

UNIVERSITY OF HOUSTON SYSTEM

INTERNAL AUDIT REPORT

UNIVERSITY OF HOUSTON-DOWNTOWN

COLLEGE OF SCIENCES AND
TECHNOLOGY
DEPARTMENTAL REVIEWS

REPORT NO. AR2020-06



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 – UHD College of Sciences and Technology, Departmental Reviews

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-Downtown and University of Houston System. This report is summarized as follows:

Executive Summary:

The objective of the Departmental Review is to determine whether departments are conducting financial and administrative activities in compliance with university policies. We performed four departmental reviews in the College of Sciences and Technology. 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 risk exposures and control issues. We noted that the College was not in compliance with certain policies. Management agreed to implement an action plan for a certain area of non-compliance and informed us that it would take the necessary actions in order to help prevent reoccurrences of similar instances of non-compliance with university policies.

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-DOWNTOWN
COLLEGE OF SCIENCES AND TECHNOLOGY
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 four departmental reviews in the College of Sciences and Technology. 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 risk exposures and control issues. We noted that the College was not in compliance with certain policies. Management agreed to implement an action plan for a certain area of non-compliance and informed us that it would take the necessary actions in order to help prevent reoccurrences of similar instances of non-compliance with university policies.

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

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

Don F. Guyton
Chief Audit Executive
October 4, 2019

**University of Houston System
Internal Auditing Department**

**University of Houston-Downtown
College of Sciences and Technology
Departmental Reviews**

COMPLIANCE MATRIX				
Compliance Area	Dean's Office, Mathematics and Statistics and Nursing	Computer Science and Engineering Technology	Natural Sciences	Scholars Academy
Management Oversight	(1)	✓	✓	✓
Policies, Procedures, Required Training, And Reporting	✓	(1)	✓	✓
Cost Center Management	(1)	(1)	(1)	✓
Payroll	(1)	✓	✓	(1)
Human Resources	✓	✓	✓	✓
Change Funds And Cash Receipts	N/A	N/A	✓	N/A
Procurement And Travel Cards	✓	✓	✓	✓
Departmental Expenses	✓	✓	✓	✓
Contract Administration	✓	✓	✓	✓
Property Management	✓	✓	✓	✓
Scholarships	✓	N/A	N/A	N/A
Research	✓	✓	(1)	✓

- ✓ Fully Complies
- ⊖ Opportunity for Improvement
- () Number of Instances of Non-Compliance
- N/A Not Applicable

**University of Houston System
Internal Auditing Department**

**UHD College of Sciences and Technology, Departmental Reviews - AR2020-06
Action Plan**

Est. Compl. <u>Date</u>	Responsibility for Action <u>Name/Title</u>	<u>Action To Be Taken</u>
Risk Level: High Medium Low		
July 30, 2020	Leah Benard-Boggs College Business Administrator Dean's Office	Prepare and approve cost center verifications in a timely manner.

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

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT**

**UNIVERSITY OF HOUSTON-DOWNTOWN
COLLEGE OF SCIENCES AND TECHNOLOGY
DEPARTMENTAL REVIEWS
INSTANCES OF NON-COMPLIANCE**

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

DEAN'S OFFICE, MATHEMATICS AND STATISTICS AND NURSING

Management Oversight

- Monthly Checklists were not complete.

Cost Center Management

- Cost center verifications were not always prepared and approved timely.*

Payroll

- An employee was not clocking in and out to record time worked.

COMPUTER SCIENCE AND ENGINEERING TECHNOLOGY

Policies, Procedures, Required Training and Reporting

- Mandatory training was not completed by applicable employees.

Cost Center Management

- Cost center verifications were not always prepared and approved timely.

NATURAL SCIENCES

Cost Center Management

- Cost center verifications were not always prepared and approved timely.

Research

- Expired grant cost centers were not deactivated.

SCHOLARS ACADEMY

Payroll

- An employee was not clocking in and out to record time worked.

**University of Houston System
Internal Auditing Department**

**University of Houston-Downtown
College of Sciences and Technology
Background Information**

Background provided by the College:

The mission of the College of Sciences and Technology (CST) is to:

- Provide a diverse, learner-centered, enriching experience in relevant, cutting-edge undergraduate, graduate, and certificate programs that promote discovery, effective communication, the application of knowledge, and personal success in career and life;
- Foster a diverse and energetic faculty that effectively integrates high-impact teaching, scholarship, and service to enhance student learning and success, and advancement in the workforce; and
- Develop relationships and two-way pipelines with graduate and professional programs, workforce, and industry through internship opportunities and research experiences.

The dean's office functions to provide leadership, support and coordination to the academic departments in order to assist them to execute the mission of the CST. The CST three academic departments are Computer Sciences and Engineering Technology, Mathematics and Statistics, and Natural Sciences; each department offers several undergraduate degrees. Additionally, the CST offers one Master's degree, which is coordinated through the dean's office: M.S. in Data Analytics. Other major programs reporting to the dean include:

- The UHD Scholars Academy is an academically competitive program in the CST that promotes scholarship and student success for undergraduate students majoring in Science, Technology, Engineering and Mathematics (STEM).
- The Houston PREP is a program designed to enhance the academic backgrounds of socially and economically disadvantaged students at the middle and high school level in Science, Technology, Engineering, and Mathematics (STEM) courses in order to improve student's comprehension in these topics and emphasize the importance of STEM fields in today's world. It has been funded through UHD and a variety of sponsors for the past several years – a current list of sponsors is available at: http://www.uhd.edu/academic/colleges/sciences/ccsds/hou_prep/sponsors/2012.html.
- The Center for Urban Agriculture & Sustainability, which is a multidisciplinary research, curricular, and community engagement center focused on connecting faculty, staff, and students to the community to address the challenges of sustainable agriculture and living in urban environments.

The CST provides bachelor of science degrees in biological and physical sciences, biology, chemistry, control and instrumentation technology, geosciences, mathematics, statistics, structural analysis with design option; bachelor of arts in mathematics; and bachelor of applied arts and sciences in safety management.

As of Fall 2018, the CST has 1,867 undergraduate majors and 150 master's students pursuing a degree in the CST. The number of undergraduate majors has nearly tripled in the last 9 years. Additionally, the MS in Data Analytics, in its fourth year, has more than doubled since its second year. The undergraduate majors make up 19.0% of all declared majors at UHD, which is nearly double the proportion from 8 years ago. The proportion of STEM graduates to all UHD graduates has increased from 6.4% to 11.8% since 2010. The CST provides service courses for general education in computer literacy, natural sciences, and mathematics; and these courses contribute approximately 40% of all student credit hours of the CST.

The CST responds and works with government and industry through cooperative research efforts closely linked to its fundamental educational mission. Recent interactions that have resulted in research opportunities and equipment donations include Siemens, Halliburton, and Exxon-Mobil. The CST places emphasis on providing educational opportunities for broad segments of society including minorities and women and strives to be responsive to its many constituencies. Thus, the CST aspires to the highest levels of excellence in its basic missions: transmission and discovery of knowledge, preparation of its students for success in the 21st century, and in service to the greater Houston community, the State of Texas and the nation.

In support of this mission, the dean promotes the CST to external agencies and develops external support for all of the CST programs. High priorities for the CST include:

- Develop programming to fully utilize the capabilities of the new Sciences & Technology Building.
- Reorganization of staff duties to provide more equitable workload across all the units and to the needs of the new Sciences and Technology Building;
- Providing advising to students to help ensure timely graduation;
- Ensuring high quality teaching in classroom and laboratory environments;
- Providing opportunities for internships and research experiences to a majority of majors;
- Encouraging faculty to engage in research that benefits students, placing additional effort in recruitment programs to attract more students to existing programs in the CST;
- Development of stronger community relationships and enhanced community service through a variety of new initiatives;
- Gaining approval for new programs of high relevance to the community; and
- Securing additional corporate, government and foundation support in order to provide students with unique educational experiences.

Budget/Financial Summary:

During fiscal year 2020, with a faculty of 85 FTE's and a staff of 31 FTE's, the College administered over 357 cost centers with an overall operating budget of \$12,511,672.

The following table presents the fund balance reconciliation for the College for FY 2018:

Beginning Fund Balance (9/1/2017)	\$ 1,314,968
Revenues	1,835,598
Expenditures	(13,015,187)
Transfers/Other	<u>11,498,084</u>
Ending Balance (8/31/2018)	<u>\$ 1,633,463</u>

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

<u>Description</u>	<u>FY 2018</u>	<u>FY 2017</u>
<u>Revenue</u>		
Endowment Income Distribution	\$ (10,871)	\$ (10,423)
Federal Grants and Contracts	(1,050,784)	(936,554)
Federal Pass Through Grants - State	(428,691)	(514,108)
Grants and Contracts	0	(2,450)
Other Fees	(14,600)	(9,182)
Private Gifts, Grants and Contracts	(193,207)	(254,714)
Sales and Service - Educational and General	0	(10)
State Grants and Contracts	(22,024)	(83,670)
State Pass Through - Other State Agencies	(115,421)	(41,740)
Total Revenue	<u>\$ (1,835,598)</u>	<u>\$ (1,852,851)</u>
<u>Cost of Goods Sold</u>		
Cost of Goods Sold	\$ 725	\$ (450)
Total Cost of Goods Sold	<u>\$ 725</u>	<u>\$ (450)</u>
<u>Payroll</u>		
Salaries and Wages	\$ 9,606,382	\$ 8,900,446
Fringe Benefits	608,410	467,130
Total Payroll	<u>\$ 10,214,792</u>	<u>\$ 9,367,576</u>
<u>Maintenance and Operations</u>		
Academic Service	\$ 4,998	\$ 2,458
Advertising Promotion and Public	48,582	79,883
Communication and Transportation	32,366	41,649
Construction Expenses	9,148	0
Contracting of Services	29,197	48,900
Employee Expenses	54,243	73,172
Facilities and Grounds Supplies	518	263
Financial Aid	601,831	663,428
Financial Tax and License Cost	519	66
General Services	195,536	70,347
General Supplies	249,383	240,905
Indirect Cost	62,725	61,148
Lab Research Supplies	37,666	12,214
Miscellaneous Supplies and Materials	11,568	4,842
Other Recurring Expenses	233,635	579,288
Parts and Furnishing	297,376	224,835
Pass Through	2,319	1
Printing, Copying, and Reproduction	9,589	9,433
Professional Services	270	10,500
Rental Lease and Royalties	70,508	42,389
Routine Repair	34,968	32,096
Special Program and Events	119,589	44,703
Travel Expenses	204,281	204,676
Utilities and Sanitation	2,954	3,084
Total Maintenance and Operations	<u>\$ 2,313,769</u>	<u>\$ 2,450,280</u>
<u>Capital Outlay</u>		
Capital Outlay	\$ 485,901	\$ 43,385
Total Capital Outlay	<u>\$ 485,901</u>	<u>\$ 43,385</u>
Total Cost of Goods Sold, Payroll, M&O, and Capital Outlay	<u>\$ 13,015,187</u>	<u>\$ 11,860,791</u>