

UNIVERSITY OF HOUSTON SYSTEM

INTERNAL AUDIT REPORT

UNIVERSITY OF HOUSTON SYSTEM

ANNUAL NON-COMPLIANCE REPORT  
DEPARTMENTAL REVIEWS, FY 2019

REPORT NO. AR2020-03



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

## MEMORANDUM

**TO:** Mr. Peter K. Taaffe  
Chair, Audit and Compliance Committee

Dr. Renu Khator  
Chancellor/President, UHS/UH

**FROM:** Don F. Guyton  
Chief Audit Executive

**DATE:** October 24, 2019

**SUBJ:** Internal Audit Report – UHS Annual Non-Compliance Report – Departmental Reviews, FY 2019

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

### **Executive Summary:**

The purpose of this report is to compile a listing of all instances of non-compliance noted in the departmental reviews during the previous year in order that management can assess its risks associated with repetitive instances and take action, if necessary. During FY 2019, the Internal Audit Department issued 8 audit reports that contained the results of 33 departmental reviews, resulting in management action plans for 33 of the 134 noted instances of non-compliance. We noted that the most frequent instances of non-compliance by audited units occurred in the areas of cost center management, payroll/human resources, and property management. We received assurances from management that they would consider the instances of non-compliance in the modification or development of their training programs.

This audit report is scheduled to be included in the agenda materials for the November 14, 2019, meeting of the Audit and Compliance Committee of the Board of Regents. Please let me know if you have any questions.

Attachment

**UNIVERSITY OF HOUSTON SYSTEM  
INTERNAL AUDITING DEPARTMENT**

**UNIVERSITY OF HOUSTON SYSTEM  
ANNUAL NON-COMPLIANCE REPORT – DEPARTMENTAL REVIEWS  
FY 2019**

The purpose of this report is to compile a listing of all instances of non-compliance noted in the departmental reviews during the previous year in order that management can assess its risks associated with repetitive instances and take action, if necessary. During FY 2019, the Internal Audit Department issued 8 audit reports that contained the results of 33 UH departmental reviews. For FY 2019, the departmental review process resulted in management action plans for 33 of the 134 noted instances of non-compliance.

Attached is a summary of instances of non-compliance. We noted that the most frequent instances of non-compliance by audited units occurred in the areas of cost center management, payroll/human resources, and property management. We have provided a table to UH management which summarizes these instances of non-compliance and have received their assurances that they would consider them in the modification or development of their training programs.

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Don F. Guyton  
Chief Audit Executive  
September 10, 2019

**Summary of Instances of Non-Compliance – Departmental Reviews  
FY 2019**

<b>Non-Compliance Area</b>	<b>UH (33 Departments)</b>
Cash Handling	17
Contract Administration	5
Cost Center Management	27
Departmental Expenses	4
Management Oversight	5
Payroll/Human Resources	23
Policies, Procedures, and Training	11
Procurement and Travel Cards	11
Property Management	19
Research	10
Scholarships	2
<b>Total</b>	<b>134</b>