405	\$1,306,224	\$960,150	N/A	N/A	N/A	\$52,510,888
1996	\$47,550,261	N/A	\$9,487,911	\$1,694,766	\$1,317,979	\$951,841	N/A	N/A	N/A	\$61,002,758
1997	\$53,835,782	N/A	\$10,533,113	\$1,694,766	\$1,177,771	\$970,001	N/A	N/A	N/A	\$68,211,433
1998	\$60,712,477	N/A	\$12,576,699	\$1,917,866	\$1,102,180	\$971,331	N/A	N/A	N/A	\$77,280,553
1999	\$66,158,226	N/A	\$14,924,844	\$1,559,467	\$1,026,546	\$1,203,660	N/A	N/A	N/A	\$84,872,743
2000	\$66,522,086	N/A	\$14,352,247	\$580,992	\$1,033,464	\$1,029,431	N/A	N/A	N/A	\$83,518,220
2001	\$61,999,760	N/A	\$15,532,372	\$2,331,620	\$978,213	\$1,235,221	N/A	N/A	N/A	\$82,077,186
2002	\$61,040,920	N/A	\$18,777,555	\$2,520,262	\$1,104,768	\$1,465,231	N/A	N/A	N/A	\$84,908,736
2003	\$74,554,880	N/A	\$20,194,431	\$2,684,825	\$1,172,530	\$1,619,381	N/A	N/A	N/A	\$100,226,047
2004	\$106,613,342	N/A	\$23,017,410	\$2,322,441	\$1,381,875	\$1,318,491	N/A	N/A	N/A	\$134,653,559
2005	\$123,397,192	N/A	\$23,770,096	\$2,049,138	\$1,591,215	\$2,242,881	N/A	N/A	N/A	\$153,050,522
2006	\$123,065,776	N/A	\$23,725,212	\$2,940,570	\$1,448,610	\$1,575,977	N/A	N/A	N/A	\$152,756,145
2007	\$124,918,847	N/A	\$22,731,641	\$2,786,741	\$1,491,648	\$1,500,148	\$374,834	\$0	N/A	\$153,803,859
2008	\$127,525,067	N/A	\$24,341,144	\$3,687,787	\$1,535,212	\$1,280,094	\$503,526	\$453,539	N/A	\$159,326,369
2009	\$129,448,801	\$0	\$28,390,563	\$3,614,669	\$1,835,168	\$1,819,356	\$265,443	\$252,288	\$31,000	\$165,657,288
UHCL										
1995	\$7,689,297	N/A	\$827,104	\$48,879	\$34,749	\$47,153	N/A	N/A	N/A	\$8,647,183
1996	\$6,992,897	N/A	\$677,228	\$62,243	\$35,211	\$72,463	N/A	N/A	N/A	\$7,840,042
1997	\$7,498,566	N/A	\$855,653	\$110,776	\$40,992	\$62,520	N/A	N/A	N/A	\$8,568,507
1998	\$8,612,322	N/A	\$1,208,287	\$71,679	\$48,042	\$65,127	N/A	N/A	N/A	\$10,005,457
1999	\$9,543,582	N/A	\$1,470,290	\$93,742	\$87,191	\$129,620	N/A	N/A	N/A	\$11,324,425
2000	\$11,110,155	N/A	\$1,569,851	\$76,000	\$88,972	\$139,851	N/A	N/A	N/A	\$12,984,829
2001	\$13,246,344	N/A	\$1,937,874	\$79,999	\$83,123	\$76,125	N/A	N/A	N/A	\$15,423,465
2002	\$12,083,024	N/A	\$2,214,871	\$40,000	\$127,220	\$119,116	N/A	N/A	N/A	\$14,584,231
2003	\$14,761,431	N/A	\$2,185,962	\$56,750	\$105,537	\$178,573	N/A	N/A	N/A	\$17,288,253
2004	\$24,066,747	N/A	\$2,796,781	\$67,015	\$156,292	\$311,042	N/A	N/A	N/A	\$27,397,877
2005	\$28,653,983	N/A	\$3,134,056	\$84,959	\$155,143	\$191,193	N/A	N/A	N/A	\$32,219,334
2006	\$31,306,120	N/A	\$3,139,316	\$77,241	\$139,945	\$209,129	N/A	N/A	N/A	\$34,871,751
2007	\$32,612,236	N/A	\$2,977,060	\$94,756	\$87,731	\$203,275	\$0	\$16,000	N/A	\$35,991,058
2008	\$32,376,828	N/A	\$3,268,117	\$84,084	\$108,689	\$197,424	\$0	\$48,000	N/A	\$36,083,142
2009	\$0	\$30,664,855	\$3,401,661	\$54,500	\$72,281	\$177,259	\$0	\$26,000	\$0	\$34,396,556
UHD										
1995	\$4,061,515	N/A	\$3,408,884	\$0	\$244,165	\$199,489	N/A	N/A	N/A	\$7,914,053
1996	\$5,644,641	N/A	\$3,523,474	\$0	\$186,203	\$160,383	N/A	N/A	N/A	\$9,514,701
1997	\$7,129,355	N/A	\$3,872,734	\$0	\$205,309	\$254,519	N/A	N/A	N/A	\$11,461,917
1998	\$7,901,862	N/A	\$4,503,843	\$0	\$224,177	\$293,124	N/A	N/A	N/A	\$12,923,006
1999	\$7,608,152	N/A	\$5,312,357	\$0	\$232,093	\$301,593	N/A	N/A	N/A	\$13,454,195
2000	\$7,024,147	N/A	\$5,110,650	\$0	\$299,763	\$366,933	N/A	N/A	N/A	\$12,801,493
2001	\$7,155,652	N/A	\$5,592,195	\$0	\$315,753	\$360,366	N/A	N/A	N/A	\$13,423,966
2002	\$7,754,516	N/A	\$7,216,456	\$0	\$346,129	\$270,225	N/A	N/A	N/A	\$15,587,326
2003	\$9,195,375	N/A	\$8,440,418	\$0	\$422,512	\$302,971	N/A	N/A	N/A	\$18,361,276
2004	\$17,368,600	N/A	\$9,571,721	\$0	\$399,294	\$300,778	N/A	N/A	N/A	\$27,640,393
2005	\$22,493,468	N/A	\$10,880,793	\$0	\$376,646	\$301,852	N/A	N/A	N/A	\$34,052,759
2006	\$31,309,870	N/A	\$11,155,280	\$0	\$310,271	\$241,685	N/A	N/A	N/A	\$43,017,106
2007	\$34,060,058	N/A	\$11,414,459	\$0	\$310,271	\$426,844	\$108,950	\$0	N/A	\$46,320,582
2008	\$42,802,572	N/A	\$12,524,136	\$0	\$222,826	\$513,767	\$252,673	\$4,000	N/A	\$56,319,974
2009	\$42,594,654	\$0	\$14,162,256	\$0	\$233,144	\$525,900	\$251,462	\$11,000	\$0	\$57,778,416
UHV										
1995	\$1,263,764	N/A	\$286,821	\$9,300	\$8,713	\$13,612	N/A	N/A	N/A	\$1,582,210
1996	\$1,619,664	N/A	\$304,798	\$7,600	\$10,541	\$13,987	N/A	N/A	N/A	\$1,956,590
1997	\$1,839,298	N/A	\$316,646	\$3,665	\$11,206	\$16,800	N/A	N/A	N/A	\$2,187,615
1998	\$1,815,223	N/A	\$365,328	\$1,100	\$29,935	\$24,325	N/A	N/A	N/A	\$2,235,911
1999	\$2,032,589	N/A	\$424,688	\$0	\$42,617	\$16,875	N/A	N/A	N/A	\$2,516,769
2000	\$2,642,519	N/A	\$476,501	\$0	\$49,490	\$22,938	N/A	N/A	N/A	\$3,191,447
2001	\$3,542,517	N/A	\$599,042	\$0	\$40,244	\$14,415	N/A	N/A	N/A	\$4,196,218
2002	\$4,299,044	N/A	\$694,360	\$0	\$48,424	\$27,723	N/A	N/A	N/A	\$5,069,551
2003	\$5,700,334	N/A	\$894,791	\$0	\$50,126	\$40,750	N/A	N/A	N/A	\$6,686,001
2004	\$7,012,147	N/A	\$1,126,483	\$0	\$55,706	\$46,250	N/A	N/A	N/A	\$8,240,586
2005	\$7,993,742	N/A	\$1,307,386	\$0	\$64,475	\$37,500	N/A	N/A	N/A	\$9,403,103
2006	\$8,620,702	N/A	\$1,324,831	\$0	\$49,173	\$75,885	N/A	N/A	N/A	\$10,070,591
2007	\$9,392,581	N/A	\$1,194,686	\$0	\$56,270	\$69,330	\$0	\$42,000	N/A	\$10,754,867
2008	\$8,935,228	N/A	\$1,345,869	\$0	\$50,025	\$72,475	\$0	\$26,522	N/A	\$10,430,119
2009	\$10,795,373	\$0	\$1,558,121	\$0	\$33,674	\$72,443	\$0	\$10,000	\$32,500	\$12,502,111

NOTE 1: Award amounts were provided by Financial Aid Directors.
NOTE 2: FY 2009 amounts do not include all awards for the year.

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT
INTERNAL AUDIT PLAN, FY 2010-2012**

**AUDIT COVERAGE MATRIX
DEPARTMENTAL REVIEWS**

University	College/Division Name	FY 2009 BUDGET			FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
		Operations Expenditures	Restricted Expenditures	FTEs					
UH	Academic Affairs/Provost Division	76,540,380	46,442,975	705		X			
UH	Administration & Finance	38,768,928	77,310	778			X		
UH	Architecture	4,068,573	929,338	63					
UH	Athletics	22,265,038	0	146	X				
UH	Business	29,808,649	4,859,107	341			X		
UH	Chancellor/President Division	2,030,980	70,687	21	X				
UH	Education	13,564,730	5,720,211	357		X			
UH	Engineering	18,184,982	12,143,962	527			X		
UH	Graduate and Professional Studies	1,682,486	117,335	7			X		
UH	Graduate School of Social Work	3,069,429	3,559,250	106		X			
UH	Honors	1,414,089	640,952	48				X	
UH	Hotel & Restaurant Management	9,238,127	2,639,495	111	X				
UH	Law Center	19,964,134	213,764	256				X	
UH	Liberal Arts & Social Sciences	46,264,937	12,339,048	1,046				X	
UH	Library	15,206,268	294,945	184			X		
UH	Natural Sciences & Mathematics	32,780,294	19,570,992	732			X		
UH	Optometry	12,813,208	4,825,789	191	X				
UH	Pharmacy	8,324,855	2,933,041	160				X	
UH	Research	17,148,484	11,635,653	450			X		
UH	Student Affairs	30,782,533	661,054	515	X				
UH	Technology	9,046,390	1,309,080	104			X		
UH	University Advancement	10,225,205	0	104			X		
		423,192,699	130,983,988	6,952					
UHCL	Administration & Finance	12,632,391	14,550	184	X				
UHCL	Business	8,486,145	102,108	120				X	
UHCL	Education	6,039,312	750,875	117			X		
UHCL	Human Sciences & Humanities	6,636,727	371,798	133	X				
UHCL	President's Office	2,140,405	18,277	22			X		
UHCL	Provost's Office	16,297,061	4,913,644	272		X			
UHCL	Science and Computer Engineering	5,536,451	730,955	98				X	
		57,768,492	6,902,207	946					
UHD	Academic Affairs & Provost	6,519,877	150,781	103		X			
UHD	Administration & Finance	18,951,301	122,676	208			X		
UHD	Business	7,521,803	146,092	140			X		
UHD	Employment Svc & Operations	1,399,281	0	16			X		
UHD	Humanities & Social Sciences	9,596,996	90,493	235			X		
UHD	President's Office	2,261,614	126,315	27			X		
UHD	Public Service	3,706,894	714,486	75			X		
UHD	Sciences & Technology	6,291,618	1,666,331	132				X	
UHD	Student Svc & Enrollment Mgmt	5,711,023	46,012	112			X		
UHD	University College	891,253	1,180,297	38		X			
		62,851,660	4,243,483	1,086					
UHV	Administration & Finance	5,078,252	0	66	X				
UHV	Arts & Sciences	2,404,597	169,872	39			X		
UHV	Business Administration	3,676,047	178,169	50		X			
UHV	Education	2,506,459	85,783	35			X		
UHV	Nursing	1,188,647	11,328	20			X		
UHV	President's Office	1,736,845	196,108	17			X		
UHV	Provost	2,266,875	37,625	85	X				
		18,857,722	678,885	312					

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT
INTERNAL AUDIT PLAN, FY 2010-2012**

UNIVERSITY OF HOUSTON

**AUDIT COVERAGE MATRIX
INFORMATION TECHNOLOGY REVIEWS**

<u>EDUCAUSE Program Category</u>	FY 2009				<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
	<u>Salary Budget</u>	<u>M&O Budget</u>	<u>FTEs</u>						
Administration of IT Organization, Clerical Support	1,260,417	239,516	25						X
Administrative/Enterprise Information Systems	2,632,057	2,187,808	38			X			
Desktop Computing Support, User Support Services, Training, Computer Store	1,794,437	1,646,025	34		X				
Enterprise Infrastructure and Services	2,028,273	2,263,721	27				X		
Help Desk	911,002	85,346	23						X
Information Technology Policy	98,370	0	1						X
Information Technology Security	759,701	135,295	11	X					
Instructional Technology, Multimedia Services, Student Computing	1,953,525	625,745	48			X			
Network Infrastructure and Services	634,692	2,108,189	7				X		
Operations, Data Center, Print Services	581,049	260,792	12				X		
Research Computing, Academic Computing	338,537	164,795	5						X
Telephony	1,249,058	2,231,787	31				X		
Web Support Services	640,153	216,969	13		X				

Note: Budget and FTE information obtained from the Information Technology Business Office.

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT
INTERNAL AUDIT PLAN, FY 2010-2012**

**AUDIT COVERAGE MATRIX
RESEARCH CENTERS**

<u>Audit Areas</u>	<u>Campus</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Center for Advanced Materials	UH	X				
Center for Materials Chemistry	UH			X		
Environmental Institute of Houston	UHCL/UH		X			
Institute for Space System Operations (ISS0)	UH/UHCL			X		
Texas Center for Superconductivity and Advanced Materials (TcSAM)	UH	X				
Texas Institute for Measurement, Evaluation, and Statistics (TIMES)	UH		X			
Texas Learning & Computation Ctr (TLC ²)	UH		X			
Center for Neuro and Biomechanical Research	UH					X
Center for Computational Sciences and Advanced Distributed Simulation (CCSDS)	UHD				X	
Wind Center	UH				X	

UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS AGENDA

COMMITTEE: Audit & Compliance

ITEM: Audit & Compliance Committee Planner

DATE PREVIOUSLY SUBMITTED:

SUMMARY:

The Planner lists all actions required of the Audit & Compliance Committee with recommended schedules for these activities. Item 2.04 of the Planner requires the Audit & Compliance Committee to approve the Planner for the upcoming year. This item requires only the approval of the Audit & Compliance Committee and not the board.


FISCAL NOTE:

SUPPORTING DOCUMENTATION: Audit & Compliance Committee Planner

ACTION REQUESTED: Approval

COMPONENT: University of Houston System

CHIEF AUDIT EXECUTIVE


Don F. Guyton

DATE

7/24/09

CHANCELLOR


Renu Khator

DATE

8-4-09

University of Houston System Audit & Compliance Committee Planner

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

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1. General & Administrative:													
.01	Meet four times per year or more frequently as circumstances require. The Committee may ask members of management or others to attend the meeting and provide pertinent information as necessary. (2)	Q		X		X				X			X
.02	Prepare agenda for Committee meetings in consultation between the Committee chair (with input from the Committee members), U. H. System executive management, the Chief Audit Executive, and the System-wide Compliance Officer. (3)	Q		X		X			X				X
.03	Approve minutes of previous meeting.	Q		X		X			X				X
2. Audit & Compliance Committee:													
.01	Verify that membership is familiar with the Committee's Charter, goals, and objectives. (4)	AN											
.02	Review the independence of each Committee member based on applicable independence laws and regulations. (5)	AN											
.03	Review and update the Audit & Compliance Committee Charter and Responsibilities Checklist annually. (26)	A							X				
.04	Approve Audit & Compliance Committee planner for upcoming year.	A							X				
.05	Provide orientation for new members.	AN											
.06	Conduct or authorize investigations into any matters within the Committee's scope of responsibilities. (7)	AN											

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AUDIT - 2.1

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**University of Houston System
Audit & Compliance Committee Planner**

Item Note: (#'s) The numbers noted in parenthesis at the bottom right of the item description refer to the number in the Responsibilities Checklist for the Audit & Compliance Committee.	Frequency Q - Quart. A - Annual AN - As needed	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
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.07 Provide an open avenue of communication between the State Auditor, internal auditors, any public accounting firm or other outside expertise employed, executive management, and the Board. The Committee chairperson shall report Committee actions to the Board with such recommendations as the Committee may deem appropriate. (8)	AN												
3. Audit:													
.01 Review and approve the appointment or change in the Chief Audit Executive. (6)	AN												
.02 Conduct an annual performance review and evaluation of the Chief Audit Executive. (20)	A		X										
.03 Review Board of Regents policies on Internal Audit and Institutional Compliance; approve any changes.	A		X										
.04 Review, recommend, and approve the annual audit plan, including the allocation of audit hours and internal audit budget and staffing. (18)	A							X					
.05 Consider and review with executive management and the Chief Audit Executive any changes required in the planned scope of the audit plan. (19c)	AN												
.06 Review the status of actual work performed relative to the approved annual plan.	A												X
.07 Review with executive management, the Chief Audit Executive, the System-wide Compliance Officer, the State Auditor, and any employed public accounting firm the coordination of efforts to assure completeness of coverage, reduction of redundant efforts, and the effective use of resources. (11)	A								X				

AUDIT - 2.2

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**University of Houston System
Audit & Compliance Committee Planner**

Item Note: (#'s) The numbers noted in parenthesis at the bottom right of the item description refer to the number in the Responsibilities Checklist for the Audit & Compliance Committee.	Frequency Q - Quart. A - Annual AN - As needed	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
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.08	Review the effectiveness of the internal audit function including compliance with The Institute of Internal Auditor' <u>Standards for the Professional Practice of Internal Auditing</u> and the Texas Internal Auditing Act.	At least every 3 years											
.09	For the purpose of preparing or issuing an audit report or related work, the Committee shall be directly responsible for the appointment, compensation, and oversight of the work of any employed public accounting firm (including the resolution of disagreements between management and the auditor regarding financial reporting) or other outside expertise. This does not preclude an individual component institution from hiring a public accounting firm to perform work at the component level. (9)	AN											
.10	Review the external Auditors' proposed audit scope and approach (for audits and consulting projects), including coordination of audit effort with internal audit.	AN											
.11	Review the performance of the external auditors, and exercise final approval on the appointment or discharge of the auditors.	AN											

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AUDIT - 2.3

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**University of Houston System
Audit & Compliance Committee Planner**

Item Note: (#'s) The numbers noted in parenthesis at the bottom right of the item description refer to the number in the Responsibilities Checklist for the Audit & Compliance Committee.	Frequency Q - Quart. A - Annual AN - As needed	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
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AUDIT - 2.4

.12	Regarding the U.H. System's financial statements, the Committee shall review with executive management and/or the Chief Audit Executive: a. U. H. System's annual financial statements and related footnotes; b. Any audit and assurance work performed on components of the annual financial statements; c. Any significant changes to the financial statements requested by the State Auditor, internal audit, or any independent public accountants; d. Any serious difficulties or disputes with management encountered during assurance work on components of the financial statements; e. Other matters related to the conduct of assurance services that are to be communicated to the Committee under generally accepted government auditing standards. (14)	A		X										
.13	The Committee shall require the U. H. System Chancellor and U.H. System Chief Financial Officer certify the annual financial statements for the U. H. System as a whole, and that each component President and Chief Financial Officer certify the annual financial statements for their respective component institution. (Effective 2/1/07) (15)	A		X										
.14	Review legal and regulatory matters that may have a material impact on the financial statements, internal auditing and/or compliance activities. (16)	AN												

August 11, 2009

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**University of Houston System
Audit & Compliance Committee Planner**

Item	Frequency Q - Quart. A - Annual AN - As needed	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec

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.15	Review with executive management and the Chief Audit Executive at least annually U. H. System's critical accounting policies, including any significant changes to Generally Accepted Accounting Procedures (GAAP), Regents' Bylaws and Policies, and/or operating policies or standards. (17)	A	X										
.16	Regarding audits, the Committee shall consider and review with executive management and the Chief Audit Executive any difficulties encountered in the course of the audits, including any restrictions on the scope of work or access to required information. (19b)	AN											
.17	The Committee shall consider and review with the Chief Audit Executive, the System-wide Compliance Officer, the State Auditor, and any employed public accounting firm or other outside expertise any related significant findings and recommendations of the State Auditor, independent public accountants, and internal audit together with management's responses thereto. (13c) & (19a)	Q	X		X				X				X
.18	The Chief Audit Executive has responsibility for ensuring that no conflicts of interest exist between public accounting firms performing consulting services and firms conducting financial statement audits. The Chief Audit Executive shall report annually on the status and integrity of The University of Houston System's engagements with public accounting firms. (10)	AN											

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AUDIT - 2.5

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**University of Houston System
Audit & Compliance Committee Planner**

Item Note: (#'s) The numbers noted in parenthesis at the bottom right of the item description refer to the number in the Responsibilities Checklist for the Audit & Compliance Committee.	Frequency Q - Quart. A - Annual AN - As needed	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
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.19 The Committee shall ensure procedures are established for the receipt, retention, and treatment of complaints received regarding internal controls or auditing matters; and the confidential anonymous submission by employees of concerns regarding questionable auditing matters. (21)	Q		X		X				X				X
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4. Compliance:

.01 Review the annual compliance plan completed by the Compliance Officer and/or Compliance Office.	A								X				
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.02 Monitor The University of Houston System Institutional Compliance Program and review with executive management and the System-wide Compliance Officer the status of the program and the results of its activities, including significant institutional risks identified during the year and mitigating actions taken. (22a)	Q		X		X				X				X
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.03 Monitor The University of Houston System Institutional Compliance Program and review with executive management and the System-wide Compliance Officer the status of the program and the results of its activities, including significant findings during the year and management's responses thereto. (22b)	Q		X		X				X				X
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AUDIT - 2.6

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**University of Houston System
Audit & Compliance Committee Planner**

Item	Frequency Q - Quart. A - Annual AN - As needed	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
.04 Monitor The University of Houston System Institutional Compliance Program and review with executive management and the System-wide Compliance Officer the status of the program and the results of its activities, including any difficulties encountered in the course of inspections or assurance activities, including any restrictions on the scope of work or access to required information. (22c)	Q		X		X				X				X
.05 Monitor The University of Houston System Institutional Compliance Program and review with executive management and the System-wide Compliance Officer the status of the program and the results of its activities, including any changes required in planned scope of the compliance action plan. (22d)	Q		X		X				X				X
.06 The Committee shall ensure procedures are established for the receipt, retention, and treatment of complaints received regarding compliance issues and the confidential anonymous submission by employees of concerns regarding ethically or legally questionable matters. (24)	Q		X		X				X				X
.07 The Committee shall conduct an annual review of the ethics and conflict of interest policies of the Board and each of the universities <u>and receive a status update on the annual regent certification statements.</u> (23)	A												X
.08 The Committee shall conduct an annual review of the report on compliance of each support organization. (27)					X								

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AUDIT - 2.7

**University of Houston System
Audit & Compliance Committee Planner**

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

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5. Other:													
.01	The Committee shall meet with the Chief Audit Executive, the System-wide Compliance Officer, executive management, or any employed external auditors or other outside expertise in executive session to discuss any matters that the Committee or the before named believe should be discussed privately with the Committee, to the extent permitted by applicable law. (25)	A & AN											X
.02	Inquire of and discuss with executive management, the Chief Audit Executive, and the System-wide Compliance Officer any instances of fraud, errors, and illegal acts.	AN											
.03	The Committee shall inquire of executive management, the Chief Audit Executive, the System-wide Compliance Officer, and any employed public accounting firm or other outside expertise about significant risks or exposures and assess the steps management has taken to minimize such risk to The University of Houston System. (12)	A						X					
.04	The Committee shall consider and review with the Chief Audit Executive, the System-wide Compliance Officer, the State Auditor, and any employed public accounting firm or other outside expertise: a. The adequacy of U. H. System's internal controls including computerized information system controls and security; and b. The adequacy and efficiency of senior-level management with respect to fiscal operations and compliance functions at all component institutions. (13a & b)	A						X					

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AUDIT - 2.8

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**University of Houston System
Audit & Compliance Committee Planner**

Note: (#'s) The numbers noted in parenthesis at the bottom right of the Item description refer to the number in the Responsibilities Checklist for the Audit & Compliance Committee.	Item Frequency Q - Quart. A - Annual AN - As needed	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
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.05	The Committee shall evaluate management's identification of fraud risks, the implementation of antifraud prevention and detection measures, and the creation of the appropriate "tone at the top" by reviewing an annual report which summarizes the fraud risk analyses and related risk mitigation strategies.	A											X
.06	The Committee shall receive an annual report of the Identity Theft Prevention program.												X

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AUDIT - 2.9

Legend:

Q - Quarterly
A - Annually

AN - As Needed

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

X - indicates the month in which the activity occurs

(#'s)

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

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UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS AGENDA

COMMITTEE: Audit & Compliance

ITEM: Audit & Compliance Committee Charter and Checklist

DATE PREVIOUSLY SUBMITTED:

SUMMARY:


The Audit & Compliance Committee Charter and Checklist are recommended guidelines for the operation of the Audit & Compliance Committee. The Audit & Compliance Committee Charter and Checklist, item number 26, requires an annual review and update. This item requires only the approval of the Audit & Compliance Committee and not the board.

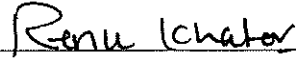
FISCAL NOTE:

SUPPORTING DOCUMENTATION: Audit & Compliance Committee Charter and Checklist

ACTION REQUESTED: Approval

COMPONENT: University of Houston System

CHIEF AUDIT EXECUTIVE  Don F. Guyton 7/24/09
DATE

CHANCELLOR  Renu Khator 8-4-09
DATE

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

Role

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

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

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

Membership

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

Reporting

The Chief Audit Executive, System-wide Compliance Officer, and executive management shall provide periodic reports related to audit, compliance, and management review to the Committee. Any public accounting firm or other outside expertise employed by the Committee shall report directly to the

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University of Houston System

Committee. The State Auditor's reports will be submitted to this committee. The Committee is expected to maintain free and open communications, which shall include private executive sessions, at least annually, with these parties, as it deems appropriate and is permitted by law.

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

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

Education

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

Authority

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

Responsibilities

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

The Committee relies on the expertise and knowledge of management, the internal auditors, the State Auditor, and any public accounting firm or other outside expertise they may employ in carrying out its oversight responsibilities. U. H.

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University of Houston System

System executive management is responsible for preparing complete and accurate financial statements and for monitoring internal controls and compliance with all applicable laws, regulations, and internal policies and procedures. Any public accounting firm or other outside expertise hired by the Committee is responsible for performing the services specified in the hiring contract.

CHECKLIST

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

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

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employed, executive management, and the Board. The Committee chairperson shall report Committee actions to the Board with such recommendations as the Committee may deem appropriate.

9. For the purpose of preparing or issuing an audit report or related work, the Committee shall be directly responsible for the appointment, compensation, and oversight of the work of any employed public accounting firm (including the resolution of disagreements between management and the auditor regarding financial reporting) or other outside expertise. This does not preclude an individual component institution from hiring a public accounting firm to perform work at the component level.
10. The Chief Audit Executive has responsibility for ensuring that no conflicts of interest exist between public accounting firms performing consulting services and firms conducting financial statement audits. The Chief Audit Executive shall report annually on the status and integrity of U. H. System's engagements with public accounting firms.
11. The Committee shall review with executive management, the Chief Audit Executive, the System-wide Compliance Officer, the State Auditor, and any employed public accounting firm the coordination of efforts to assure completeness of coverage, reduction of redundant efforts, and the effective use of resources.
12. The Committee shall inquire of executive management, the Chief Audit Executive, the System-wide Compliance Officer, and any employed public accounting firm or other outside expertise about significant risks or exposures and assess the steps management has taken to minimize such risk to U. H. System.
13. The Committee shall consider and review with the Chief Audit Executive, the System-wide Compliance Officer, the State Auditor, and any employed public accounting firm or other outside expertise:
 - a. The adequacy of U. H. System's internal controls including computerized information system controls and security;
 - b. The adequacy and efficiency of senior-level management with respect to fiscal operations and compliance functions at all component institutions;
 - c. Any related significant findings and recommendations of the State Auditor, independent public accountants, and internal audit together with management's responses thereto.

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14. Regarding the U.H. System's financial statements, the Committee shall review with executive management and/or the Chief Audit Executive:
 - a. U. H. System's annual financial statements and related footnotes;
 - b. Any audit and assurance work performed on components of the annual financial statements;
 - c. Any significant changes to the financial statements requested by the State Auditor, internal audit, or any independent public accountants;
 - d. Any serious difficulties or disputes with management encountered during assurance work on components of the financial statements;
 - e. Other matters related to the conduct of assurance services that are to be communicated to the Committee under generally accepted government auditing standards.
15. The Committee shall require the U. H. System Chancellor and U.H. System Chief Financial Officer certify the annual financial statements for the U. H. System as a whole, and that each component President and Chief Financial Officer certify the annual financial statements for their respective component institution.
16. The Committee shall review legal and regulatory matters that may have a material impact on the financial statements, internal auditing and/or compliance activities.
17. The Committee shall review with executive management and the Chief Audit Executive at least annually U. H. System's critical accounting policies, including any significant changes to Generally Accepted Accounting Procedures (GAAP), Regents' Bylaws and Policies, and/or operating policies or standards.
18. On an annual basis, the Committee shall review, recommend, and approve the annual audit plan, including the allocation of audit hours and internal audit budget and staffing.
19. Regarding audits, the Committee shall consider and review with executive management and the Chief Audit Executive:
 - a. Significant findings during the year and management's responses thereto;
 - b. Any difficulties encountered in the course of the audits, including any restrictions on the scope of work or access to required information;
 - c. Any changes required in the planned scope of the audit plan.
20. The Committee shall conduct an annual performance review and evaluation of the Chief Audit Executive.

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University of Houston System

21. The Committee shall ensure procedures are established for the receipt, retention, and treatment of complaints received regarding internal controls or auditing matters; and the confidential anonymous submission by employees of concerns regarding questionable auditing matters.
22. The Committee shall monitor The University of Houston System Institutional Compliance Program and review with executive management and the System-wide Compliance Officer the status of the program and the results of its activities, including:
 - a. Significant institutional risks identified during the year and mitigating actions taken;
 - b. Significant findings during the year and management's responses thereto;
 - c. Any difficulties encountered in the course of inspections or assurance activities, including any restrictions on the scope of work or access to required information;
 - d. Any changes required in planned scope of the compliance action plan.
23. The Committee shall conduct an annual review of the ethics and conflict of interest policies of the Board and each of the universities and receive a status update on the annual regent certification statements.
24. The Committee shall ensure procedures are established for the receipt, retention, and treatment of complaints received regarding compliance issues and the confidential anonymous submission by employees of concerns regarding ethically or legally questionable matters.
25. The Committee shall meet with the Chief Audit Executive, the System-wide Compliance Officer, executive management, or any employed external auditors or other outside expertise in executive session to discuss any matters that the Committee or the before named believe should be discussed privately with the Committee, to the extent permitted by applicable law.
26. The Committee shall review and update the Audit & Compliance Committee Responsibilities Checklist annually.
27. The Committee shall conduct an annual review of the report on compliance of each support organization.
28. The Committee shall receive an annual fraud prevention and awareness report

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August 11, 2009

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which summarizes the fraud risk analyses and related risk mitigation strategies.

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29. The Committee shall receive an annual report of all activities of the Identity Theft Prevention program.

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August 11, 2009

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UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS AGENDA

COMMITTEE: Audit & Compliance

ITEM: Institutional Compliance Status Report for the Four Months Ended June 30, 2009, and Annual Compliance Plan for FY 2010

DATE PREVIOUSLY SUBMITTED:

SUMMARY:

The Institutional Compliance Status Report and Annual Compliance Plan summarize the information provided by each institution for their respective compliance functions.

FISCAL NOTE:

SUPPORTING DOCUMENTATION: Institutional Compliance Status Report and Annual Compliance Plan

ACTION REQUESTED: Information

COMPONENT: University of Houston System

CHIEF AUDIT EXECUTIVE Don F. Guyton 7/24/09
DATE

CHANCELLOR Renu Khator Renu Khator 8-4-09
DATE

**UNIVERSITY OF HOUSTON SYSTEM
 INSTITUTIONAL COMPLIANCE STATUS REPORT
 For the four months ended June 30, 2009
 Annual Compliance Plan for FY 2010**

Institutional compliance activities at each university during the four months ended June 30, 2009, are as follows:

<u>Activity</u>	<u>UH/UHS</u>	<u>UHCL</u>	<u>UHD</u>	<u>UHV</u>
Risk Assessments Completed	0	4	2	0
Risk Assessments Updated	4	0	2	0
Compliance Audits Conducted	470	0	1	3
Compliance Committee Meetings Held	1	3	1	1
Risk Mitigation Implemented:				
Specific Control Activities (pol. & proc.)	7	4	0	52
New Training Program / Activities	42	0	0	26
Hot-line Reports:				
Number Received during last 4 months	7	0	4	1
Reports Resolved during last 4 months	8	0	3	0
Unresolved Reports as of June 30, 2009	2	0	1	1

UHS:

A system-wide meeting of the institutional compliance officers was held on April 15, 2009, to discuss institutional compliance activities. Included on the meeting agenda were the following:

- Review of reports presented to the Audit and Compliance Committee on April 14, 2009
- Cooperative Problem Solving – Sharing of Ideas (discussion by all compliance officers of major concerns / accomplishments)
- Presentation by Mike Glisson –Red Flag Rules Update
- Presentation by Monica Lawrence – Update on New I-9 Form, e-Verify, AIG rebranding, and new minimum wage

UH:

Public Safety

- The annual inspections of the water-based fire protection systems on campus were completed, reports were forwarded to all impacted maintenance groups for review and for any corrective action that they may need to initiate.
- UHDPS personnel completed mandatory National Crime Information Center & Texas Crime Information Center recertification testing. These systems allow access to various public safety and criminal database information.

Division of Research

- Four Research Administrator Certification training sessions were conducted by Division of Research staff: “Negotiation and Acceptance of Awards on March 16, 2009; “Financial Management and Audit” on April 13, 2009; “Research Financial Operations/Effort Reporting” on May 19, 2009; “Ethics & Conflict of Interest” June 16, 2009.
- The Division of Research conducted training sessions on how to use the new effort reporting system beginning June 11 for the College/Division Business Administrators and June 12, June 18, June 23, June 30 for individual college groups.
- The Division of Research sponsored a live video workshop for UH staff on June 9, 2009 presented by the National Council of University Research Administrators entitled “F&A Rates for the Non-Accountant”.

Environmental Health and Risk Management

Training

- General Laboratory Safety (8 Times)
- Hazard Communication (2 Times)
- Biological Safety (2 Times)
- Biohazardous Materials Shipping
- Bloodborne Pathogens (9 Times)
- Principal Investigator Recombinant DNA (11 Times)
- Radioactive Material Safety (3 Times)

New Programs/Activities

- Conducted audit and discussed potential compliance concerns at UH Sugar Land associated with new building opening
- Prepared and presented via teleconference a summary of potential EPA action in Texas for UHV

Regulatory Reports/Actions

- Submitted Annual Pollution Prevention (P2) Progress Report for Main Campus
- Recertified asbestos containing material (ACM) waste profile for campus ACM at approved facility

Regulatory Inspections

- City of Houston – Grease Traps

Finance

UH Finance reviewed and updated the annual online training classes for FY10, including Fraud Awareness and Prevention, Code of Ethics, and training for UHS merchants that accept credit cards. In addition, UH Finance created an online Red Flag Rules training to help designated departments comply with the Fair and Accurate Credit Transactions Act (FACT Act) requirement to implement identity theft prevention procedures.

UHCL:

Compliance committee meetings were held on March 5, May 21 and June 18, 2009 completing:

- Organizational Ethics presentation by L.T. Lafferty at UHD and concepts learned was discussed by attendees.
- UHCL Optimization Forms Utilization approved:
Financial Aid – Lynda McKendree
Gift Receipting – Kimberly Herhold
Employment – Katherine Justice
Sponsored Programs (Research) – Lee Folk
- UHCL Optimization Forms Utilization presentations:
- Contract Administration – Debra Carpenter & Lydia Sonier
- Student Travel – Dr. Biggers

UHD:

Quarterly Compliance Committee Meeting: (June 16, 2009)

- Subject matter experts gave reports on identified institutional risk areas. Reports will be updated to include the monitoring frequency (and associated months if annually/biannually) to address periods where no items were reviewed for a given risk. Committee members encouraged to challenge reported/unreported items and hold each other to a high standard.
- Reviewed progress-to-date versus FY09 goals.
- Reviewed departmental self-assessment tool currently used by the Medical College of Georgia (Frequently Observed Weaknesses/Deficiencies and Best Business Practices).

Risk Assessment Update:

- Three (3) risk moved from the “A List” to the “B List”
- One (1) risks added to the “A List” and reported on at the quarterly meeting
- Upcoming areas for review include Financial Aid and Gift Receipting

MySafeCampus Video: Committee members reviewed portions of the MySafeCampus video which will be revised in response to recommendations. Committee members recommended placing the video on existing UHD web pages and will work on how we market the video to the UHD community outside of new employee orientation.

Effective Compliance Systems in Higher Education Conference:

- Two members of the UHD Compliance Committee attended the conference.
- Met and spoke with Larry Pluntko (new UT System Compliance and Ethics Officer) regarding Peer Team Review to assess our compliance program. UT is reorganizing under his leadership and he hopes to reinstate Peer Team Reviews in FY10.

Employee Standard of Conducts Guide: Received final approval from OGC. Document has been forwarded to Public Affairs for formatting and eye appeal.

TAC 202 Compliance Review: The UHS Office of Internal Audit, that conducted a follow-up TAC 202 Compliance Review of UHD Information Technology in February, 2009, transmitted its resulting *Internal Audit Action Plan* to UHD in May 2009. All *Action Plan* items have been incorporated into UHD's *IT Security Risk Management Plan for FY2009* and are currently under review for mitigation by the stipulated due date.

IT Risk Management Plan: The annual update of the IT Risk Assessment for major IT systems began in November, 2008. Both the Risk Assessment and the resulting Risk Management Plan update are complete. Final review by application owners was completed and sign-off by some leadership groups was accomplished in June. Signoff on the Final Plan will be completed in July.

UHD Website ADA Compliance: ADA compliance update was completed. Final documentation and project closeout occurred with the formal rollout of the web site in March.

[Note: The one item referenced under "Compliance Audits Conducted" is an ongoing audit.]

UHV:

A campus compliance meeting was held April 29, 2009 (*minutes posted online at <http://www.uhv.edu/compliance/meetings.asp>*) Notable compliance activities for the four month reporting period included:

- The Department of Veterans Affairs conducted an audit in Financial Aid on June 17. No findings reported.
- The Texas Education Agency conducted an audit of the School of Education, reviewing compliance over a 5 year period and focusing on the education teacher curriculum. The state recognized the curriculum as outstanding and is re-accrediting the school's undergraduate programs.
- The Commission on Collegiate Nursing Education conducted an on-site accreditation survey visit of the UHV School of Nursing in March. Both the undergrad and grad nursing programs were under review for initial accreditation. The survey team determined that the programs met the four accreditation standards but identified two compliance concerns which have been addressed.
- There was one anonymous hotline report of possible fraud received during the latter part of June. HR was asked to investigate.
- A substantial number of Campus Administrative Policies and Procedures (total of 26) were reviewed and updated.
- Certain key departments attended training on new FERPA changes going into effect in 2009. As a result, some procedural recommendations were approved by the Academic Council.
- Facilities Services completed 8 control activities during the period, including completing a series of life-safety systems and equipment inspections. The department also began including vehicle license plate numbers and vehicle make/model on expenditures documents for better internal control/accountability of expenditures.

- The IT department assumed role of Security Officer for employee permissions associated with the new HigherOne program. (HigherOne goes live at UHV on August 3rd).
- The Safety and Risk Officer, assisted by an Adhoc Group, began updating Day and Evening emergency evacuation plans and procedures in the two main campus facilities.
- The Campus Business Continuity Plan for 2009/2010 was reviewed/updated/and approved by the President.
- A new campus Anti-Viral Distribution Plan, which will be included as an appendix to the Business Continuity Plan, was reviewed and is pending final approval by the President.
- Financial Aid developed initial written departmental procedures, based on campus Policy A-27, Identify Theft Program, to comply with federal Red Flag identify theft program.

The information in this summary is taken from a more comprehensive campus report of compliance activities. To view the full report, see <http://www.uhv.edu/compliance/reports.asp>

Annual Compliance Plan for FY 2010:

UH / UHS:

- Update all risk assessments
- Conduct quarterly compliance committee meetings
- Respond to and investigate all reports of non-compliance
- Develop a System Administrative Memorandum (SAM) on Institutional Compliance

UHCL: Goals for FY 2010 include:

- Environmental Consortium – informational progress
- UHCL Optimization Forms Utilization - Student Travel – Provost
- UHCL Optimization Forms Utilization – Federal Funding Requirement tracking
- My Safety Campus marketing / awareness

UHD: Goals for FY10 include:

- Meet quarterly with Compliance Committee and review reports on high level risks
- Host special session with guest speaker or video presentation on compliance/ethics/conflict of interest
- Develop departmental self-assessment tools
- Conduct enterprise risk assessment and initiate work toward management of high level risks
- Update self assessment for anticipated Peer Review of our Compliance Program
- Publish Employee Standards of Conduct Guide
- Complete and launch UHD Compliance Website
- Respond to/investigate all reports of non-compliance

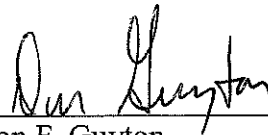
FY10 IT Compliance Plan:

- Conduct risks assessment updates for major IT systems

- Incorporate updates into Risk Management Plan
- Implement Action Plan items from UHS TAC 202 Audit

UHV:

- Conduct campus compliance activities including:
 - Quarterly compliance meetings with minutes posted on the compliance website;
 - Requesting departmental quarterly compliance activity reports from departments for preparation of a combined detailed quarterly report of campus wide activities;
 - Submission of summary quarterly UHS Compliance Status reports for Board/UHS and electronic distribution of report information to Administration and Campus Compliance Committee;
- Updating of campus master risk matrix as necessary throughout year;
- Continue introduction of new employees, as part of campus orientation program, to campus compliance initiatives, including:
 - MySafeCampus confidential hot line reporting;
 - Governor's Program on Fraud and Waste Prevention.
 - Showing of video by Association of Certified Fraud Examiners on "How Fraud Hurts You and Your Government Organization."
 - Mandatory Training Program
- Respond to hotline reports of fraud, waste or other compliance issues with due diligence;
- Complete either a unit-head or departmental based self-assessment survey on campus/departmental procedures to raise awareness of compliance related policies and procedures and incorporation of good business practices by August 31, 2009.
- Achieve a Mandatory Training completion rate of 95% or higher for all employees, including faculty and staff.



Don F. Guyton
System-wide Compliance Officer
June 30, 2009

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 April 14, 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

Don F. Guyton

DATE

7/24/09

CHANCELLOR

Renu Khator

Renu Khator

DATE

8-4-09

UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT

BOARD OF REGENTS
AUDIT & COMPLIANCE COMMITTEE
MEETING

INTERNAL AUDIT BRIEFING
MATERIALS

August 11, 2009

**University of Houston System
Internal Auditing Department**

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

Internal Audit Briefing Materials

August 11, 2009

INDEX

1. Internal Audit Activity Outline
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
August 11, 2009**

1. Audit Reports Issued since April 14, 2009, Board of Regents Meeting
 - AR2009-21 Follow-up Status Report
 - AR2009-22 UHS Facilities Development Projects
 - AR2009-23 UH College of Pharmacy, Departmental Reviews
 - AR2009-24 UHS Cash Handling Reviews, FY 2009
 - AR2009-25 UH Athletics, NCAA Rules-Compliance
 - AR2009-26 IT Audit Activity Report, FY 2009
 - SP2009-05 Job Order Contracts

2. Reports in Progress (*scheduled distribution date to Board of Regents*)
 - UHCL Information Technology, TAC 202 Review (*November 5, 2009*)
 - UH Information Technology, TAC 202 Review (*November 5, 2009*)
 - UH Research Administration (*November 5, 2009*)

3. Fieldwork in Progress (*scheduled distribution date to Board of Regents*)
 - UH College of Liberal Arts & Social Sciences, Departmental Reviews (*November 5, 2009*)
 - Chancellor / President's Travel and Entertainment Expenditures, FY 2009 (*November 5, 2009*)
 - Board of Regents Travel and Entertainment Expenditures, FY 2009 (*November 5, 2009*)

4. Planning in Progress
 - Departmental Reviews (UH Honors College, UHCL School of Science and Computer Engineering, UHCL School of Business)
 - UH/UHCL ARP Grants, 2006 Awards
 - UH Financial Aid, Scholarships
 - Privacy
 - Payroll – Leave Accountability
 - Financial Reporting

5. Special Projects in Progress: Assistance to External Auditors & Management

UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT

INTERNAL AUDIT REPORTS

EXECUTIVE SUMMARIES

REPORT NOS. AR2009-21 through AR2009-26

**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 March 1, 2009, to June 30, 2009, in all audit reports with open recommendations. This status report addresses 107 management actions in 20 individual reports. In ascertaining whether appropriate action was taken, we interviewed personnel, reviewed documentation and performed other audit procedures as necessary. We determined that 65 of these management actions have been completed and 42 partially implemented.

Internal Audit Report – UHS Facilities Development Projects

The Internal Auditing Department conducted a review to determine whether projects and acquisitions of real property were submitted to THECB and received all required approvals. We determined that the Facilities Planning and Construction department (FP&C) did not comply with the THECB facilities development project approval rules in all instances relating to approval for repair and renovation projects and for re-approval of funding source changes and for project costs increase of over 10%. In our opinion, FP&C did not have adequate management oversight over construction and repair and renovation projects to help ensure compliance with THECB rules. We recommended that UHS policies be modified and FP&C policies and procedures be developed to help ensure compliance with THECB rules and adequate management oversight of construction projects.

Internal Audit Report – UH College of Pharmacy, Departmental Reviews

The objective of the Departmental Review is to determine whether departments are conducting financial and administrative activities in compliance with university policies. We performed three departmental reviews in the College of Pharmacy. 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 audit findings. We noted that some of the departments reviewed were not in compliance with certain policies. Management developed action plans to help ensure compliance with university policies in these areas.

Internal Audit Report – UHS Cash Handling Reviews, FY 2009

The Internal Auditing Department conducted cash handling reviews at seven locations at the University of Houston, one location at the University of Houston – Clear Lake, one location at the University of Houston – Downtown, and one location at the University of Houston System – Sugar Land. In our opinion, the fund custodians properly accounted for their authorized change funds and petty cash funds.

Internal Audit Report – UH Athletics, NCAA Rules-Compliance

The NCAA Operating Bylaw 22.2.1.2.e. requires each Division I member to demonstrate that its rules-compliance program is the subject of evaluation by an authority outside of the Athletics Department at least once every four years. For this engagement, we evaluated the Athletics Department rules-compliance program for the following areas: general compliance, certification of compliance, complimentary admissions, employment of student-athletes, student-athlete vehicles, financial aid, and representatives of the universities athletics interests. These areas were reviewed using the standard audit program developed by the Association of College and University Auditors in cooperation with the NCAA. In our opinion, the Athletics Department's rules-compliance program in these areas helps ensure compliance with NCAA rules. Although we noted no matters that we considered to be significant audit findings, we did note one area that needed improvement, employment of student athletes outside of the university. Management developed an action plan to help ensure compliance with the NCAA rules in this area.

Internal Audit Report – IT Audit Activity Report, FY 2009

The Board of Regents policy on internal auditing states that internal audit activity will assist the system in maintaining effective controls by evaluating their effectiveness and efficiency. One of the methods the Internal Auditing Department uses to address this objective is to participate in the design, development, implementation and operation of major computer based systems to ensure that adequate controls are incorporated into the systems, thorough system testing is performed at the appropriate stages, and system documentation is complete and accurate. During FY 2009, we provided assistance in the following areas: Texas Administrative Code 202 – Information Security, departmental computing, audits conducted by the State Auditors Office, and requests made by UH management.

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. AR2009-21 through AR2009-26
(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**

**UHS Facilities Development Projects, AR2009-22
Action Plan**

<u>Est. Compl. Date</u>	<u>Responsibility for Action Name/Title</u>	<u>Action To Be Taken</u>
Risk Level: High Medium Low		
August 31, 2009	Dave Irvin AVC/AVP Plant Operations	Modify SAM 01.B.07 to address THECB rules for construction projects and to define the roles and responsibilities for FP&C personnel and other institutional personnel to help ensure compliance with THECB rules.
August 31, 2009	Dave Irvin AVC/AVP Plant Operations	Develop and implement department policies and procedures for all aspects of construction project management to help ensure adequate management oversight and compliance with THECB rules.
August 11, 2009	Dave Irvin AVC/AVP Plant Operations	Submit the projects noted in the report to the Board of Regents and THECB for approval / re-approval.

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, College of Pharmacy - Departmental Reviews - AR2009-23
Action Plan**

Est. Compl. Date	Responsibility for Action Name/Title	Action To Be Taken
Risk Level: High Medium Low		
September 16, 2009	Ray Hammond Associate Dean for Practice Programs Dean's Office	Develop and implement departmental procedures to help ensure that continuing education program fee amounts are approved, in accordance with university policies.
Action Complete	Deborah Brougher Research Administrator Dean's Office	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.
Action Complete	Andrea Smesny Associate Dean for Academic & Student Affairs Dean's Office	Develop departmental procedures to help ensure that all cash receipts are timely deposited, in accordance with university policies.
Action Complete	Shaki Commissariat College Business Administrator Dean's Office	Develop departmental procedures to help ensure that expense reports are signed by the cardholder and approved by a certifying signatory by the 20th of the month, in accordance with university policies.
Action Complete	Remi Ademola College IT Support Director Dean's Office	Develop departmental procedures to help ensure the annual physical inventory of fixed assets is completed, 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**

**UH, College of Pharmacy - Departmental Reviews - AR2009-23
Action Plan**

Est. Compl. Date	Responsibility for Action Name/Title	<u>Action To Be Taken</u>
September 31, 2009	Shirley Mitchell Department Business Administrator CSA	Restore deficit fund balances to zero or positive amounts and implement procedures to prevent spending funds that are not available.
December 1, 2009	Shirley Mitchell Department Business Administrator CSA	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.
July 31, 2009	Shirley Mitchell Department Business Administrator CSA	Develop departmental procedures to help ensure the timely completion of all cost center verifications, in accordance with university policies.
Action Complete	Shirley Mitchell Department Business Administrator CSA	Develop departmental procedures to help ensure that PARs for non-tenure faculty are submitted to the Provost Office five working days prior to the employee's start date, in accordance with university policies.
Action Complete	Shirley Mitchell Department Business Administrator CSA	Develop departmental procedures to help ensure that all cash receipts are deposited in a timely manner, 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**

**UH, College of Pharmacy - Departmental Reviews - AR2009-23
Action Plan**

Est. Compl. Date	Responsibility for Action Name/Title	<u>Action To Be Taken</u>
Action Complete	Shirley Mitchell Department Business Administrator CSA	Develop departmental procedures to help ensure that Travel Card account numbers are removed from documentation uploaded into PeopleSoft; and that Procurement Cardholders review and verify all transactions, in accordance with university policies.
September 31, 2009	Shirley Mitchell Department Business Administrator CSA	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.
Action Complete	Shirley Mitchell Department Business Administrator CSA	Develop departmental procedures to help ensure that contract coversheets and contracts are signed by all parties prior to commencement of services, in accordance with university policies.
July 20, 2009	Ericka Adams Department Business Administrator PPS	Develop departmental procedures to help ensure the timely completion of all cost center verifications, in accordance with university policies.
December 31, 2009	Ericka Adams Department Business Administrator PPS	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.

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, College of Pharmacy - Departmental Reviews - AR2009-23
Action Plan**

Est. Compl. Date	Responsibility for Action Name/Title	<u>Action To Be Taken</u>
Action Complete	Ericka Adams Department Business Administrator PPS	Develop departmental procedures to help ensure that all bi-weekly time and effort reports are properly completed and approved; and are timely submitted to Payroll, in accordance with university policies.
Action Complete	Ericka Adams Department Business Administrator PPS	Develop departmental procedures to help ensure that PARs are submitted to Human Resources within five working days of the employee's termination, in accordance with university policies.
Action Complete	Ericka Adams Department Business Administrator PPS	Develop departmental procedures to help ensure that Travel Card account numbers are removed from documentation uploaded into PeopleSoft, in accordance with university policies.
Action Complete	Ericka Adams Department Business Administrator PPS	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.
October 30, 2009	Ericka Adams Department Business Administrator PPS	Develop departmental procedures to help ensure liability account balances are cleared within 30 days, 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**

**UH, NCAA Rules-Compliance, AR2009-25
Action Plan**

Est. Compl. Date	Responsibility for Action Name/Title	<u>Action To Be Taken</u>
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Risk Level: High Medium Low

August 24, 2009	Kevin Fite Associate Athletics Director for Compliance and Eligibility	Develop procedures to track student-athlete employment outside the university.
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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

AR2009-21	Follow-up Status Report
AR2009-22	UHS Facilities Development Projects
AR2009-23	UH College of Pharmacy, Departmental Reviews
AR2009-24	UHS Cash Handling Reviews, FY 2009
AR2009-25	UH Athletics, NCAA Rules-Compliance
AR2009-26	IT Audit Activity Report, FY 2009

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 March 1, 2009 to
June 30, 2009

REPORT NO. AR2009-21

**UNIVERSITY OF HOUSTON SYSTEM
FOLLOW-UP STATUS REPORT
(Actions Scheduled from March 1, 2009, to June 30, 2009)**

**Board of Regents Audit Committee Meeting
August 11, 2009**

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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 March 1, 2009, to June 30, 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 March 1, 2009, to June 30, 2009, in all audit reports with open recommendations. This status report addresses 107 management actions in 20 individual reports. In ascertaining whether appropriate action was taken, we interviewed personnel, reviewed documentation and performed other audit procedures as necessary. We determined that 65 of these management actions have been completed and 42 partially implemented.

The main portion of this report is a follow-up status matrix which lists the report number, report title, action number, total actions in each report, estimated completion date, name/title/entity responsible for action, action to be taken and status. The status of the action items included in the matrix has been categorized as either ***Action Complete*** or ***Partially Implemented***. In cases where the action item has been partially implemented 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
July 21, 2009

Attachment

**UNIVERSITY OF HOUSTON SYSTEM
AUDIT REPORTS CONTAINING MANAGEMENT ACTION PLANS
FOLLOW-UP STATUS
FY 2009**

<u>Report Number</u>	<u>Report Date</u>	<u>REPORT TITLE</u>	<u>All Actions Complete</u> Final Disposition <u>Rept. No.</u>	<u>Some Actions Addressed in this Report</u>
<u>INTERNAL AUDIT REPORTS WITH OPEN RECOMMENDATIONS:</u>				
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		
AR2006-18	05/02/06	UH Graduate and Professional Studies	AR2009-11	
AR2006-20	05/02/06	Departmental Reviews		X
AR2006-26	08/01/06	Department Reviews		X
AR2007-26	05/01/07	UH, Enrollment Services	AR2009-11	
AR2008-08	11/15/07	UH Residential Life & Housing, Operational Review		X
AR2008-12	02/05/08	PeopleSoft Student and Academic Admin., Data Conversion	AR2009-01	
AR2008-13	02/05/08	UHCL Financial Aid, Scholarships	AR2009-01	
AR2008-14	02/05/08	UHD Financial Aid, Scholarships	AR2009-01	
AR2008-16	04/28/08	Review of Expenditures of Endow. Income, FY07		X
AR2008-17	04/28/08	College of Engineering, Departmental Reviews		X
AR2008-18	04/28/08	College of Business, Departmental Reviews	AR2009-01	
AR2008-19	04/28/08	Educational Technology and University Outreach		X
AR2008-22	08/12/08	UHD College of HSS, Departmental Reviews	AR2009-11	
AR2009-02	12/09/08	UH College of Technology - Departmental Reviews		X
AR2009-03	12/09/08	UHD College of Business - Departmental	AR2009-15	
AR2009-04	12/09/08	UHD JAMP 2007 - 2008	AR2009-04	
AR2009-08	12/09/08	UHS Internal Quality Assurance Review of Internal Auditing		X
AR2009-12	02/10/09	UH NSM - Departmental Reviews		X
AR2009-14	02/10/09	Review of Expenditures of Endowment Income, FY2008		X
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
AR2009-19	04/14/09	Information Securities Standards for UHV	AR2009-21	X
<u>EXTERNAL AUDIT REPORTS WITH OPEN RECOMMENDATIONS:</u>				
SAO Report #05-010	11/02/04	UH - The Protection of Confidential Information and Critical Systems		X
SAO Report #06-054	08/10/06	The University of Houston System's Management Practices for Endowment Funds	AR2009-21	X
SAO Report #07-055	02/20/07	Federal Portion of thee Statewide Single Audit Report For the Fiscal Year Ended August 31,		X
SAO Report #08-336	02/20/08	Statewide Single Audit Report, FY 2007		X
SAO Report #09-002	09/01/09	Student Fees at Selected Higher Education Institutions		X
SAO Report #09-030	03/01/09	Federal Portion of thee Statewide Single Audit Report For the Fiscal Year Ended August 31,		X
Int. Aud. QAR	01/16/09	Quality Assessment Review of Internal Auditing Department	AR2009-15	
CCM #0901	01/31/09	Calhoun Lofts Residence Hall Interim Construction Audit		X

**University of Houston System
Internal Auditing Department**

**Followup Status Report
as of June 30, 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: High Medium Low								
AR2006-20	Departmental Reviews	1e	4	4/1/2009	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> We are still in the process of restoring cost center balances to zero or positive amounts and implementing procedures. Estimated completion date: October 1, 2009.
AR2006-26	Departmental Reviews	14e	24	5/1/2009	Brenda Cook Assoc Director, SFA Business Svcs	UH	Restore deficit fund balances to zero or positive amounts and implement procedures to prevent spending funds that are unavailable.	<i>Partially Implemented - Updated Management's Response:</i> Three of four funding sources are now positive. SFA is seeking approval to move the expense to a cost center with available funds for the fund source 4040 which is currently in the deficit. As soon as the disbursements are reallocated this will clear the deficit and close the audit issue. At that time procedures to prevent spending will be made available. Estimated time of completion August 31, 2009.
AR2006-26	Departmental Reviews	15e	24	6/1/2009	Brenda Cook Interim Financial Manager Scholarships and Financial Aid	UH	Restore project/grant cost center budgetary balances to zero or positive amounts.	<i>Partially Implemented - Updated Management's Response:</i> Six of nine cost center balances are now positive. Based on the current PS 1016 Fund Equity only 3 cost centers, Project G002226/G005379/F000001 remain in the deficit. Research determined administrative expenditure adjustments were made after the fiscal year closed. SFA is seeking approval for possible revenue sources to clean up the deficit. When the funds are identified the cost centers will be restored then the cost center can be inactivated. Estimated time of completion August 31, 2009.
AR2008-08	UH Residential Life & Housing, Operational Review	13a	29	4/1/2009	Dave Irvin AVC/AVP for Plant Operations	UH	Modify the facilities policy so that each facility is either maintained by the Facilities Planning and Construction Department (FP&C) or FP&C has the authority and responsibility to establish, monitor and enforce maintenance standards for each UH facility.	<i>Partially Implemented - Updated Management's Response:</i> The Residential Maintenance department was transferred to Plant Operations and is now part of our operation. The other Facilities groups are still operating in the same manner as we have been waiting for the Plant Operations Executive Director of Maintenance and Renovation position to be filled. This position will be responsible for deferred maintenance, daily M&O, renovation and updating the facilities policy as recommended. Estimated completion date: January 1, 2010.

**University of Houston System
Internal Auditing Department**

**Followup Status Report
as of June 30, 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: High Medium Low								
AR2008-16	Review of Expenditures of Endowment Income, FY 2007	2a	3	3/31/2009	Eli Cipriano AVC, University Advancement	UH	Define reasonable time frames for spending, and assign responsibility for monitoring the use of endowment income against terms to help ensure that income is spent for its designated purpose.	Partially Implemented – Updated Management’s Response: The Department Business Administrator (DBA) is working with the sponsor to resolve the deficit balance. The sponsor has informed the DBA that payment to clear the deficit balance will be forthcoming in the next couple of months. The DBA expects to have the deficit balance cleared by December 31, 2009.
AR2008-17	College of Engineering, Departmental Reviews	11b	25	5/31/2009	Scott Riley Department Business Administrator Mechanical 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.	Partially Implemented – Updated Management’s Response: The department has cleared 7 of 8 project/grant cost centers with deficit budgetary balances. For the remaining project/grant cost center, the department is working with Research Financial Services to release an IDC which would leave the project/grant cost center with a positive budgetary balance. Research Financial Services has received a request for closeout and inactivation of all the relevant Mechanical Engineering awards; they are in the queue for closeout and are now the responsibility of Research Financial Services. Estimated date for clearing the deficit budgetary balance and closing the project/grant cost center is November 1, 2009.
AR2008-17	College of Engineering, Departmental Reviews	15b	25	1/1/2009	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.	Partially Implemented – Updated Management’s Response: The department has cleared 5 of the 6 project/grant cost centers and expects to have the remaining 1 cleared by December 31, 2009.
AR2008-17	College of Engineering, Departmental Reviews	2a	25	5/31/2009	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.	Partially Implemented – Updated Management’s Response: The Department Business Administrator (DBA) is working with the sponsor to resolve the deficit balance. The sponsor has informed the DBA that payment to clear the deficit balance will be forthcoming in the next couple of months. The DBA expects to have the deficit balance cleared by December 31, 2009.

**University of Houston System
Internal Auditing Department**

**Followup Status Report
as of June 30, 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: High Medium Low								
AR2008-17	College of Engineering, Departmental Reviews	4b	25	5/31/2009	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 cleared 6 of 26 project/grant cost centers with deficit balances and expects to have the remaining 20 cleared by September 30, 2009.
AR2008-19	Educational Technology and University Outreach	2	5	6/1/2009	Marshall Schott Assistant Vice President Instructional Support and Outreach	UH	Annually assess the achievement of performance goals by monitoring their related performance measures.	<i>Action Complete</i>
AR2009-02	UH College of Technology Departmental Reviews	2a	6	5/1/2009	Eduardo Cortes Department Business Administrator Engineering Technology	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>
AR2009-08	Internal Quality Assurance Review UHS Internal Auditing Department	3	6	4/30/2009	Don Guyton Director, Internal Auditing Department	UHS	Consider adding an IT Staff Auditor position in the department to broaden the coverage of IT audits and help ensure that IT projects are executed according to the audit plan.	<i>Action Complete</i>
AR2009-12	College of Natural Sciences & Mathematics Departmental Reviews	3	48	3/1/2009	Fred McGhee Director, NSM Business Operations	UH	Modify departmental procedures to help ensure the timely completion of all required training, in accordance with university policies.	<i>Action Complete</i>
AR2009-12	College of Natural Sciences & Mathematics Departmental Reviews	4	48	3/1/2009	Fred McGhee Director, NSM Business Operations	UH	Modify departmental procedures to help ensure that appropriate employees complete disclosure forms annually, in accordance with university policies.	<i>Action Complete</i>
AR2009-12	College of Natural Sciences & Mathematics Departmental Reviews	5	48	3/1/2009	Fred McGhee Director, NSM Business Operations	UH	Modify departmental procedures to help ensure that all employees and supervisors sign and date time and effort reports; and that signed time and effort reports are resubmitted to Payroll for employees who are unavailable to sign, in accordance with university policy.	<i>Action Complete</i>
AR2009-12	College of Natural Sciences & Mathematics Departmental Reviews	6	48	3/1/2009	Fred McGhee Director, NSM Business Operations	UH	Modify departmental procedures to help ensure that all PARs and offer letters are submitted to Human Resources (Office of the Provost for faculty) 5 days prior to the employee's start date.	<i>Action Complete</i>

**University of Houston System
Internal Auditing Department**

**Followup Status Report
as of June 30, 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: High Medium Low								
AR2009-12	College of Natural Sciences & Mathematics Departmental Reviews	7	48	3/1/2009	Fred McGhee Director, NSM Business Operations	UH	Modify departmental procedures to help ensure Procurement and Travel-Card expense reports are reviewed, approved, and uploaded by the 20th of the month, cost center liability is cleared; and security sensitive information are deleted or masked on uploaded documents, in accordance with university policies.	<i>Action Complete</i>
AR2009-12	College of Natural Sciences & Mathematics Departmental Reviews	8	48	3/1/2009	Fred McGhee Director, NSM Business Operations	UH	Modify departmental procedures to help ensure that scholarship funds are awarded and balances do not accumulate, in accordance with university policies.	<i>Action Complete</i>
AR2009-12	College of Natural Sciences & Mathematics Departmental Reviews	9	48	3/1/2009	LaSaundra Cotright Department Business Administrator Chemistry Department	UH	Modify departmental procedures to help ensure that time and effort reports are signed and dated by employees and supervisors and are submitted to the Payroll Department in a timely manner, in accordance with university policies.	<i>Action Complete</i>
AR2009-12	College of Natural Sciences & Mathematics Departmental Reviews	10	48	3/1/2009	Pam Muscarello Department Business Administrator Mathematics Department	UH	Modify departmental procedures to help ensure the timely completion of all required training, in accordance with university policies.	<i>Action Complete</i>
AR2009-12	College of Natural Sciences & Mathematics Departmental Reviews	11	48	3/1/2009	Pam Muscarello Department Business Administrator Mathematics Department	UH	Modify departmental procedures to help ensure that appropriate employees complete disclosure forms annually, in accordance with university policies.	<i>Action Complete</i>
AR2009-12	College of Natural Sciences & Mathematics Departmental Reviews	12	48	4/1/2009	Pam Muscarello Department Business Administrator Mathematics 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	13	48	4/1/2009	Pam Muscarello Department Business Administrator Mathematics Department	UH	Modify departmental procedures to help ensure that time and effort reports are completed, certified, approved, 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**

**Followup Status Report
as of June 30, 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: High Medium Low								
AR2009-12	College of Natural Sciences & Mathematics Departmental Reviews	14	48	3/1/2009	Barbara Murray Department Business Administrator Computer Science Department	UH	Modify departmental procedures to help ensure the timely completion of all required training, in accordance with university policies.	<i>Action Complete</i>
AR2009-12	College of Natural Sciences & Mathematics Departmental Reviews	15	48	3/1/2009	Barbara Murray Department Business Administrator Computer Science Department	UH	Modify departmental procedures to help ensure that appropriate employees complete disclosure forms annually, in accordance with university policies.	<i>Action Complete</i>
AR2009-12	College of Natural Sciences & Mathematics Departmental Reviews	16	48	3/1/2009	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.	Partially Implemented - Updated Management's Response: We are still in the process of restoring cost center balances to zero or positive amounts and implementing procedures. Estimated completion date: October 1, 2009.
AR2009-12	College of Natural Sciences & Mathematics Departmental Reviews	17	48	3/1/2009	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.	Partially Implemented - Updated Management's Response: We are working with the Office of Contracts and Grants and the Budget Office to close the cost centers. Estimated completion date: October 1, 2009.
AR2009-12	College of Natural Sciences & Mathematics Departmental Reviews	18	48	3/1/2009	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..	Partially Implemented - Updated Management's Response: We are in the process of implementing policies and procedures to help ensure that copies of checks are securely retained and cash receipts are deposited in a timely manner. Estimated completion date: October 1, 2009.
AR2009-12	College of Natural Sciences & Mathematics Departmental Reviews	19	48	3/1/2009	Barbara Murray Department Business Administrator Computer Science Department	UH	Modify departmental procedures to help ensure Procurement and Travel-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	20	48	3/1/2009	Jennifer Chin-Davis Department Business Administrator Physics Department	UH	Modify 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**

**Followup Status Report
as of June 30, 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: High Medium Low								
AR2009-12	College of Natural Sciences & Mathematics Departmental Reviews	21	48	3/1/2009	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.	<i>Partially Implemented - Updated Management's Response:</i> We are still in the process of restoring cost center balances to zero or positive amounts and implementing procedures. Estimated completion date: October 1, 2009.
AR2009-12	College of Natural Sciences & Mathematics Departmental Reviews	22	48	3/1/2009	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.	<i>Partially Implemented - Updated Management's Response:</i> We are working with the Office of Contracts and Grants and the Budget Office to close the cost centers. Estimated completion date: October 1, 2009.
AR2009-12	College of Natural Sciences & Mathematics Departmental Reviews	23	48	3/1/2009	Jennifer Chin-Davis Department Business Administrator Physics Department	UH	Modify departmental procedures to help ensure that time and effort reports are certified, approved, and submitted to the Payroll Department in a timely manner, in accordance with university policies.	<i>Action Complete</i>
AR2009-12	College of Natural Sciences & Mathematics Departmental Reviews	24	48	3/1/2009	Jennifer Chin-Davis Department Business Administrator Physics Department	UH	Modify departmental procedures to help ensure that all PARs and offer letters are submitted to Human Resources (Office of the Provost for faculty) 5 days prior to the employee's start date.	<i>Action Complete</i>
AR2009-12	College of Natural Sciences & Mathematics Departmental Reviews	25	48	3/1/2009	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>Partially Implemented - Updated Management's Response:</i> We are in the process of implementing policies and procedures to help ensure the use of a termination checklist. Estimated completion date: October 1, 2009.
AR2009-12	College of Natural Sciences & Mathematics Departmental Reviews	26	48	3/1/2009	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>Partially Implemented - Updated Management's Response:</i> We are in the process of implementing policies and procedures to help ensure that cash receipts are deposited in a timely manner. Estimated completion date: October 1, 2009.
AR2009-12	College of Natural Sciences & Mathematics Departmental Reviews	27	48	3/1/2009	Jennifer Chin-Davis Department Business Administrator Physics Department	UH	Modify departmental procedures to help ensure Procurement and Travel-Card expense reports are reviewed, approved, and uploaded by the 20th of the month, in accordance with university policies.	<i>Action Complete</i>

**University of Houston System
Internal Auditing Department**

**Followup Status Report
as of June 30, 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: High Medium Low								
AR2009-12	College of Natural Sciences & Mathematics Departmental Reviews	28	48	3/1/2009	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>Partially Implemented - Updated Management's Response:</i> We are in the process of implementing policies and procedures to help ensure that all contracts are signed by the university official with delegated contractual signatory authority. Estimated completion date: October 1, 2009.
AR2009-12	College of Natural Sciences & Mathematics Departmental Reviews	29	48	3/1/2009	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>Partially Implemented - Updated Management's Response:</i> We are in the process of updating the cost center so that its name and program code reflect its current purpose. Estimated completion date: October 1, 2009.
AR2009-12	College of Natural Sciences & Mathematics Departmental Reviews	30	48	3/1/2009	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>Partially Implemented - Updated Management's Response:</i> We are in the process of implementing policies and procedures to help ensure that all incidental lab fees are approved and annual fee reports are submitted to the Office of Academic Budgets and Administration. Estimated completion date: October 1, 2009.
AR2009-12	College of Natural Sciences & Mathematics Departmental Reviews	31	48	3/1/2009	Laura Bell Department Business Administrator Earth and Atmospheric Sciences Department	UH	Modify departmental procedures to help ensure the timely completion of all required training, in accordance with university policies.	<i>Action Complete</i>
AR2009-12	College of Natural Sciences & Mathematics Departmental Reviews	32	48	3/1/2009	Laura Bell Department Business Administrator Earth and Atmospheric Sciences Department	UH	Modify departmental procedures to help ensure the review and approval of monthly cost center verifications by the account manager, in accordance with university policies.	<i>Action Complete</i>
AR2009-12	College of Natural Sciences & Mathematics Departmental Reviews	33	48	3/1/2009	Laura Bell Department Business Administrator Earth and Atmospheric Sciences Department	UH	Restore deficit 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	34	48	3/1/2009	Laura Bell Department Business Administrator Earth and Atmospheric Sciences Department	UH	Modify departmental procedures to help ensure that leave requests are approved by the appropriate level of management, in accordance with university policies.	<i>Action Complete</i>

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Risk Level: High Medium Low								
AR2009-12	College of Natural Sciences & Mathematics Departmental Reviews	35	48	3/1/2009	Laura Bell Department Business Administrator Earth and Atmospheric Sciences Department	UH	Modify departmental procedures to help ensure that time and effort reports are completed, dated, and approved, in accordance with university policies.	<i>Action Complete</i>
AR2009-12	College of Natural Sciences & Mathematics Departmental Reviews	36	48	3/1/2009	Laura Bell Department Business Administrator Earth and Atmospheric Sciences Department	UH	Modify procedures to require research personnel to report reasonable estimates of the percentages of time and effort devoted to institutional activities, contract and grant activities, cost sharing, and departmental administration, in accordance with university policies.	<i>Action Complete</i>
AR2009-12	College of Natural Sciences & Mathematics Departmental Reviews	37	48	3/1/2009	Laura Bell Department Business Administrator Earth and Atmospheric Sciences Department	UH	Modify departmental procedures to help ensure that all employees hiring PARs and offer letters are submitted to the Office of the Provost or the Human Resources 5 days before the employee's start date.	<i>Action Complete</i>
AR2009-12	College of Natural Sciences & Mathematics Departmental Reviews	38	48	3/1/2009	Laura Bell Department Business Administrator Earth and Atmospheric Sciences Department	UH	Modify departmental procedures to help ensure that all contracts are fully executed prior to the start date of the agreement and 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	39	48	3/1/2009	Laura Bell Department Business Administrator Earth and Atmospheric Sciences Department	UH	Update departmental scholarship website and modify departmental scholarship procedures to include: 1) scholarship committee requirements; 2) detailed procedures for awarding, selecting, and disbursing scholarships; 3) documentation requirements; and 4) that scholarship funds are awarded and balances do not accumulate, in accordance with university policies.	<i>Action Complete</i>

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Risk Level: High Medium Low								
AR2009-12	College of Natural Sciences & Mathematics Departmental Reviews	40	48	6/1/2009	Chi Nguyen 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>Partially Implemented - Updated Management's Response:</i> We are in the process of implementing policies and 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. Estimated completion date: October 1, 2009.
AR2009-12	College of Natural Sciences & Mathematics Departmental Reviews	41	48	6/1/2009	Chi Nguyen 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> We are still in the process of restoring cost center balances to zero or positive amounts and implementing procedures. Estimated completion date: October 1, 2009.
AR2009-12	College of Natural Sciences & Mathematics Departmental Reviews	42	48	3/1/2009	Chi Nguyen Department Business Administrator Biology and Biochemistry Department	UH	Modify departmental procedures to help ensure the timely completion of all required training, in accordance with university policies.	<i>Action Complete</i>
AR2009-12	College of Natural Sciences & Mathematics Departmental Reviews	43	48	3/1/2009	Chi Nguyen Department Business Administrator Biology and Biochemistry Department	UH	Modify departmental procedures to help ensure that appropriate employees complete disclosure forms annually, in accordance with university policies.	<i>Action Complete</i>
AR2009-12	College of Natural Sciences & Mathematics Departmental Reviews	44	48	3/1/2009	Chi Nguyen Department Business Administrator Biology and Biochemistry Department	UH	Modify departmental procedures to help ensure that time and effort reports are signed and dated by employees and supervisors and are submitted to the Payroll Department in a timely manner, in accordance with university policies.	<i>Action Complete</i>

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Risk Level: High Medium Low								
AR2009-12	College of Natural Sciences & Mathematics Departmental Reviews	45	48	3/1/2009	Chi Nguyen 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.	Partially Implemented - Updated Management's Response: We are still conferring 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. Estimated completion date: October 1, 2009.
AR2009-12	College of Natural Sciences & Mathematics Departmental Reviews	46	48	3/1/2009	Chi Nguyen 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.	Partially Implemented - Updated Management's Response: We are in the process of modifying departmental procedures to help ensure Procurement Card expense reports are reviewed, approved, and uploaded by the 20th of the month. Estimated completion date: October 1, 2009.
AR2009-12	College of Natural Sciences & Mathematics Departmental Reviews	47	48	3/1/2009	Chi Nguyen 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.	Partially Implemented - Updated Management's Response: We are still in the process of modifying departmental procedures to help ensure that all contracts are fully executed prior to the start date of the agreement. Estimated completion date: October 1, 2009.
AR2009-12	College of Natural Sciences & Mathematics Departmental Reviews	48	48	6/1/2009	Chi Nguyen Department Business Administrator Biology and Biochemistry Department	UH	Modify departmental procedures to help ensure that scholarship funds are awarded and balances do not accumulate, in accordance with university policies.	Action Complete
AR2009-14	Review of Expenditures of Endowment Income, FY 2008	1	3	4/1/2009	Eli Cipriano AVC/AVP for University Advancement	UHS	Review and update the endowment policy and procedures to include appropriate language that requires a timely completion of endowment agreements, accurate set-up of endowments in the financial system and expenditure of funds in accordance with endowment instructions.	Action Complete

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Risk Level: High Medium Low								
AR2009-14	Review of Expenditures of Endowment Income, FY 2008	2	3	4/1/2009	Eli Cipriano AVC/AVP for University Advancement	UHS	Review of all endowments that currently do not have a signed agreement and develop a plan to obtain signatures on the agreements or create a memorandum of understanding.	<i>Action Complete</i>
AR2009-17	Departmental Reviews UHD College of Sciences and Technology	1	20	6/30/2009	Carolyn Ivey Director Office of Sponsored Programs	UHD	Work with the Office of the Vice Chancellor for Research and Intellectual Property to develop and implement university policies to help ensure faculty members are reporting effort and being paid in accordance with federal regulations.	<i>Action Complete</i>
AR2009-17	Departmental Reviews UHD College of Sciences and Technology	3	20	6/30/2009	Elaine Pearson Division Business Administrator II Academic Affairs and Provost Office	UHD	Implement procedures to help ensure that all recurring administrative and financial tasks are timely completed, in accordance with university policies, including updating the Administrative Reference Manual to indicate Baseline Standards and performing semi-annual spot audits.	<i>Action Complete</i>
AR2009-17	Departmental Reviews UHD College of Sciences and Technology	11	20	6/1/2009	Jon Aoki Program Coordinator UHD Houston START Teacher AP Summer Institute Rene Garcia Program Manager Scholars Academy	UHD	Communicate University and Board policies regarding the approval of fees with the appropriate personnel to help ensure that a reasonable fee is set in an amount sufficient to recover the costs of providing the course.	<i>Partially Implemented – Updated Management’s Response:</i> The department is reviewing expenses related to the program for past years and comparing the program expenses to program revenue in an attempt to determine overpayments and possible refund amounts. Once the analysis is complete, departmental personnel will meet with the Provost Office to discuss the necessity of the program fee and possible refund amounts. Estimated completion date: August 14, 2009
AR2009-17	Departmental Reviews UHD College of Sciences and Technology	12	20	6/1/2009	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 is reviewing expenses related to the program for past years and comparing the program expenses to program revenue in an attempt to determine overpayments and possible refund amounts. Once the analysis is complete, departmental personnel will meet with the Provost Office to discuss the necessity of the program fee and possible refund amounts; the Texas Education Agency will be contacted if necessary. New estimated completion date: August 14, 2009.

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Risk Level: High Medium Low								
AR2009-17	Departmental Reviews UHD College of Sciences and Technology	14	20	6/1/2009	Rene Garcia Program Manager Scholars Academy	UHD	Implement departmental procedures to help ensure that cost center verifications are reviewed and approved by the account manager, in accordance with university policies.	<i>Action Complete</i>
AR2009-17	Departmental Reviews UHD College of Sciences and Technology	16	20	4/1/2009	Heather Davis Administrative Business Manager Natural Sciences	UHD	Implement departmental procedures to help ensure that all time and effort reports are signed by employees and submitted to Payroll in a timely manner, in accordance with university policies.	<i>Action Complete</i>
AR2009-17	Departmental Reviews UHD College of Sciences and Technology	17	20	6/1/2009	Rene Garcia Program Manager Scholars Academy	UHD	Develop departmental procedures to help ensure that cash receipts are deposited in a timely manner, in accordance with university policies.	<i>Action Complete</i>
AR2009-17	Departmental Reviews UHD College of Sciences and Technology	18	20	6/1/2009	Rene Garcia Program Manager Scholars Academy	UHD	Develop departmental procedures to help ensure that cash receipts are properly classified and deposited into the proper account, in accordance with university policies.	<i>Action Complete</i>
AR2009-17	Departmental Reviews UHD College of Sciences and Technology	19	20	4/1/2009	Heather Davis Administrative Business Manager Natural Sciences	UHD	Implement departmental procedures to help ensure direct reimbursements are processed in a timely manner, in accordance with university policies.	<i>Action Complete</i>
AR2009-17	Departmental Reviews UHD College of Sciences and Technology	20	20	4/1/2009	Heather Davis Administrative Business Manager Natural Sciences	UHD	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>

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Risk Level: High Medium Low								
AR2009-18	Departmental Reviews UH Division of Administration and Finance	2	21	6/30/2009	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 was timely prepared and approved. The April 09 and May 09 cost center verifications for 3057-H0174-E0363-NA were timely prepared and approved. The second cost center selected for review, 6003-H0174-E0547-NA, is in the process of being inactivated and removed from the Cougar One Card department. The inactivation will occur in the Fall 2009. Estimated completion date: 10/01/2009.
AR2009-18	Departmental Reviews UH Division of Administration and Finance	4	21	5/30/2009	Deborah Marks Manager One Card Program	UH	Modify departmental procedures to help ensure that SDOL expense reports are signed by the cardholder and certifying signatory, in accordance with university policies.	<i>Action Complete</i>
AR2009-18	Departmental Reviews UH Division of Administration and Finance	6	21	5/1/2009	Nakia Harrison Administrative Assistant Financial Reporting	UH	Work with the appropriate office to close expired project/grant cost centers.	<i>Action Complete</i>
AR2009-18	Departmental Reviews UH Division of Administration and Finance	7	21	5/1/2009	Nakia Harrison Administrative Assistant Financial Reporting	UH	Develop 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>
AR2009-18	Departmental Reviews UH Division of Administration and Finance	8	21	5/1/2009	Nakia Harrison Administrative Assistant Financial Reporting	UH	Develop departmental procedures to help ensure that payroll suspense reports are run after the confirmation of every on-cycle payroll, and corrections are made to minimize the number of reallocations, in accordance with university policies.	<i>Action Complete</i>
AR2009-18	Departmental Reviews UH Division of Administration and Finance	9	21	5/1/2009	Nakia Harrison Administrative Assistant Financial Reporting	UH	Complete a new Procurement Card Cardholder application for the Administrative Assistant and a new Department Travel Card application, as required by Accounts Payable.	<i>Action Complete</i>

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Risk Level: High Medium Low								
AR2009-18	Departmental Reviews UH Division of Administration and Finance	10	21	5/1/2009	Nakia Harrison Administrative Assistant Financial Reporting	UH	Develop departmental procedures to help ensure that SDOL expense reports are signed by the cardholder and certifying signatory; and that signed expense reports are uploaded to PeopleSoft by the 20th of the month, in accordance with university policies.	<i>Action Complete</i>
AR2009-18	Departmental Reviews UH Division of Administration and Finance	13	21	5/1/2009	Bob Browand Director Parking & Transportation	UH	Develop departmental procedures to help ensure 1) that time and effort reports are properly completed, approved, and dated and 2) that all time and effort reports are submitted to Payroll in a timely manner, in accordance with university policies.	<i>Action Complete</i>
AR2009-19	Information Security Standards	1	1	5/31/2009	Joe Ferguson Sr. Director of Information Technology	UHV	Update the Business Continuity Plan to include the Department Risk Analysis Profile and Department Recovery Team Plan for the Athletics Department.	<i>Action Complete</i>
CCM-0901	Calhoun Lofts Residence Hall Interim Construction Audit	4	15	4/1/2009	Mei Chang Sr. Project Mgr., FP&C Cliff Rapier Director, Finance & Operations, 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> The general contractor and the UHS Office of General Counsel are working on the final language of a memorandum of understanding that hopefully will be executed very soon. Most of the items identified to be refundable to us such as cost of liability insurance, which is covered under the umbrella of General Conditions, are being clarified through this memorandum of understanding. Until this clarification is complete refunds cannot be received. We would expect to receive agreed upon refunds within 30 days of the execution of the memorandum of understanding. Estimated completion date: August 31, 2009.

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Risk Level: High Medium Low								
CCM-0901	Calhoun Lofts Residence Hall Interim Construction Audit	5	15	4/1/2009	Mei Chang Sr. Project Mgr., FP&C Cliff Rapier Director, Finance & Operations, 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.	Partially Implemented – Updated Management’s Response: The general contractor and the UHS Office of General Counsel are working on the final language of a memorandum of understanding that hopefully will be executed very soon. Most of the items identified to be refundable to us such as cost of liability insurance, which is covered under the umbrella of General Conditions, are being clarified through this memorandum of understanding. Until this clarification is complete refunds cannot be received. We would expect to receive agreed upon refunds within 30 days of the execution of the memorandum of understanding. Estimated completion date: August 31, 2009.
CCM-0901	Calhoun Lofts Residence Hall Interim Construction Audit	6	15	4/1/2009	Mei Chang Sr. Project Mgr., FP&C Cliff Rapier Director, Finance & Operations, 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.	Partially Implemented – Updated Management’s Response: The general contractor and the UHS Office of General Counsel are working on the final language of a memorandum of understanding that hopefully will be executed very soon. Most of the items identified to be refundable to us such as cost of liability insurance, which is covered under the umbrella of General Conditions, are being clarified through this memorandum of understanding. Until this clarification is complete refunds cannot be received. We would expect to receive agreed upon refunds within 30 days of the execution of the memorandum of understanding. Estimated completion date: August 31, 2009.
CCM-0901	Calhoun Lofts Residence Hall Interim Construction Audit	7	15	4/1/2009	Mei Chang Sr. Project Mgr., FP&C Cliff Rapier Director, Finance & Operations, 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.	Partially Implemented – Updated Management’s Response: The general contractor and the UHS Office of General Counsel are working on the final language of a memorandum of understanding that hopefully will be executed very soon. Most of the items identified to be refundable to us such as cost of liability insurance, which is covered under the umbrella of General Conditions, are being clarified through this memorandum of understanding. Until this clarification is complete refunds cannot be received. We would expect to receive agreed upon refunds within 30 days of the execution of the memorandum of understanding. Estimated completion date: August 31, 2009.

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Risk Level: High Medium Low								
CCM-0901	Calhoun Lofts Residence Hall Interim Construction Audit	8	15	4/1/2009	Mei Chang Sr. Project Mgr., FP&C Cliff Rapier Director, Finance & Operations, FP&C	UH	Ensure that payment for excess equipment rental charges for \$3,998 are received for the construction period ending 9/30/08.	Partially Implemented – Updated Management’s Response: The general contractor and the UHS Office of General Counsel are working on the final language of a memorandum of understanding that hopefully will be executed very soon. Most of the items identified to be refundable to us such as cost of liability insurance, which is covered under the umbrella of General Conditions, are being clarified through this memorandum of understanding. Until this clarification is complete refunds cannot be received. We would expect to receive agreed upon refunds within 30 days of the execution of the memorandum of understanding. Estimated completion date: August 31, 2009.
CCM-0901	Calhoun Lofts Residence Hall Interim Construction Audit	9	15	4/1/2009	Mei Chang Sr. Project Mgr., FP&C Cliff Rapier Director, Finance & Operations, 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.	Partially Implemented – Updated Management’s Response: The general contractor and the UHS Office of General Counsel are working on the final language of a memorandum of understanding that hopefully will be executed very soon. Most of the items identified to be refundable to us such as cost of liability insurance, which is covered under the umbrella of General Conditions, are being clarified through this memorandum of understanding. Until this clarification is complete refunds cannot be received. We would expect to receive agreed upon refunds within 30 days of the execution of the memorandum of understanding. Estimated completion date: August 31, 2009.
CCM-0901	Calhoun Lofts Residence Hall Interim Construction Audit	10	15	4/1/2009	Mei Chang Sr. Project Mgr., FP&C Cliff Rapier Director, Finance & Operations, 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.	Partially Implemented – Updated Management’s Response: The general contractor and the UHS Office of General Counsel are working on the final language of a memorandum of understanding that hopefully will be executed very soon. Most of the items identified to be refundable to us such as cost of liability insurance, which is covered under the umbrella of General Conditions, are being clarified through this memorandum of understanding. Until this clarification is complete refunds cannot be received. We would expect to receive agreed upon refunds within 30 days of the execution of the memorandum of understanding. Estimated completion date: August 31, 2009.

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Risk Level: High Medium Low								
CCM-0901	Calhoun Lofts Residence Hall Interim Construction Audit	11	15	4/1/2009	Mei Chang Sr. Project Mgr., FP&C Cliff Rapier Director, Finance & Operations, 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.	Partially Implemented – Updated Management’s Response: The general contractor and the UHS Office of General Counsel are working on the final language of a memorandum of understanding that hopefully will be executed very soon. Most of the items identified to be refundable to us such as cost of liability insurance, which is covered under the umbrella of General Conditions, are being clarified through this memorandum of understanding. Until this clarification is complete refunds cannot be received. We would expect to receive agreed upon refunds within 30 days of the execution of the memorandum of understanding. Estimated completion date: August 31, 2009.
CCM-0901	Calhoun Lofts Residence Hall Interim Construction Audit	13	15	4/1/2009	Mei Chang Sr. Project Mgr., FP&C Cliff Rapier Director, Finance & Operations, 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.	Partially Implemented – Updated Management’s Response: The general contractor and the UHS Office of General Counsel are working on the final language of a memorandum of understanding that hopefully will be executed very soon. Most of the items identified to be refundable to us such as cost of liability insurance, which is covered under the umbrella of General Conditions, are being clarified through this memorandum of understanding. Until this clarification is complete refunds cannot be received. We would expect to receive agreed upon refunds within 30 days of the execution of the memorandum of understanding. Estimated completion date: August 31, 2009.
CCM-0901	Calhoun Lofts Residence Hall Interim Construction Audit	14	15	4/1/2009	Mei Chang Sr. Project Mgr., FP&C Cliff Rapier Director, Finance & Operations, FP&C	UH	Prepare a memo of understanding to clarify the terms of the design fee.	Partially Implemented – Updated Management’s Response: The general contractor and the UHS Office of General Counsel are working on the final language of a memorandum of understanding that hopefully will be executed very soon. Most of the items identified to be refundable to us such as cost of liability insurance, which is covered under the umbrella of General Conditions, are being clarified through this memorandum of understanding. Until this clarification is complete refunds cannot be received. We would expect to receive agreed upon refunds within 30 days of the execution of the memorandum of understanding. Estimated completion date: August 31, 2009.

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Risk Level: High Medium Low								
SAO Report #05-010	The Protection of Confidential Information and Critical Systems	20h	25	4/1/2009	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> We have reviewed and modified the existing emergency plan / business continuity plan / business impact analysis to address the Texas Administrative Code requirements and expect to have them fully implemented by December 31, 2009.
SAO Report #06-054	The University of Houston System's Management Practices for Endowment Funds	7d	8	4/1/2009	Eli Cipriano, Assoc. VC, University Advancement	UHS	Implement policies and procedures to routinely monitor endowment income beneficiary accounts for uses other than scholarships.	<i>Action Complete</i>
SAO Report #07-555	Statewide Single Audit Report, FY 2006	4d	5	4/30/2009	Sal Loria Interim Director, Office of Scholarships and Financial Aid	UH	Develop procedures to monitor the timeliness of reporting by the Clearinghouse and consider reporting more frequently to the Clearinghouse.	<i>Partially Implemented - Updated Management's Response:</i> The Exec. Dir., SFA and Dir., Registration are assessing data to develop appropriate procedures to complete action item. Estimated completion date: August 31, 2009.
SAO Report #08-336	Statewide Single Audit Report, FY 2007	3b	7	4/30/2009	Sal Loria Interim Director, Office of Scholarships and Financial Aid	UH	Change reporting and monitoring procedures to help ensure that student status changes are timely reported to NSLDS and schedule additional reporting dates for NSC during the latter part of the fall and spring semesters.	<i>Partially Implemented - Updated Management's Response:</i> The Exec. Dir., SFA and Dir., Registration are assessing data to develop appropriate procedures to complete action item. Estimated completion date: August 31, 2009.
SAO Report #09-002	Student Fees at Selected Higher Education Institutions	3	3	5/31/2009	Craig Ness, Executive Director, Academic Budgets and Admin.	UH	Review policies for ending balances in student fee cost centers to ensure that those policies are in compliance with applicable law.	<i>Action Complete</i>
SAO Report #09-330	Statewide Single Audit Report, FY 2008	1	13	1/31/2009	Sal Loria Interim Director, Office of Scholarships and Financial Aid	UH	Configure the maximum limit for Perkins loans in the Financial Aid System to help prevent awards that exceed the maximum allowable amount.	<i>Action Complete</i>
SAO Report #09-330	Statewide Single Audit Report, FY 2008	2	13	1/31/2009	Sal Loria Interim Director, Office of Scholarships and Financial Aid	UH	Implement procedures to identify and review Perkins loans that exceed the maximum allowable amount.	<i>Action Complete</i>
SAO Report #09-330	Statewide Single Audit Report, FY 2008	3	13	1/31/2009	Sal Loria Interim Director, Office of Scholarships and Financial Aid	UH	Identify all Perkins loan recipients who received more than the maximum allowable and make corrections to their accounts for the overages.	<i>Action Complete</i>
SAO Report #09-330	Statewide Single Audit Report, FY 2008	4	13	8/31/2008	Melanie Morgan, Financial Aid Quality Coordinator	UH	Identify the source of the errors for the non-timely reporting of disbursement records and implement procedures to help ensure that these types of errors are not recurring.	<i>Action Complete</i>

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Risk Level: High Medium Low								
SAO Report #09-330	Statewide Single Audit Report, FY 2008	5	13	1/31/2009	Miroslava Martinez, Manager, Scholarship and Financial Aid; Janette Carson, Asst Director, Student Financial Aid	UH	Develop and implement written procedures for making referrals as required by federal regulations.	<i>Action Complete</i>
SAO Report #09-330	Statewide Single Audit Report, FY 2008	6	13	2/28/2009	Tina Chargois, Asst Director, Student Financial Aid	UH	Develop written procedures to help ensure that funds are not held for more than the maximum allowed days	<i>Action Complete</i>
SAO Report #09-330	Statewide Single Audit Report, FY 2008	7	13	1/31/2009	Sal Loria Interim Director, Office of Scholarships and Financial Aid	UH	Modify the Financial Aid System to send emails to students for all disbursements and to provide for an audit trail to document notifications.	<i>Action Complete</i>
SAO Report #09-330	Statewide Single Audit Report, FY 2008	8	13	2/28/2009	Mary Comerota, Asst Director, Student Financial Aid Susie Winters, ERP Application Administrator	UH	Require the Financial Aid Assistant Director of IT to be responsible for monitoring access controls, including implementing procedures for the periodic review of access based on job duties and responsibilities, and review the listing of all individuals who have access to the Financial Aid System and remove super-user access of all users who are not employees of the Financial Aid Office.	<i>Action Complete</i>
SAO Report #09-330	Statewide Single Audit Report, FY 2008	9	13	2/28/2009	Mary Comerota, Asst Director, Student Financial Aid Susie Winters, ERP Application Administrator	UH	Train the Financial Aid Assistant Director of IT and staff on PeopleSoft security to gain knowledge of how the system is configured.	<i>Action Complete</i>
SAO Report #09-330	Statewide Single Audit Report, FY 2008	10	13	4/30/2009	Jessica Thomas, Financial Aid Quality Coordinator	UH	Review records for the 2007-2008 award year to identify all students for whom returns of Title IV funds still need to be made.	Partially Implemented - Updated Management's Response: The quality coordinator is assessing and validating data. Estimated completion date: August 31, 2009.

**University of Houston System
Internal Auditing Department**

**Followup Status Report
as of June 30, 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: High Medium Low								
SAO Report #09-330	Statewide Single Audit Report, FY 2008	11	13	4/30/2009	Jessica Thomas, Financial Aid Quality Coordinator	UH	Implement policies and procedures to help ensure that a.) returns of Title IV funds are completed in a timely manner in accordance with federal regulations; b.) identify students in the Financial Aid System who unofficially withdraw and who received aid but did not begin attendance and c.) document notifications to the lender or Secretary of the U.S. Dept. of Education when students withdraw.	<i>Action Complete</i>
SAO Report #09-330	Statewide Single Audit Report, FY 2008	12	13	4/1/2009	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>Partially Implemented - Updated Management's Response:</i> The Exec. Dir., SFA and Dir., Registration are assessing data to complete action item. Estimated completion date: August 31, 2009.
SAO Report #09-330	Statewide Single Audit Report, FY 2008	13	13	12/10/2008	LaTasha Goudeau Director, Office of Scholarships and Financial Aid	UHD	Modify business processes to help ensure that FFELP loan recipients are sent notifications within the required time periods.	<i>Action Complete</i>

UNIVERSITY OF HOUSTON SYSTEM

INTERNAL AUDIT REPORT

UNIVERSITY OF HOUSTON SYSTEM
FACILITIES DEVELOPMENT PROJECTS

REPORT NO. AR2009-22

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT**

**UNIVERSITY OF HOUSTON SYSTEM
FACILITIES DEVELOPMENT PROJECTS**

BACKGROUND:

Texas higher education facilities constitute a large resource for the state. Efficient use of funds and the orderly development of physical plants to accommodate projected enrollments are critical components of the state's goal of closing the gaps in higher education. To that end, the Texas Education Code contains several measures that are intended to help ensure efficient use of state resources.

The Texas Education Code requires the Texas Higher Education Coordinating Board (THECB) to periodically conduct a comprehensive audit of all education and general facilities on the campuses of public senior colleges and universities. One component of that audit is to have the Internal Audit department of an institution review facility development projects.

Texas Education Code and THECB rules require that public institutions of higher education receive THECB approval for real property acquisitions, new construction projects, and repair and renovation projects financed from any source of funds in accordance with the THECB rules in effect at the time the project is constructed.

1. THECB rules require that institutions submit for its consideration:
 - a. New construction projects costing \$1 million or more;
 - b. Repair and renovation projects costing \$2 million or more;
 - c. Acquisitions of real property; and
 - d. Gifts or donations of improved real property.

2. THECB rules also require institutions to submit projects for re-approval if:
 - a. The total cost of a project exceeds cost estimates by more than 10 percent; or
 - b. The gross square footage is changed by more than 10 percent; or
 - c. The institution has not contracted for the project within 18 months from its final Coordinating Board approval date; or
 - d. Any funding source of an approved project is changed.

We were informed by THECB that when the decision is made to increase the budget over 10% for the project, the institution should resubmit the project application for re-approval.

The UH Facilities Planning and Construction department is responsible for preparing, submitting, and re-submitting, as applicable, the application for all projects requiring THECB approval.

OBJECTIVE:

The objective of our review was to determine whether projects and acquisitions of real property were submitted to THECB and received all required approvals.

SCOPE OF WORK:

We interviewed university personnel; reviewed university policies, the Texas Education Code, and THECB rules; obtained a list of projects from the previous five years that were submitted to THECB; discussed interpretations of THECB rules with THECB personnel; and performed other audit procedures to determine whether the University was in compliance with THECB rules for facility development projects. The scope of our review included the following projects:

ENTITY	PROJECT NAME	THECB		
		APPROVED BUDGET	PROJECT NUMBER	APPROVAL DATE
UH	Renovation of Science, Engineering, and Classroom Build-Out - Phase 2	\$12,000,000	003652-08-011	06/12/08
UH	Renovation of Hilton Hotel for the Conrad H. Hilton College of Hotel Restaurant & Management	\$11,110,000	003652-07-003	09/17/07
UH	Construction of Graduate and Professional Student Housing – Calhoun Lofts	\$96,643,000	003652-06-003	04/19/07
UH	Renovation of M.D. Anderson Library	\$49,000,000	003652-04-025	10/27/04
UHD	Purchase of 404 Washington	\$375,000	012826-06-005	06/06/02
UHD	Renovation & Expansion of W.I. Dykes Library – Phase 1	\$3,500,000	012826-07-001	09/27/07
UHD	Academic Building and Parking Structure	\$35,140,000	012826-07-003	10/05/07
UHCL	Lease of UH Clear Lake Pearland Campus	\$6,296,093	011711-09-001	07/27/07
UHCL	Renovation and Construction Addition to Arbor Building	\$11,604,808	011711-08-001	08/21/08
UHV	Construction of Regional Center for Economic Development	\$10,219,400	013231-08-001	05/19/08
UHS	Construction of Sugar Land Classroom and Office Building	\$35,000,000	013231-06-001	03/14/07
UHS	Land Exchange between UH System and Levee Improvement District – 14000 University Boulevard	\$460,152	011721-07-001	06/27/07
UH	Hurricane IKE Repairs	Not Submitted for Initial Approvals		

SIGNIFICANT FINDING:

Inadequate Management Oversight

We determined that the Facilities Planning and Construction department (FP&C) did not comply with the THECB facilities development project approval rules in all instances relating to approval for repair and renovation projects and for re-approval of funding source changes and for project cost increases over 10% as explained more fully in Appendix A. We also noted the FP&C did not have formal policies and procedures to help ensure that UHS institutions comply with THECB facility development project rules. In addition to non-compliance with the THECB rules, the lack of formal management directives (policies and procedures) resulted in the following indicators of inadequate management oversight:

- Roles and responsibilities for FP&C personnel and other institutional personnel with respect to construction projects are not defined.
- Certain FP&C employees and other institutional employees with a need to know the THECB rules were unaware of them.
- No formal training of the THECB rules.
- No formal training on standards for project managers (we noted that one project manager has taken a proactive approach to this by using the UT project management book)
- Construction project information that should be communicated to specific FP&C employees is not always communicated.
- No written standards for construction projects documentation filing and retention requirements.

Recommendation: SAM 01.B.07, Facilities Acquisition, Construction, or Renovation, should be modified to address the THECB's rules for construction projects and to define the roles and responsibilities for FP&C personnel and other institutional personnel to help ensure compliance. FP&C should develop and implement policies and procedures for all aspects of construction project management to help ensure adequate management oversight and compliance with THECB rules. FP&C should submit the following projects to the Board of Regents and THECB for approval/re-approval: Renovation of Science, Engineering, and Classroom Build-Out - Phase 2, Renovation of Hilton Hotel for the Conrad H. Hilton College of Hotel Restaurant & Management, Construction of Graduate and Professional Student Housing – Calhoun Lofts, Renovation of M.D. Anderson Library, Renovation and Expansion of W.I. Dykes Library – Phase 1, Academic Building and Parking Structure, and Hurricane IKE Recovery.

Management's Response: We plan to modify SAM 01.B.07 to address THECB rules for construction projects and to define the roles and responsibilities for FP&C personnel and other institutional personnel to help ensure compliance with THECB rules. In addition, we plan to develop and implement department policies and procedures for all aspects of construction project management to help ensure adequate management oversight and compliance with THECB rules. We expect to have SAM 01.B.07 policy modified and the FP&C policies and procedures developed and implemented by August 31, 2009.

We will also prepare the necessary information to submit the projects noted in the report to the Board of Regents and THECB for approval/re-approval. We expect to submit these projects to the Board of Regents for their approval at the August 2009 Board of Regents meeting. We will then forward the information to THECB for approval.

CONCLUSION:

We determined that FP&C did not comply with the THECB facilities development project approval rules in all instances relating to approval for repair and renovation projects and for re-approval of funding source changes and for project costs increase of over 10%. In our opinion, FP&C did not have adequate management oversight over construction and repair and renovation projects to help ensure compliance with THECB rules. We recommended that UHS policies be modified and FP&C policies and procedures be developed to help ensure compliance with THECB rules and adequate management oversight of construction projects.

Appendix A lists the specific project findings that were identified during the audit.

Don F. Guyton
Director, Internal Auditing
April 9, 2009

APPENDIX A

PROJECT FINDINGS

Renovation of Science, Engineering, and Classroom Build-Out - Phase 2

On January 31, 2008, a funding source change was approved by management for this project. The funding source was changed to \$8,612,527 in HEAF funds and \$3,387,473 in bond interest proceeds from its initial submission to the THECB of \$12,000,000 in HEAF funds. A budget transfer has not been recorded to reflect this funding source change. In addition, it has not been submitted for re-approval to the Board of Regents and THECB. All funding source changes require THECB approval.

Renovation of Hilton Hotel for the Conrad H. Hilton College of Hotel Restaurant & Management

On December 9, 2008, the Board of Regents received a budget update information item indicating a budget increase from \$11,110,000 to \$12,893,000 for this project. This reflects a 16% increase over the original budget. This increase has not been submitted for re-approval to the Board of Regents and THECB. Budget increases of over 10% require THECB approval.

Construction of Graduate and Professional Student Housing - Calhoun Lofts

On January 18, 2008, the Board of Regents approved a budget increase from the original approved budget of \$96,643,000 to the new budget of \$107,900,000. This reflects a 12% increase over the original budget. According to the Board of Regents approved agenda, THECB re-approval was expected to be obtained on April 24, 2008. However, according to FP&C management, they do not plan to obtain THECB re-approval for this project unless the actual costs exceed 10% of the original budget. Budget increases of over 10% require THECB approval.

Renovation of M.D. Anderson Library

On January 31, 2008, a funding source change was approved by management for this project. The original funding source submitted to THECB for this project was \$20,000,000 in Gift funds, \$25,000,000 in HEAF funds, and \$4,000,000 in other funds (Student Use Fees). The funding sources were changed to \$25,589,000 in Bond Proceeds funds with \$589,000 of this coming from bond interest proceeds, \$19,411,000 in Gift funds, and \$4,000,000 in other funds (Student Use Fees). On August 25, 2008, a budget transfer was recorded to reflect this funding source change. In addition, it has not been submitted for re-approval to the Board of Regents and THECB. All funding source changes require THECB approval.

Purchase of 404 Washington

No areas of non-compliance were noted.

Renovation and Expansion of W.I. Dykes Library – Phase 1

UHD budgeted \$1,750,000 for Phase 1 of the project and estimated the costs of both Phase 1 and 2 to be \$3,500,000. However, the application submitted to THECB incorrectly indicated that the costs of Phase 1 would be \$3,500,000. On February 21, 2008, additional funds totaling \$385,000 were budgeted for Phase 1 of the project. As a result, total budgeted project funding was \$3,885,000. This reflects an 11% increase over the original budget. However, UHD management informed us that they expect the total project costs of Phase 1 and 2 to be less than \$3,500,000, even though the cost of Phase 1 was greater than expected. The source of funds used for some of the additional funding was different than the original funding sources. The original funding source submitted to THECB for this project which related to Phase 1 and 2 was \$3,300,000 in HEAF funds and \$200,000 in Gift funds. Additional funding sources for Phase 1 included \$145,000 in HEAF funds and \$240,000 in Other funds (Computer Use Fees). The changes have not been submitted for re-approval to the Board of Regents and THECB. Budget increases of over 10% and all funding source changes require THECB approval.

Academic Building and Parking Structure

On November 16, 2006, the Board of Regents approved a budget increase from the original approved budget of \$35,140,000 to the new budget of \$36,630,000. However, the budget recorded in the two primary project cost centers totaled \$37,330,000; \$700,000 more than was approved by the Board of Regents. On August 31, 2007, additional funds totaling \$2,244,993 were budgeted for the project in order to upgrade furniture and for technology enhancements to the building. As a result, total project funding was \$39,574,993. This reflects a 13% increase over the original budget. UHD management interpretation was that \$1,844,993 of this budget increase was supplemental and not integral to the project and, therefore, would not be considered as part of the overall budget. As a result, UHD management did not believe that additional approvals were required. In addition, there were several funding source changes relating to the project. The original funding source submitted to THECB for this project was \$31,626,000 in Tuition Revenue Bonds and \$3,514,000 in Auxiliary Enterprise Revenue funds. The funding sources changed to \$31,626,000 in Tuition Revenue Bonds, \$3,514,000 in Auxiliary Enterprise Revenue funds, \$2,190,000 in Bond Interest Proceeds, \$1,100,000 in HEAF funds, and \$1,144,993 in Designated Tuition funds. The additional budget increases resulting in greater than a 10% budget increase and funding source changes were not approved by the Board of Regents. None of the budget increases or funding source changes has been submitted to THECB for re-approval. Budget increases of over 10% and all funding source changes require THECB approval.

Lease of UH Clear Lake Pearland Campus

No areas of non-compliance were noted.

Renovation and Construction Addition to Arbor Building

No areas of non-compliance were noted.

Construction of Regional Center for Economic Development

No areas of non-compliance were noted.

Construction of Sugar Land Classroom and Office Building

No areas of non-compliance were noted.

Land Exchange between UH System and Levee Improvement District – 14000 University Boulevard

No areas of non-compliance were noted.

Hurricane Ike Recovery

On December 16, 2008, the Board of Regents approved the request to contract for emergency repairs made to university facilities associated with Hurricane IKE recovery. Property damage was estimated to be \$37,232,523. Projects with repair costs of \$2,000,000 or more require THECB approval. These projects have not been submitted to the THECB for approval.

UNIVERSITY OF HOUSTON SYSTEM

INTERNAL AUDIT REPORT

UNIVERSITY OF HOUSTON

COLLEGE OF PHARMACY
DEPARTMENTAL REVIEWS

REPORT NO. AR2009-23

**University of Houston System
Internal Auditing Department**

**University of Houston
College of Pharmacy
Departmental Reviews**

The objective of the Departmental Review is to determine whether departments are conducting financial and administrative activities in compliance with university policies. We performed three departmental reviews in the College of Pharmacy. 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 audit findings. We noted that some of the departments reviewed were not in compliance with certain policies. Management developed action plans to help ensure compliance with university policies in these areas.

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
June 26, 2009

**University of Houston System
Internal Auditing Department**

**University of Houston
College of Pharmacy
Departmental Reviews**

Compliance Area	DEAN'S OFFICE	CLINICAL SCIENCES & ADMINISTRATION	PHARMACOLOGICAL & PHARMACEUTICAL SCIENCES
Management Oversight	✓	N/A	N/A
Operational Activities	(1)	N/A	N/A
Policies, Procedures, Required Training, And Reporting	✓	✓	✓
Cost Center Management	(1)	(3)	(2)
Payroll	✓	✓	(1)
Human Resources	✓	(1)	(1)
Change Funds And Cash Receipts	(1)	(1)	N/A
Procurement And Travel Cards	(1)	(1)	(3)
Departmental Expenses	✓	(1)	✓
Contract Administration	✓	(1)	N/A
Property Management	(1)	✓	✓
Departmental Computing	✓	✓	✓
Scholarships	✓	N/A	N/A
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
College of Pharmacy
Background Information**

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

The Dean provided the following background:

The College offers a Doctor of Pharmacy degree and a Master of Science degree in health systems pharmacy administration. The College also offers Doctor of Philosophy degrees in pharmaceutics and pharmacology.

The College, which is accredited by the American Council on Pharmaceutical Education and holds a membership in the American Association of Colleges of Pharmacy, is one of 81 pharmacy colleges in the United States. More than 45 basic science and clinical faculty, as well as nearly 610 adjunct faculty and preceptors, offer the 900 current pre-pharmacy and professional students diverse and experienced faculty members.

The College has facilities both on the University of Houston campus and, since 1980, in the Texas Medical Center (TMC). At TMC, students have the opportunity to train with physicians, medical students and members of our clinical faculty. In addition to faculty and staff offices, TMC also houses research laboratories, classrooms and the Contemporary Pharmacy Practice Laboratory.

Budget/Financial Summary:

During fiscal year 2009, with a faculty of 41 FTE and a staff of 142 FTE, the College administers over 309 cost centers with an overall operating M&O budget of \$14,000,000.

The following table presents the fund balance reconciliation for the College for FY 2008:

Beginning Fund Balance (9/1/07)	\$ 3,311,887
Revenues	5,711,958
Expenditures	(12,856,663)
Transfers/Other	7,283,840
Ending Balance (8/31/08)	<u>\$ 3,451,022</u>

UNIVERSITY OF HOUSTON
COLLEGE OF PHARMACY
SUMMARY OF REVENUES AND EXPENDITURES

<u>Account</u>	<u>Description</u>	<u>FY 2008</u>	<u>FY 2007</u>
<u>Revenue</u>			
40300-40499	Designated Tuition	\$ (1,108,634)	\$ (1,015,061)
40700-40999	Other Fees	(776,736)	(874,512)
55500-55999;56700-57999	Waivers & Expenses	8,402	5,907
41600-41899	Federal Grants & Contracts	(2,199,776)	(2,118,342)
41900-42099	Federal Pass Through Grants/Contracts	(26,255)	0
42100-42299	State Grants & Contracts	(2,398)	(568)
42300-42499	State Pass Through - Other State Agencies	(299,234)	0
42500-42699	Local Grants & Contracts	0	(12,988)
42700-43199; 44400-44428; 44440	Private Gifts, Grants and Cont	(1,238,496)	(825,427)
43500-43599	Endowment Income Distribution	(64,134)	(54,790)
43600-43630; 43634-43999	Sales & Services - E & G	(4,620)	(21,325)
50050-50099	Recovered Costs	(78)	0
Total Revenue		<u>\$ (5,711,958)</u>	<u>\$ (4,917,106)</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	\$ 8,573,917	\$ 7,712,616
51000-51399	Fringe Benefits	500,482	402,254
Total Payroll		<u>\$ 9,074,399</u>	<u>\$ 8,114,871</u>
<u>M & O</u>			
52000-52199	Professional Services	\$ 27,727	\$ 27,300
52200-52399	General Services	86,211	76,566
52400-52499	Academic Service	48,951	56,173
52500-52599	Printing, Copying, & Reproduction	60,507	58,045
52600-52799	Utilities & Sanitation	400	88
52800-52999	Communication & Transportation	120,493	120,176
53000-53499	Advertising Promotion & Public	18,323	10,970
53500-53599	Rental Lease & Royalties	81,110	59,432
53600-53699	Maintenance	0	1,200
53700-53799	Routine Repair	64,035	45,117
53800-53849	Pass Through	201,362	206,977
53850-53899	Contracting Services	221,145	391,712
53900-53999	General Supplies	256,827	180,131
54000-54099	Lab Research Supplies	596,506	441,893
54100-54199	Health & Clinical Support	0	52
54200-54299	Construction Expenses	500	238
54300-54349	Facilities & Ground Support	0	395
54350-54449	Parts & Furnishing	183,997	188,667
54450-54549	Misc Supplies & Material	8,756	7,334
54550-54699	Legal Services	320	1,380
54700-54799	Financial Tax & License Cost	21,681	29,273
54800-54899	Other Recurring Expenses	110,801	61,267
54900-54999	Employee Expenses	134,442	122,726
55000-55199	Special Program & Events	118,834	80,376
55300-55499	Financial Aid	172,650	139,205
56000-56499	Travel	246,680	264,183
56500-56599	Contracts & Grants	757,088	681,252
Total M&O		<u>\$ 3,539,345</u>	<u>\$ 3,252,126</u>
<u>Capital Outlay</u>			
58000-58999	Capital Outlay	\$ 242,919	\$ 383,592
Total Capital Outlay		<u>\$ 242,919</u>	<u>\$ 383,592</u>
Total Cost of Goods Sold, Payroll, M&O and Capital Outlay		<u>\$ 12,856,663</u>	<u>\$ 11,750,589</u>

UNIVERSITY OF HOUSTON SYSTEM

INTERNAL AUDIT REPORT

UNIVERSITY OF HOUSTON SYSTEM

CASH HANDLING REVIEWS, FY 2009

REPORT NO. AR2009-24

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT**

**UNIVERSITY OF HOUSTON SYSTEM
CASH HANDLING REVIEWS
FY 2009**

BACKGROUND:

University of Houston System policy states that all university cash funds are subject to unannounced review by the Internal Auditing Department. The Long-Range Internal Audit Plan schedules cash handling audits annually.

OBJECTIVES:

The objectives of our cash counts were as follows:

1. Count cash on-hand and reconcile the cash counted to the authorized change fund amount or the authorized petty cash fund amount as recorded in the university's financial system.
2. Determine whether there is compliance with university cash handling policies and procedures.

SCOPE OF WORK:

We conducted cash counts at seven locations at the University of Houston, one location at the University of Houston – Clear Lake, one location at the University of Houston – Downtown, and one location at the University of Houston System – Sugar Land. In addition, we compared current listings of cash funds maintained by the accounting departments of the campuses to the university's financial system to determine completeness and accuracy.

CONCLUSION:

In our opinion, the fund custodians properly accounted for their authorized change funds and petty cash funds. Appendix A lists all funds counted, type of fund, authorized fund amount, cash count results, and the date the count was performed.

Don F. Guyton
Chief Audit Executive
June 12, 2009

APPENDIX A

CASH FUNDS WITH COUNT RESULTS

CF=Change Fund PC=Petty Cash Fund

		Authorized	Over	
		Fund	Short (-)	Date of
<u>Departments</u>	<u>Type</u>	<u>Amount \$</u>	<u>\$</u>	<u>Count</u>
UH				
Health and Human Performance	CF	50.00	0	6/10/09
Hotel & Restaurant Mgmt	PC	500.00	0	6/03/09
Hotel & Restaurant Mgmt	CF	995.00	0.81	6/03/09
Hotel & Restaurant Mgmt	CF	200.00	0	6/03/09
Hotel & Restaurant Mgmt	CF	900.00	3.10	6/03/09
Optometry Clinic	CF	1,400.00	0	6/03/09
Student Publications	CF	45.00	0	6/04/09
UHD				
Student Accounting & Cashier	CF	11,000.00	0	6/04/09
UHCL				
Student Services	CF	100.00	0	6/10/09
UHS				
Sugar Land	CF	100.00	0	6/04/09

UNIVERSITY OF HOUSTON SYSTEM

INTERNAL AUDIT REPORT

UNIVERSITY OF HOUSTON

ATHLETICS, NCAA RULES-COMPLIANCE

REPORT NO. AR2009-25

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT**

**UNIVERSITY OF HOUSTON
DEPARTMENT OF INTERCOLLEGIATE ATHLETICS**

NCAA RULES-COMPLIANCE

The NCAA Operating Bylaw 22.2.1.2.e. requires each Division I member to demonstrate that its rules-compliance program is the subject of evaluation by an authority outside of the Athletics Department at least once every four years.

For this engagement, we evaluated the Athletics Department rules-compliance program for the following areas: general compliance, certification of compliance, complimentary admissions, employment of student-athletes, student-athlete vehicles, financial aid, and representatives of the universities athletics interests. These areas were reviewed using the standard audit program developed by the Association of College and University Auditors in cooperation with the NCAA. We conducted interviews, reviewed documentation, and performed other audit procedures, as necessary, in testing compliance with various NCAA rules and university policies for each compliance area.

In our opinion, the Athletics Department's rules-compliance program in these areas helps ensure compliance with NCAA rules. Although we noted no matters that we considered to be significant audit findings, we did note one area that needed improvement, employment of student athletes outside of the university. Management developed an action plan to help ensure compliance with the NCAA rules in this area. The compliance matrix below lists areas tested, whether the department fully complies with NCAA rules and/or university policies, and number of action items.

COMPLIANCE MATRIX	
Compliance Area	Number of Action Items
General Compliance	Fully Complies
Certification of Compliance	Fully Complies
Complimentary Admissions	Fully Complies
Employment of Student Athletes	1
Student Athlete Vehicles	Fully Complies
Financial Aid	Fully Complies
Representatives of the Universities Athletics Interests	Fully Complies

Don F. Guyton
Chief Audit Executive
July 21, 2009

UNIVERSITY OF HOUSTON SYSTEM

INTERNAL AUDIT REPORT

UNIVERSITY OF HOUSTON

IT AUDIT ACTIVITY REPORT, FY 2009

REPORT NO. AR2009-26

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT**

**INFORMATION TECHNOLOGY AUDIT ACTIVITY REPORT
FISCAL YEAR 2009**

The Board of Regents policy on internal auditing states that internal audit activity will assist the system in maintaining effective controls by evaluating their effectiveness and efficiency. One of the methods the Internal Auditing Department uses to address this objective is to participate in the design, development, implementation and operation of major computer based systems to ensure that adequate controls are incorporated into the systems, thorough system testing is performed at the appropriate stages, and system documentation is complete and accurate.

During FY 2009, we provided the following assistance in the areas of information technology:

- Texas Administrative Code 202 (TAC 202) Reviews: Performed biennial review of information security programs for all campuses. The reviews at UHD and UHV were completed during FY 2009, and the reviews at UH and UHCL are currently in progress.
- Departmental Computing: Performed audit procedures related to departmental computing during departmental reviews. During FY 2009, we performed a total of 38 departmental reviews at all the UHS campuses. Results of these departmental reviews were included in 6 Departmental Review audit reports.
- Assistance Provided to the State Auditors Office (SAO): Provided assistance to the State Auditors Office in determining the status of follow-up action items on SAO audits related to information technology.
- Assistance Provided to UH Management: Provided assistance to management as requested.

Don F. Guyton
Chief Audit Executive
June 30, 2009

UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS AGENDA

COMMITTEE: Audit & Compliance

ITEM: Support Organizations Report

DATE PREVIOUSLY SUBMITTED:

SUMMARY:

The Support Organizations Report provides an analysis of the system's support organizations, including a summary of financial and investment information.

FISCAL NOTE:

SUPPORTING DOCUMENTATION: Support Organization Report

ACTION REQUESTED: Information

COMPONENT: University of Houston System

CHIEF AUDIT EXECUTIVE

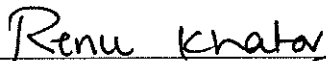


Don F. Guyton

7/24/09

DATE

CHANCELLOR



Renu Khator

8-4-09

DATE

University of Houston System Support Organizations Report

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

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

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

- Each of the foundations manages their own investments. The total amount of investments managed by these foundations was approximately \$101 million as of March 31, 2009. The investment returns of the foundations range from -37.1% to -22.8% for the year ending March 31, 2009.

- The foundations paid professional investment fees of approximately \$500,000 during fiscal year 2007.
- Two foundations (the Association for Community Broadcasting and the Houston Alumni Association) actively solicit gifts.
- Four Foundations have full or part-time employees: UH Foundation, Houston Alumni Association, UH Law Foundation, and UH College of Business Foundation.
- Only one of the foundations leases office space, the University of Houston Foundation, for approximately \$42,000 a year.
- The accounting and auditing fees for each of the firms range from a low of \$15,000 to a high of \$90,000.
- Two of the foundations have fiscal year ends other than August 31st, the university's state-mandated fiscal year end.
- The accounting and auditing firms did not consistently classify expenditures in the same category on their financial statements or in the tax returns, thus making comparability rather difficult in some situations.

The following table summarizes key elements of the foundations:

Summary of Support Organizations Activity – FY 2007/FY 2008							
Note: FY 2007 numbers are <i>italicized</i> and in red font							
	University of Houston Foundation	University of Houston College of Business Foundation	University of Houston Law Foundation	Association for Community Broadcasting	Foundation for Education and Research in Vision, Inc.	Houston Alumni Association	Houston Athletics Foundation, Inc.
I. Investments – MV as of March 31, 2009 – Source: Foundations, IRS Forms 990, and Financials							
• Investments	\$66,634,000	\$11,250,000	\$13,053,000	\$329,000	\$1,967,000	\$3,816,000	\$4,222,000
• Return (1-year)	-26.6%	-37.1%	-22.8%	-26.5% ⁽¹⁾	Not available ⁽²⁾	-24.0%	-24.6%
II. Gifts to Foundation							
• New Commitments	<i>\$2,601,907</i> \$3,810,638	<i>\$860,775</i> \$3,968,468	<i>\$2,043,634</i> \$1,999,289	<i>\$2,133,889</i> \$4,709,776	<i>\$183,215</i> \$256,851	<i>\$606,391</i> \$793,259	<i>0</i> 0
• Gift Revenue	<i>\$4,191,542</i> \$4,644,504	<i>\$967,434</i> \$2,988,447	<i>\$1,328,247</i> \$1,302,598	<i>\$1,147,930</i>	<i>\$311,422</i> \$296,597	<i>\$1,114,456</i> \$1,309,060	<i>\$124,655</i>
III. University Support							
• University Support	<i>\$4,856,141</i> \$5,930,368	<i>\$84,343</i> \$246,786	<i>\$73,300</i> \$76,300	<i>\$2,666,890</i>	<i>\$159,073</i> \$221,782	<i>\$206,611</i> \$257,698	<i>\$280,000</i>
IV. Cost of Operations							
• Number of Foundation Employees	3 3	<i>1</i> 1	<i>1</i> 1	0	0 0	<i>5⁽³⁾</i> <i>5⁽³⁾</i>	0
• Salaries and Wages	<i>\$420,100</i> \$447,450	<i>\$43,060</i> \$45,751	<i>\$10,467</i> \$8,500	\$0	\$0 \$0	<i>\$419,520⁽³⁾</i> \$0	\$0
• Number of UH Employees Providing Services to Foundations	0 0	<i>4</i> 4	<i>8</i> 8	8	<i>1</i> 1	0 0	0
• Reimbursement to UH for Salaries and Wages	\$0 \$0	<i>\$1,369</i> \$1,369	<i>\$319,947</i> \$319,947	<i>\$26,659</i>	<i>\$25,615</i> \$25,615	\$0 \$0	\$0
• Accounting & Auditing Fees	<i>\$17,400</i> \$20,300	<i>\$16,813</i> \$17,285	<i>\$90,994</i> \$32,175	<i>\$9,002</i>	<i>\$14,049</i> \$12,027	<i>\$27,861</i> \$18,158	<i>\$48,000</i>
• Gifts in Kind and Other	<i>\$78,296</i> \$79,497	<i>\$1,840,618</i> \$1,709,539	<i>\$3,203,324</i> \$2,888,944	<i>\$2,038,016</i>	<i>\$479,070</i> \$539,935	<i>\$1,909,752</i> \$2,557,807	<i>\$3,657</i>
• Investment Management Fees	<i>\$312,577</i> \$217,990	\$0 \$0	<i>\$20,041</i> \$31,771	\$0	<i>\$19,688</i> \$20,198	<i>\$171,417</i> \$167,098	\$0
Total Cost of Operations	<i>\$828,373</i> \$765,237	<i>\$1,901,860</i> \$1,773,944	<i>\$3,644,773</i> \$3,281,337	<i>\$2,073,677</i>	<i>\$538,422</i> \$597,775	<i>\$2,187,434</i> \$2,743,063	<i>\$51,657</i>

(1) Estimated

(2) We have requested this information from the foundation

(3) Leased employees are not classified as salaries and wages in the IRS Form 990.

Support Organizations Report
Index of Attachments

1. Summary of Operations FY 2007
2. Summary of Operations FY 2008
3. Analysis of Expenses FY 2007
4. Analysis of Expenses FY 2008
5. Financial Information Received
6. UH System Investment Report – Portfolio Balances
7. UH System Investment Report – Portfolio Investment Returns

University of Houston System
 Affiliated Support Organizations and Foundations
 Summary of Operations
 For The Fiscal Year 2007

Support Organization Name	Fiscal Year End	Location / Address	University of Houston Foundation	University of Houston College of Business Foundation	University of Houston Law Foundation	Association for Community Broadcasting	Foundation for Education and Research in Vision, Inc.	Houston Alumni Organization	Houston Athletics Foundation, Inc.
	August 31	4543 Post Oak Place Dr, Ste 250, Houston, TX 77027	334 Melcher Hall; Univ of Houston; Houston, TX 77204	UH Law Center; Univ of Houston; Houston, TX 77204-6391	4343 Elgin St; Univ of Houston; Houston, TX 77204-0008	505 J Davis Armistead Bldg; Univ of Houston; Houston, TX 77204-2020	PO Box 230345; Houston, TX 77223-0345	3100 Cullen Blvd; Univ of Houston; Houston, TX 77204-6742	August 31
Number of non-UH employees	3	1	1	0	0	0	5	0	
Number of UH employees providing some services	0	4	8	1	0	0	0	0	
Foundation agreement last updated	12/5/2006	3/15/2001	6/28/1999	9/1/1994	10/23/2001	1/23/1998	3/13/2006		
Auditor	Blazek & Vetterling; Houston	BKD, LLP; Houston	Blazek & Vetterling; Houston	McConnell & Jones, LLP; Houston	Wrinkle, Gardner & Company, P.C.; Friendswood	Blazek & Vetterling; Houston	Wrinkle, Gardner & Company, P.C.; Friendswood	Melton & Melton, LLP; Houston	
Tax Accountant	Blazek & Vetterling; Houston	BKD, LLP; Houston	Blazek & Vetterling; Houston	McConnell & Jones, LLP; Houston	Sloan & Kucker, PC; Houston	Blazek & Vetterling; Houston	Blazek & Vetterling; Houston		
Financial Data, as of	8/31/2007	7/31/2007	8/31/2007	8/31/2007	8/31/2007	12/31/2007	8/31/2007	Total FY 2007	
Assets									
Cash & investments	\$ 91,001,964	\$ 15,332,577	\$ 17,032,380	\$ 864,637	\$ 2,512,652	\$ 5,900,303	\$ 6,103,748	\$ 136,748,261	
Investment income	84,937	27,140	595,436	616,441	19,328	343,692	0	1,688,974	
Other assets	\$ 91,086,901	\$ 15,359,717	\$ 17,627,816	\$ 1,483,078	\$ 2,531,980	\$ 6,243,995	\$ 6,103,748	\$ 140,437,235	
Total Assets	\$ 82,308,262	\$ 15,277,274	\$ 17,376,563	\$ 68,473	\$ 2,483,054	\$ 6,110,357	\$ 6,101,173	\$ 129,725,146	
Liabilities									
Contributions (gifts)	\$ 4,191,542	\$ 967,434	\$ 1,328,247	\$ 1,147,930	\$ 311,422	\$ 1,114,456	\$ 124,655	\$ 9,185,686	
Investment income	11,145,717	1,523,731	1,298,101	0	222,570	347,015	782,260	15,319,394	
Other	0	516,310	2,408,369	3,624,958	447,269	1,661,774	0	8,658,680	
Total Revenues	\$ 15,337,259	\$ 3,007,475	\$ 5,034,717	\$ 4,772,888	\$ 981,261	\$ 3,123,245	\$ 906,915	\$ 33,163,760	
Expenses									
UJ support; Cash grants per IRS 990	\$ 4,856,141	\$ 84,343	\$ 73,300	\$ 2,666,890	\$ 159,073	\$ 206,611	\$ 280,000	\$ 8,326,358	
Management & general	420,100	43,060	10,467	0	0	78,404	0	552,031	
Salaries & wages	17,400	16,813	90,994	9,002	14,049	27,861	48,000	224,119	
Accounting & auditing fees	312,577	0	20,041	0	19,688	171,417	0	523,723	
Professional investment fees	78,296	1,841,987	3,523,271	2,064,675	504,985	1,909,752	3,657	9,926,323	
Other, including gifts-in-kind	828,373	1,301,860	3,644,773	2,073,677	538,422	2,187,434	51,657	11,226,196	
Total Management & General	\$ 5,684,514	\$ 1,986,203	\$ 3,718,073	\$ 4,740,567	\$ 697,495	\$ 2,394,045	\$ 331,657	\$ 19,552,554	

AUDIT - 6.5

University of Houston System
 Affiliated Support Organizations and Foundations
 Summary of Operations
 For The Fiscal Year 2008

Support Organization Name

Fiscal Year End	Location / Address	University of Houston Foundation	University of Houston College of Business Foundation	University of Houston Law Foundation	Association for Community Broadcasting	Foundation for Education and Research in Vision, Inc.	Houston Alumni Organization	Houston Athletics Foundation, Inc.
August 31	4543 Post Oak Place Dr, Ste 250, Houston, TX 77027	July 31	August 31	August 31	August 31	August 31	December 31	August 31
		334 Melcher Hall; Univ of Houston; Houston, TX 77204	UH Law Center; Univ of Houston; Houston, TX 77204-6391	4343 Elgin St; Univ of Houston; Houston, TX 77204-0008	505 J Davis Arnistead Bldg; Univ of Houston; Houston, TX 77204-2020	PO Box 230345; Houston, TX 77223-0345	3100 Cullen Blvd; Univ of Houston; Houston, TX 77204-6742	

Number of non-UH employees

3	1	1	0	0	0	5	0
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Number of UH employees providing some services

0	4	8	8	1	0	0	0
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Foundation agreement last updated

12/5/2006	3/15/2001	6/28/1999	9/1/1994	10/23/2001	1/23/1998	3/13/2006	
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Auditor

Blazek & Vetterling; Houston	BKD, LLP; Houston	Blazek & Vetterling; Houston	McConnell & Jones, LLP; Houston	Wrinkle, Gardner & Company, P.C.; Friendswood	Blazek & Vetterling; Houston	Wrinkle, Gardner & Company, P.C.; Friendswood	
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Tax Accountant

Blazek & Vetterling; Houston	BKD, LLP; Houston	Blazek & Vetterling; Houston	McConnell & Jones, LLP; Houston	Sloan & Kucker, PC; Houston	Blazek & Vetterling; Houston	Melton & Melton, LLP; Houston	
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Financial Data, as of

	8/31/2008	7/31/2008	8/31/2008	8/31/2008	8/31/2008	12/31/2008	8/31/2008	Total FY 2008
Assets								
Cash & investments	\$ 85,578,937	\$ 14,838,680	\$ 16,801,538	\$	\$ 2,462,706	\$ 5,006,179	\$	\$ 124,688,040
Other assets	77,226	2,008,932	521,841	0	13,962	435,406	0	3,057,367
Total Assets	\$ 85,656,163	\$ 16,847,612	\$ 17,323,379	\$	\$ 2,476,668	\$ 5,441,585	\$	\$ 127,745,407
Liabilities								
	\$ 9,739,597	\$ 1,063,596	\$ 177,777	\$	\$ 28,067	\$ 163,016	\$	\$ 11,172,053
Net Assets	\$ 75,916,566	\$ 15,784,016	\$ 17,145,602	\$	\$ 2,448,601	\$ 5,278,569	\$	\$ 116,573,354
Revenues								
Contributions (gifts)	\$ 4,644,504	\$ 2,988,447	\$ 1,302,598	\$	\$ 296,597	\$ 1,309,060	\$	\$ 10,541,206
Investment income	(4,340,595)	(843,918)	(641,428)	(18,232)	(18,232)	(1,134,042)		(6,978,216)
Other	0	382,943	2,465,516	1,736,257	506,739	1,736,257	0	5,091,455
Total Revenues	\$ 303,909	\$ 2,527,472	\$ 3,126,686	\$	\$ 785,104	\$ 1,911,275	\$	\$ 8,654,446
Expenses								
UH support; Cash grants per IRS 990	\$ 5,930,368	\$ 246,786	\$ 76,300	\$	\$ 221,782	\$ 257,698	\$	\$ 6,732,934
Management & general	447,450	45,751	8,500	0	0	0	0	501,701
Salaries & wages	20,300	17,285	32,175	12,027	18,158	18,158	18,158	99,945
Accounting & auditing fees	217,980	0	31,771	20,198	167,098	167,098	167,098	437,057
Professional investment fees	79,497	1,710,908	3,208,891	565,550	2,300,109	2,300,109	2,300,109	7,864,955
Other, including gifts-in-kind	765,237	1,773,944	3,281,337	597,775	2,485,365	2,485,365	0	8,903,658
Total Management & general	\$ 6,695,605	\$ 2,020,730	\$ 3,357,637	\$	\$ 819,557	\$ 2,743,063	\$	\$ 15,636,592

AUDIT - 6.6

University of Houston System
 Affiliated Support Organizations and Foundations
 Analysis of Expenses
 For The Fiscal Year 2007

		University of Houston Foundation	University of Houston College of Business Foundation	University of Houston Law Foundation	Association for Community Broadcasting	Foundation for Education and Research in Vision, Inc.	Houston Alumni Organization	Houston Athletics Foundation, Inc.	Total FY 2007
	2007 Form 990								
Grants & allocations to									
UH	Part II, Line 22b	4,856,141	94,343	73,300	2,666,890	159,073	206,611	280,000	8,326,358
Other	Part II, Line 22b	0	0	0	0	177,878	14,682	0	192,560
Compensation, officers & key employees	Part II, Line 25a	180,020	0	10,467	0	0	78,404	0	268,891
Salaries & wages of employees	Part II, Line 26	169,557	40,000	0	0	0	0	0	209,557
Pension plan contributions	Part II, Line 27	10,140	0	0	0	0	0	0	10,140
Employee benefits	Part II, Line 28	38,889	0	0	0	0	0	0	38,889
Payroll taxes	Part II, Line 29	21,494	3,060	0	0	0	0	0	24,554
Professional fundraising fees	Part II, Line 30	0	0	0	0	0	30,202	0	30,202
Accounting fees	Part II, Line 31	17,400	16,813	0	256	14,049	27,861	48,000	124,379
Legal fees	Part II, Line 32	0	0	0	0	1,656	7,834	0	9,490
Supplies	Part II, Line 33	1,639	0	99,072	11,279	0	78,307	0	190,297
Telephone	Part II, Line 34	5,076	0	61,243	6,731	0	8,532	0	81,582
Postage & shipping	Part II, Line 35	925	0	215,472	217,396	0	63,459	0	497,252
Occupancy	Part II, Line 36	29,080	0	6,615	4,215	0	687,314	0	727,224
Equipment rental & maintenace	Part II, Line 37	2,355	0	267,063	12,162	0	46,684	0	328,264
Printing & publications	Part II, Line 38	1,911	0	329,093	583,605	0	140,003	0	1,054,612
Travel	Part II, Line 39	640	0	784,770	18,209	1,486	21,889	0	826,994
Conferences, conventions, & meetings	Part II, Line 40	440	0	21,343	0	0	263,042	0	284,825
Interest	Part II, Line 41	0	0	0	0	0	868,466	0	868,466
Depreciation	Part II, Line 42	6,503	0	0	15,625	3,115	577,306	0	602,549
Other expenses									
Advertising	Part II, Line 43	0	0	7,298	26,673	0	16,904	0	50,875
Alumni cultivations	Part II, Line 43	0	0	0	0	0	12,466	0	12,466
Amortization	Part II, Line 43	0	0	0	28,663	0	59,088	0	87,751
Bad debt expense	Part II, Line 43	0	0	0	10,000	0	54,823	0	64,823
Bank fees	Part II, Line 43	0	0	0	16,707	0	29,160	60	45,927
Board meeting	Part II, Line 43	0	0	0	3,226	0	0	0	3,226
Bond fees	Part II, Line 43	0	0	0	0	0	125,027	0	125,027
Computer expenses	Part II, Line 43	0	0	48,367	0	0	8,682	0	57,049
Consultant	Part II, Line 43	8,288	0	0	0	0	0	0	8,288
Decorations	Part II, Line 43	0	0	0	0	0	27,327	0	27,327
Dues & subscriptions	Part II, Line 43	0	0	66,590	0	0	4,233	0	70,823
Entertainment	Part II, Line 43	0	0	0	158,265	0	0	0	158,265
Event expenses	Part II, Line 43	0	0	32,584	0	0	0	0	32,584
Expense - continuing educ	Part II, Line 43	0	0	0	0	191,069	0	0	191,069
Faculty / volunteer / staff awards	Part II, Line 43	0	0	0	0	0	74,108	0	74,108
Food & nutrition	Part II, Line 43	0	0	0	3,424	0	0	0	3,424
Foundation operations	Part II, Line 43	0	0	37,059	0	0	0	0	37,059
Fundraising	Part II, Line 43	0	0	0	62,203	0	0	0	62,203
Game tickets	Part II, Line 43	0	0	0	0	0	23,055	0	23,055
Gen & adm - other	Part II, Line 43	0	0	0	0	37,037	0	0	37,037
Insurance	Part II, Line 43	20,035	15,418	0	5,036	0	97,167	3,525	141,181
Investment fees	Part II, Line 43	312,577	0	20,041	0	19,688	171,417	0	523,723
Leased employee expenses	Part II, Line 43	0	0	919,942	0	0	1,453,876	0	2,373,818
Library expenses	Part II, Line 43	0	0	63,413	0	0	0	0	63,413
Membership dues	Part II, Line 43	0	0	0	24,873	0	0	0	24,873
Miscellaneous expenses	Part II, Line 43	0	1,891	0	18,656	0	0	72	20,619
Other	Part II, Line 43	1,404	0	136,508	0	0	7,014	0	144,926
Parking	Part II, Line 43	0	0	0	6	0	0	0	6
Photography	Part II, Line 43	0	0	0	0	0	6,521	0	6,521
Professional services & fees	Part II, Line 43	0	1,341	410,244	183,683	0	111,683	0	706,951
Program services	Part II, Line 43	0	1,823,337	0	0	0	0	0	1,823,337
Programming rights	Part II, Line 43	0	0	0	185,129	0	0	0	185,129
Registration fees	Part II, Line 43	0	0	0	175	0	0	0	175
Speakers & honorariums	Part II, Line 43	0	0	16,584	0	0	0	0	16,584
Staff development	Part II, Line 43	0	0	0	0	0	10,913	0	10,913
Student housing expenses	Part II, Line 43	0	0	0	0	0	624,291	0	624,291
Telemarketing	Part II, Line 43	0	0	0	179,157	0	0	0	179,157
Transportation	Part II, Line 43	0	0	0	203	0	0	0	203
Uncollectible pledge expense	Part II, Line 43	0	0	38,980	0	0	0	0	38,980
Videography	Part II, Line 43	0	0	72,066	0	0	0	0	72,066
Total expenses, per IRS 990 tax return	Part II, Line 44	5,684,514	1,986,203	3,738,114	4,442,447	605,051	6,038,351	331,657	22,826,337
Other reconciling expenses									
Donated services & use of facilities	Part IV-B, Line b1	0	0	0	0	0	137,600	0	137,600
In-kind revenue	Part IV-B, Line b4	0	0	0	9,066	0	0	0	9,066
Accrual to cash	Part IV-B, Line b4	0	0	0	0	(11,206)	0	0	(11,206)
Management fee paid or organization	Part IV-B, Line b4	0	0	0	0	0	35,000	0	35,000
Investment expenses	Part IV-B, Line d1	(312,577)	0	(20,041)	0	0	(29,864)	0	(362,482)
Direct expenses, golf tournament	Part IV-B, Line d2	0	0	0	0	84,184	0	0	84,184
Cost of goods sold	Part IV-B, Line d2	0	0	0	0	19,466	0	0	19,466
Expenses of Bayou Student Housing	Part IV-B, Line d2	0	0	0	0	0	(3,787,042)	0	(3,787,042)
Other	Part IV-B, Line d2	0	0	0	316,890	0	0	0	316,890
Other - variance, tax vs audit	NA	0	0	0	(27,836)	0	0	0	(27,836)
Total expenses, per financial statement	Part IV-B, Line a	5,371,937	1,986,203	3,718,073	4,740,567	697,495	2,394,045	331,657	19,239,977

University of Houston System
 Affiliated Support Organizations and Foundations
 Analysis of Expenses
 For The Fiscal Year 2008

	2008 Form 990	University of Houston Foundation	University of Houston College of Business Foundation	University of Houston Law Foundation	Association for Community Broadcasting	Foundation for Education and Research in Vision, Inc.	Houston Alumni Organization	Houston Athletics Foundation, Inc.	Total FY 2008
Grants & allocations to									
UH	Part II, Line 22b	5,930,388	246,786	76,300		221,782			6,475,236
Other	Part II, Line 22b	0	0	0		85,767			85,767
Compensation, officers & key employees	Part II, Line 25a	205,420	0	8,500		0			213,920
Salaries & wages of employees	Part II, Line 26	181,670	42,500	0		0			224,170
Pension plan contributions	Part II, Line 27	10,612	0	0		0			10,612
Employee benefits	Part II, Line 28	26,762	0	0		0			26,762
Payroll taxes	Part II, Line 29	22,986	3,251	0		0			26,237
Professional fundraising fees	Part II, Line 30	0	0	0		0			0
Accounting fees	Part II, Line 31	20,300	17,285	32,175		12,027			81,787
Legal fees	Part II, Line 32	0	0	0		44,346			44,346
Supplies	Part II, Line 33	3,192	0	31,003		0			34,195
Telephone	Part II, Line 34	5,674	0	34,630		0			40,304
Postage & shipping	Part II, Line 35	932	0	224,201		0			225,133
Occupancy	Part II, Line 36	28,095	0	18,576		0			46,671
Equipment rental & maintenance	Part II, Line 37	2,033	0	0		0			2,033
Printing & publications	Part II, Line 38	874	0	279,421		0			280,295
Travel	Part II, Line 39	736	0	462,808		2,608			466,152
Conferences, conventions, & meetings	Part II, Line 40	1,752	0	608,504		0			610,256
Interest	Part II, Line 41	0	0	0		0			0
Depreciation	Part II, Line 42	5,380	0	0		0			5,380
Other expenses									
Advertising	Part II, Line 43	0	0	11,197		0			11,197
Alumni cultivations	Part II, Line 43	0	0	0		0			0
Amortization	Part II, Line 43	0	0	0		0			0
Bad debt expense	Part II, Line 43	0	0	0		0			0
Bank fees	Part II, Line 43	0	0	0		0			0
Board meeting	Part II, Line 43	0	0	0		0			0
Bond fees	Part II, Line 43	0	0	0		0			0
Computer expenses	Part II, Line 43	0	0	46,502		0			46,502
Consultant	Part II, Line 43	8,410	0	0		0			8,410
Decorations	Part II, Line 43	0	0	0		0			0
Dues & subscriptions	Part II, Line 43	0	0	64,251		0			64,251
Entertainment	Part II, Line 43	0	0	0		0			0
Event expenses	Part II, Line 43	0	0	0		0			0
Expense - continuing educ	Part II, Line 43	0	0	0		288,153			288,153
Faculty / volunteer / staff awards	Part II, Line 43	0	0	0		0			0
Food & nutrition	Part II, Line 43	0	0	0		0			0
Foundation operations	Part II, Line 43	0	0	0		0			0
Fundraising	Part II, Line 43	0	0	0		0			0
Game tickets	Part II, Line 43	0	0	0		0			0
Gen & adm - other	Part II, Line 43	0	0	0		41,642			41,642
Insurance	Part II, Line 43	16,421	15,392	23,222		0			55,035
Investment fees	Part II, Line 43	217,990	0	31,771		20,198			269,959
Leased employee expenses	Part II, Line 43	0	0	1,169,352		0			1,169,352
Library expenses	Part II, Line 43	0	0	0		0			0
Membership dues	Part II, Line 43	0	0	0		0			0
Miscellaneous expenses	Part II, Line 43	0	727	0		0			727
Other	Part II, Line 43	5,998	0	183,957		0			189,955
Parking	Part II, Line 43	0	0	0		0			0
Photography	Part II, Line 43	0	0	0		0			0
Professional services & fees	Part II, Line 43	0	1,712	83,038		0			84,750
Program services	Part II, Line 43	0	1,693,077	0		0			1,693,077
Programming rights	Part II, Line 43	0	0	0		0			0
Registration fees	Part II, Line 43	0	0	0		0			0
Speakers & honorariums	Part II, Line 43	0	0	0		0			0
Staff development	Part II, Line 43	0	0	0		0			0
Student housing expenses	Part II, Line 43	0	0	0		0			0
Telemarketing	Part II, Line 43	0	0	0		0			0
Transportation	Part II, Line 43	0	0	0		0			0
Uncollectible pledge expense	Part II, Line 43	0	0	0		0			0
Videography	Part II, Line 43	0	0	0		0			0
Total expenses, per IRS 990 tax return	Part II, Line 44	6,695,605	2,020,730	3,389,408	0	716,523	0	0	12,822,266
Other reconciling expenses									
Donated services & use of facilities	Part IV-B, Line b1	0	0	0		0			0
In-kind revenue	Part IV-B, Line b4	0	0	0		0			0
Accrual to cash	Part IV-B, Line b4	0	0	0		(53,106)			(53,106)
Management fee paid or organization	Part IV-B, Line b4	0	0	0		0			0
Investment expenses	Part IV-B, Line d1	(217,990)	0	(31,771)		0			(249,761)
Direct expenses, golf tournament	Part IV-B, Line d2	0	0	0		139,959			139,959
Cost of goods sold	Part IV-B, Line d2	0	0	0		16,181			16,181
Expenses of Bayou Student Housing	Part IV-B, Line d2	0	0	0		0			0
Other	Part IV-B, Line d2	0	0	0		0			0
Other - variance, tax vs audit	NA	0	0	0		0			0
Total expenses, per financial statement	Part IV-B, Line a	6,477,615	2,020,730	3,357,637	0	819,557	0	0	12,675,539

Financial Information Received

	2008		2007		2006	
	FS	990	FS	990	FS	990
UH Foundation	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
UH College of Business Foundation	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
UH Law Foundation	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Assoc. for Community Broadcasting			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
FERV	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Houston Alumni Association	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Houston Athletics Foundation			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

UH System Investment Report
Portfolio Balance (UHS and Foundations)
 As of March 31, 2009
 (in Thousands)

ASSET CLASS	Consolidated		UHS		UHF		Business		Law		ACB ⁽⁵⁾		FERV		HAO		HAF	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
Cash Equivalents	\$ 51,825	11%	\$ 33,886	9%	\$ 14,685	22%	\$ 375	3%	\$ 1,806	14%	\$ -	-	\$ 904	46%	\$ 122	3%	\$ 47	1%
Fixed Income	\$ 64,704	14%	\$ 52,717	15%	\$ 6,772	10%	\$ 3,426	30%	\$ 4,611	35%	\$ -	-	\$ 387	20%	\$ 1,563	41%	\$ 2,000	47%
Domestic	\$ 7,148	2%	\$ -	0%	\$ -	0%	\$ -	0%	\$ 376	3%	\$ -	-	\$ -	0%	\$ -	0%	\$ -	0%
Global	\$ 71,852	16%	\$ 52,717	15%	\$ 6,772	10%	\$ 3,426	30%	\$ 4,987	38%	\$ -	-	\$ 387	20%	\$ 1,563	41%	\$ 2,000	47%
Total Fixed Income	\$ 82,751	18%	\$ 71,633	20%	\$ -	0%	\$ 5,731	51%	\$ 2,123	16%	\$ -	-	\$ 516	26%	\$ 1,334	35%	\$ 1,394	33%
Equity - Domestic	\$ 14,174	3%	\$ 13,136	4%	\$ -	0%	\$ 535	5%	\$ -	0%	\$ -	-	\$ 55	3%	\$ 240	6%	\$ 208	5%
Large/Mid Cap	\$ 114,968	25%	\$ 84,769	24%	\$ 18,063	27%	\$ 6,266	56%	\$ 2,123	16%	\$ -	-	\$ 571	29%	\$ 1,574	41%	\$ 1,802	38%
Small Cap	\$ 75,087	16%	\$ 65,482	18%	\$ 6,879	10%	\$ 693	6%	\$ 1,225	9%	\$ -	-	\$ 105	5%	\$ 557	15%	\$ 346	8%
Total Equity - Domestic	\$ 190,055	42%	\$ 150,251	42%	\$ 24,742	37%	\$ 6,959	62%	\$ 3,348	26%	\$ -	-	\$ 676	34%	\$ 2,131	56%	\$ 1,948	46%
Equity - International	\$ 50,147	11%	\$ 45,919	13%	\$ 2,996	4%	\$ 490	4%	\$ 742	6%	\$ -	-	\$ -	0%	\$ -	0%	\$ -	0%
Inflation Hedges ⁽¹⁾	\$ 42,265	9%	\$ 41,687	12%	\$ -	0%	\$ -	0%	\$ 578	4%	\$ -	-	\$ -	0%	\$ -	0%	\$ -	0%
Non-Marketable Alternatives	\$ 27,703	6%	\$ 26,668	7%	\$ -	0%	\$ -	0%	\$ 1,035	8%	\$ -	-	\$ -	0%	\$ -	0%	\$ -	0%
Hedged Equity	\$ 70,195	15%	\$ 66,355	18%	\$ -	0%	\$ -	0%	\$ 1,613	12%	\$ -	-	\$ -	0%	\$ -	0%	\$ 227	5%
Absolute Return ⁽²⁾	\$ 6,334	1%	\$ 5,777	2%	\$ -	0%	\$ -	0%	\$ 557	4%	\$ -	-	\$ -	0%	\$ -	0%	\$ -	0%
Total Marketable Alternatives	\$ 17,439	4%	\$ 17,439	26%	\$ -	0%	\$ -	0%	\$ -	0%	\$ -	-	\$ -	0%	\$ -	0%	\$ -	0%
Other ⁽⁴⁾	\$ 457,847	100%	\$ 356,905	100%	\$ 66,634	100%	\$ 11,250	100%	\$ 13,053	100%	\$ -	-	\$ 1,967	100%	\$ 3,816	100%	\$ 4,222	100%
TOTAL PORTFOLIO																		

⁽¹⁾ Includes inflation-linked bonds, public and private real estate, private oil and gas, timber, commodities, and other inflation hedging.
⁽²⁾ Includes distressed securities and arbitrage strategies
⁽³⁾ Includes venture capital and private equity
⁽⁴⁾ UHF uses several managers that do not fit within the listed asset classes; they are given flexibility with respect to their asset allocations and are not restricted to a particular asset class or market capitalization.
⁽⁵⁾ UHS requested but has not received investment information from ACB.

UH System Investment Report
Portfolio Investment Returns (UHS and Foundations)
As of March 31, 2009

	<u>Quarter</u>	<u>1 Year</u>
UHS	-4.9%	-30.8%
UHF	-7.1%	-26.6%
Business	-7.7%	-37.1%
Law	-0.7%	-22.8%
ACB ⁽¹⁾	N/A	N/A
FERV	-3.2%	N/A
HAO	-5.5%	-24.0%
HAF	-3.5%	-24.6%

⁽¹⁾ UHS requested but has not received investment information from ACB.

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

COMMITTEE: Audit & Compliance

ITEM: Internal Audit Special Project Report – UHS Job Order Contracts

DATE PREVIOUSLY SUBMITTED:

SUMMARY:

The Internal Audit Special Project Report – UHS Job Order Contracts – contains recommendations for the UHS Job Order Contracts process.

FISCAL NOTE:

SUPPORTING DOCUMENTATION: Internal Audit Special Project Report – UHS Job Order Contracts

ACTION REQUESTED: Information

COMPONENT: University of Houston System

CHIEF AUDIT EXECUTIVE *Don F. Guyton* 7/24/09
Don F. Guyton **DATE**

CHANCELLOR *Renu Khator* 8-4-09
Renu Khator **DATE**

UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDIT DEPARTMENT
SPECIAL PROJECT REPORT

UNIVERSITY OF HOUSTON SYSTEM
JOB ORDER CONTRACTS

REPORT NO. SP2009-05

AUDIT – 7.1




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

MEMORANDUM

TO: Dr. Dennis Golden
Chair, Audit and Compliance Committee

Dr. Renu Khator
Chancellor/President, UHS/UH

FROM: Don F. Guyton 
Director, Internal Auditing

DATE: July 29, 2009

SUBJ: Internal Audit Special Project Report -- Job Order Contracts

I have attached for your review the final draft of the above referenced internal audit report. This report has been distributed to/discussed with key personnel of the University of Houston System. This report is summarized as follows:

Executive Summary:

During 2008, one of the contractors selected for foundation and waterproofing jobs asserted to the Internal Auditing Department that a job order contract for the Hilton Garage that it was initially awarded was subsequently awarded to another contractor. In addition, the contractor asserted that the Director of Architectural Services was piece-mealing (splitting) jobs in order to manipulate the system and avoid getting required signatures, and that this Director was also receiving meals and flowers from other contractors. We brought these assertions to the attention of management who requested that the Internal Auditing Department review the entire job order contracting process. The Internal Auditing Department conducted a review to determine whether the contractor's assertions could be substantiated, and to review the job order contract process and identify opportunities for improvement. Although the contractor believed that he was engaged to perform the work on the Hilton Garage, the job order contract had not been executed. We substantiated that projects were being split into different job orders. We could not substantiate that the Director of Architectural Services received any meals or flowers from contractors. The construction process can be vastly improved with the creation of well written policies and procedures that are implemented and followed. Clearly defined roles and responsibilities can help ensure compliance with the Texas Education Code and the Texas Administration Code related to construction activity.

This audit report is scheduled to be included in the agenda materials for the August 11, 2009 meeting of the Audit and Compliance Committee of the Board of Regents. Please let me know if you have any questions.

AUDIT – 7.2

Attachment

University of Houston System Internal Auditing Department
Special Project Report
Job Order Contracts

Background: The Texas Education Code § 51.784, Job Order Contracts for Facilities Construction or Repair, allows the University of Houston to award Job Order Contracts for the minor construction repair and rehabilitation or alteration of a facility if the work is of a recurring nature but the delivery times are indefinite and indefinite quantities and orders are awarded substantially on the basis of pre-described and pre-priced tasks. From December 2006 through February 2009, FP&C awarded 14 contractors job order contracts for approximately \$19.4 million. During 2008, one of the contractors selected for foundation and waterproofing jobs asserted to the Internal Auditing Department that a job order contract that it was initially awarded was subsequently awarded to another contractor. The contractor alleged that he provided a cost proposal for repairs to the Hilton lower level garage (\$668,000), and that he believed he was awarded the job but the contract was awarded to another contractor. In addition, the contractor believed that the Director of Architectural Services was piece-mealing (splitting) jobs in order to manipulate the system and avoid getting required signatures and that this Director was also receiving meals and flowers from other contractors. We brought these assertions to the attention of management who requested that the Internal Auditing Department review the entire job order contracting process.

Objectives:

1. Determine whether the contractor's assertions can be substantiated.
2. Review the job order contract process and identify opportunities for improvement.

Scope of Work: We reviewed the Facilities Planning and Construction (FP&C) Job Order Contract (JOC) documentation and interviewed FP&C personnel and customers of FP&C.

Findings:

Assertions: The FP&C JOC log indicated that the contractor was awarded a JOC on April 18, 2008, for \$668,020 to repair the Hilton Hotel lower level garage. We were also provided documentation which indicated a second proposal by the contractor on May 22, 2008, for \$689,491. The log also indicated on May 23, 2008, that the JOC was cancelled and that the JOC was awarded to another contractor on May 23, 2008, for \$648,110. The log also showed two additional JOC's on this engagement to the same contractor for approximately \$60,000, bringing the total of the other contractor's work to \$709,808. The department business administrator for FP&C Finance and Operations stated that the JOC to the alleging contractor was cancelled before the final signatures were obtained. We obtained varying explanations from the Director of Architectural Services, the Director of FP&C Planning, and the AVC/AVP for Plant Operations as to the reason the alleging contractor was not selected and the other contractor was selected. These JOC's were awarded during the transition to the new management of Finance and Administration. We substantiated that the contractor's assertion of job splitting occurred. We determined that several projects under the same project manager were split into different JOC's. We determined that eight different project managers had projects that were split into

different JOC's on the same day. We did not substantiate that any FP&C employees received meals, flowers, or other gifts from contractors.

Overall – Job Order Contract Process: In our review of the JOC system, we identified the following areas of non-compliance/opportunities for improvement.

Inadequate evaluation and selection process for job order contractors: During October 2006 the university issued a Request for Qualifications (RFQ) for job order contractors with a deadline for response of October 23, 2006. The university received 13 responses to the RFQ. We determined that there was no systematic approach to evaluate and select the responders to the RFQ, such as clearly documenting the evaluation criteria and rationale for selecting specific contractors. FP&C personnel could not produce any documentation which indicated that award or reject notifications were sent to the RFQ responders, nor could they produce a list of the initial pool of contractors selected to perform work.

Non-Compliance with Texas Education Code § 51.784, Job Order Contracts for Facilities Construction or Repair: This statute requires the institution to advertise for, receive, and publicly open sealed proposals for JOC's. We determined that the institution issued a RFQ during October 2006; however, we were not provided with any documentation that indicated that there was a public opening of the sealed proposals. We also determined that three job order contractors were awarded JOC's without responding to the RFQ. This statute allows institutions to award JOC's for minor construction and repair if the work is of a recurring nature and the delivery times are indefinite and the quantities are indefinite. Many of the jobs awarded under the JOC system did not meet this criteria; for example, Hilton Garage Repair (\$709,000), parking lot maintenance (\$490,000), jogging trails and fitness course (\$280,000), Cullen restroom renovations (\$200,000), Board of Regents suite (\$381,000), Wellness Center annex (\$367,000), UHCL Bayou Building first floor ceiling (\$273,000), UHCL Bayou Building foundation repairs (\$365,000), UHCL Bayou Building fume hood replacement (\$367,000), engineering bio-medical lab (\$295,000), communication labs (\$335,000), and Fleming plumbing and waterproofing (\$429,000). We were informed by the AVC/AVP for Plant Operations that the procedure of awarding large projects to JOC's was started in response to Tropical Storm Allison, and the procedure continued thereafter. The AVC/AVP for Plant Operations believes that the JOC process had not been conducted as intended as FP&C's practice was to use \$1 million as the maximum amount that would require competitive bids. The AVC/AVP for Plant Operations also believes that \$100,000 would be an appropriate maximum threshold for a JOC project.

Non-compliance with Texas Administrative Code Section 34, chapter 20 paragraph 11, Historically Underutilized Business Program: This statute encourages the use of historically underutilized businesses (HUB) by state agencies through race, ethnic, and gender-neutral means. The purpose of the program is to promote full and equal business opportunities for all businesses in the state contracting in accordance with the goals specified in the state of Texas Disparity Study. We conferred with our Office of General Counsel and were informed that each of our institutions should comply with the provisions of the Texas Administrative Code and make a good faith effort to achieve the HUB participation percentages as specified in the code; however, any additional emphasis or preference placed on a contractor's HUB

status could raise legal implications. If a component institution implemented additional procedures not required by the Texas Administrative Code, the institution's procedures may be viewed as being unconstitutional under the 14th Amendment's Equal Protection clause. We were also informed that the institution should not use a contractor's HUB status as a factor in determining which contractors should be awarded a contract, but instead the institution should comply with the provisions of the Texas Administrative Code. We obtained an FP&C worksheet which listed each of the responding contractors to the RFQ group by ethnicity as follows – HUB firms: African-American, Asian, Hispanic, and other; and non-Hub firms (including one white female contractor). We were informed by both the former Vice Chancellor for Finance and Administration and the AVC/AVP for Plant Operations that they met frequently to determine which jobs were assigned to specific contractors. We were informed by the former VC/VP for Administration and Finance and the AVC/AVP for Plant Operations that during some legislative hearings certain members of the legislature were critical of the university for not having higher HUB percentages. We were informed by the former Vice Chancellor for Finance and Administration that the JOC process was a good way to increase our HUB percentages. We were informed by the AVC/AVP for Plant Operations that FP&C tried to even out the number of jobs per contractor based on total dollar amount and that certain contractors received preferential treatment based on their HUB status.

Non-compliance with Texas Education Code § 51.779, Competitive Bidding: This code requires the institution to base its selection among the offers on criteria established by the institution ... (and) publishing the request for bids proposal and qualifications criteria that will be used to evaluate the offers. The Texas Supreme Court ruled in its opinion (*Texas Highway Commission versus Texas Association of Steel Importers, Inc.*) how competitive bidding is aimed in part at preventing favoritism, and it quoted the purpose of competitive bidding ... to be placed on the same plane of equality ... its purpose is to stimulate competition, prevent favoritism, and secure the best work and materials at the lowest practical price for the best interests and benefit of the tax payers and property owners ... Certain members of the Board of Regents referred certain contractors to FP&C for potential work. We were informed by two directors of FP&C that job order contractors were added to the JOC list months after the initial selection. The directors believed (based on comments by management and contractors) that the contractors were added to the list because they had been referred to FP&C by members of the Board of Regents. The former VC/VP of Finance and Administration stated that members of the Board of Regents did not influence his decisions in awarding the job order contracts.

Inadequate Administrative Oversight: We determined there is no formal training for new project managers and that there are no formal written policies and procedures related to the JOC program. We also determined that a VC/VP for Administration and Finance directive stating that employees could not accept gifts or entertainment has not been transmitted to all key personnel and project managers in FP&C. In addition, there is a lack of filing and organization within FP&C regarding the JOC program documentation. We were not provided with all of the copies of documentation from certain projects that we requested, as the files could not be located.

Scope of Work of Job Order Contractors: We determined that some of the work provided by the job order contractors is also routinely provided by the shops in the physical plant area. There were no written criteria indicating when the job order contractor would perform the work versus in-house personnel.

Inadequate Performance of Job Order Contractors: Some of the project managers and customers we interviewed indicated that they were not satisfied by the quality of the work of certain contractors. Some project managers complained that certain contractors were trying to increase their profits by using cheap labor and materials.

Actions taken by management: The current VC/VP for Finance and Administration suspended the JOC program and issued directives requiring the Purchasing Department to coordinate all procurement activity related to construction. These directives require all construction projects to go through a formal competitive bidding process, which includes published evaluation criteria and a formal evaluation committee. In addition, the Internal Auditing Department is invited to attend all formal bid openings. A new Executive Director of Facilities Planning & Construction has been hired, and a new position for Executive Director of Plant Operations is in the process of being filled.

Recommendations:

1. SAM 03.C.03, Repair and Construction Funds, should be modified 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 § 51.780 (Design Build Method), Texas Education Code § 51.781 (Construction Manager – Agent Method), Texas Education Code § 51.782 (Construction Manager – At Risk Method), Texas Education Code § 51.784 (Job Order Contract Method), the Texas Administrative Code part 1, chapter 20 (Texas Procurement and Support Services), and Texas Education Code §§ 51.778 and 779 (Competitive Bidding and Evaluation of Bids and Proposals for Construction Services).
2. The AVC/AVP for Plant Operations should draft and implement 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. These procedures should clearly address the process of solicitation of proposals and the evaluation and selection of contractors and make it clear that the institution is seeking the best value for all construction projects. These procedures should also require RFP's to be issued for any repair and maintenance projects exceeding \$100,000. These procedures should also address the requirements of the JOC statutes and establish criteria to help determine when in-house resources versus job order contractors are to be used. These procedures should also require adequate documentation of the evaluation and selection of contractors.
3. After construction policies and procedures are established, all Plant Operations personnel should be trained and familiar with all requirements.
4. If members of the Board of Regents continue to refer contractors to Plant Operations for potential work, management should establish and implement standardized policies and procedures for handling such referrals to help prevent the appearance of favoritism and secure the best work and materials at the lowest practical price.

Management Response:

1. We plan to modify SAM 03.C.03 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 §§ 51.778 through 51.784 and the Texas Administrative Code part 1, chapter 20. Estimated completion date: December 31, 2009.
2. We plan to develop and implement 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. Estimated completion date: December 31, 2009.
3. We will ensure that, after the construction policies and procedures are established, all Plant Operations personnel are trained and familiar with all requirements. Estimated completion date: December 31, 2009.
4. We will also develop and implement standardized policies and procedures for handling referrals from the Board of Regents to help prevent the appearance of favoritism and secure the best work and materials at the lowest practical price. Estimated completion date: December 31, 2009.

Conclusion:

1. Although the contractor believed that he was engaged to perform the work on the Hilton Garage, the JOC had not been executed. We substantiated that projects were being split into different JOC's. We could not substantiate that the Director of Architectural Services received any meals or flowers from contractors.
2. The construction process can be vastly improved with the creation of well written policies and procedures that are implemented and followed. Clearly defined roles and responsibilities can help ensure compliance with the Texas Education Code and the Texas Administration Code related to construction activity.



Don F. Guyton
Director, Internal Auditing
July 24, 2009

**University of Houston System
Internal Auditing Department**

**Job Order Contracts, SP2009-05
Action Plan**

Est. Compl. Date	Responsibility for Action Name/Title	Action To Be Taken		
	Risk Level:	High	Medium	Low
December 31, 2009	Dave Irvin AVC/AVP Plant Operations		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.	
December 31, 2009	Dave Irvin AVC/AVP Plant Operations		Draft and implement 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.	
December 31, 2009	Dave Irvin AVC/AVP Plant Operations		Ensure that all Plant Operations personnel are familiar with all construction policies and procedures that are established.	
December 31, 2009	Dave Irvin AVC/AVP Plant Operations		Establish and implement 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.	

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.