

*PROGRAM-SPECIFIC AUDIT
STUDENT FINANCIAL ASSISTANCE
CLUSTER (TITLE IV)*

**UNIVERSITY OF HOUSTON –
VICTORIA**
(an agency of the State of Texas)

For the Fiscal Year Ended
August 31, 2023

UNIVERSITY OF HOUSTON – VICTORIA

TABLE OF CONTENTS

August 31, 2023

Page

INDEPENDENT AUDITORS' REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS ISSUED IN A PROGRAM-SPECIFIC AUDIT OF STUDENT FINANCIAL ASSISTANCE CLUSTER (TITLE IV)	3
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	5
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	7
 <u>SCHEDULES</u>	
<i>SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS</i>	10
<i>SCHEDULE OF FINDINGS AND QUESTIONED COSTS</i>	11
<i>SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – STUDENT FINANCIAL ASSISTANCE CLUSTER (TITLE IV)</i>	12
<i>NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS</i>	13



**INDEPENDENT AUDITORS' REPORT ON THE SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS ISSUED IN A PROGRAM-SPECIFIC AUDIT OF STUDENT FINANCIAL
ASSISTANCE CLUSTER (TITLE IV)**

To the Board of Regents of the
University of Houston System:

Report on the Audit of the Schedule of Expenditures of Federal Awards

Opinion

We have audited the accompanying schedule of expenditures of federal awards for the Student Financial Assistance Cluster (“Title IV”) of the University of Houston – Victoria (the “University”), an agency of the State of Texas (the “State”), for the year ended August 31, 2023, and the related notes (the “Schedule”).

In our opinion, the Schedule referred to above presents fairly, in all material respects, the expenditures of federal awards for Title IV of the University for the year ended August 31, 2023, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Schedule section of our report.

We are required to be independent of the University, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Schedule

Management is responsible for the preparation and fair presentation of the Schedule in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Schedule that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the Schedule

Our objectives are to obtain reasonable assurance about whether the Schedule as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and is therefore not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the Schedule.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the Schedule, whether due to fraud, or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the Schedule.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the Schedule.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
January 22, 2024



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Regents of the University of Houston System:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the schedule of expenditures of federal awards for the Student Financial Assistance Cluster ("Title IV") and the related notes (the "Schedule") of the University of Houston – Victoria (the "University"), an agency of the State of Texas (the "State") as of and for the year ended August 31, 2023, and have issued our report thereon dated January 22, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the Schedule, we considered the University's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the Schedule, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the University's Schedule will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's Schedule is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the Schedule. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
January 22, 2024



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Regents of the
University of Houston System:

Report on Compliance for Student Financial Assistance Cluster (Title IV)

Opinion on Compliance for Student Financial Assistance Cluster (Title IV)

We have audited the University of Houston – Victoria's (the "University"), an agency of the State of Texas (the "State"), compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on its Student Financial Assistance Cluster ("Title IV") for the year ended August 31, 2023.

In our opinion, the University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Title IV for the year ended August 31, 2023.

Basis for Opinion on Compliance for Student Financial Assistance Cluster (Title IV)

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for Title IV. Our audit does not provide a legal determination of the University's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Title IV.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the University's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the University's compliance with the requirements of the federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the University's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the University's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses

as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
January 22, 2024

UNIVERSITY OF HOUSTON – VICTORIA
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended August 31, 2023

None noted.

UNIVERSITY OF HOUSTON - VICTORIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended August 31, 2023

A. SUMMARY OF AUDITORS' RESULTS

Financial Statement

Type of auditors' report issued	Unmodified
Is a 'going concern' emphasis-of-matter paragraph included in the audit report?	No
Internal control over financial reporting:	
Is a significant deficiency in internal control disclosed?	No
Is a material weakness in internal control disclosed?	No
Is noncompliance material to the Schedule disclosed?	No

Compliance

Type of opinion expressed in the auditors' report on compliance	Unmodified
Internal control over compliance:	
Is a significant deficiency in internal control over compliance disclosed?	No
Is a material weakness in internal control over compliance disclosed?	No
Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200.516(a)?	No
Did the auditee qualify as low-risk auditee?	No

Programs included in the program-specific audit of Title IV consisted of:

<u>Assistance Listing (AL) Numbers</u>	<u>Name of Federal Program or Cluster</u>	<u>Number of Audit Findings</u>
84.007	Federal Supplemental Educational Opportunity Grants	0
84.033	Federal Work-Study Program	0
84.063	Federal Pell Grant Program	0
84.268	Federal Direct Student Loan Program	0
84.379	Teacher Education Assistance for College and Higher Education (TEACH) Grants	0

B. FINANCIAL STATEMENT FINDINGS

None identified.

C. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None identified.

UNIVERSITY OF HOUSTON - VICTORIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
STUDENT FINANCIAL ASSISTANCE CLUSTER (TITLE IV)
For the Year Ended August 31, 2023

Federal Grantor/Pass-Through Grantor/ Program Title	AL Number	Expenditures
<u>U.S. Department of Education</u>		
Student Financial Assistance Cluster:		
Federal Supplemental Educational Opportunity Grants	84.007	\$ 288,178
Federal Work-Study Program	84.033	201,846
Federal Pell Grant Program	84.063	7,407,178
Federal Direct Student Loan Program	84.268	16,865,014
Teacher Education Assistance for College and Higher Education (TEACH) Grants	84.379	9,429
Total U.S. Department of Education		\$ 24,771,645

See accompanying Notes to Schedule of Expenditures of Federal Awards.

UNIVERSITY OF HOUSTON – VICTORIA

NOTES TO SCHEDULE OF EXPENDITURES

OF FEDERAL AWARDS

For the Year Ended August 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES USED IN PREPARING THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The University of Houston – Victoria (the “University”) is part of the University of Houston System (the “System”) and is an agency of the State of Texas (the “State”). The Schedule of Expenditures of Federal Award (the “Schedule”) – Student Financial Assistance Cluster (“Title IV”) represents only the activity of Title IV and does not include any other awards received by the University or any award received by the System or the State.

The University has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance §200.414.

2. RELATIONSHIP TO FEDERAL AND STATE REPORTS

Differences between amounts reflected in the financial reports filed with grantor agencies for the programs and in the Schedule are due to different program year ends and accruals that will be reflected in the next report filed with the grantor agencies.

3. SUBSEQUENT EVENTS

The University evaluated subsequent events and, as of the date of the independent auditors’ report, none were noted.



Required Auditor Disclosure Letter Planning

January 22, 2024

To the Board of Regents of the
University of Houston System:

We are engaged to audit the schedule of expenditures of federal awards for the Student Financial Assistance Cluster (“Title IV”) (the “Schedule”) of the University of Houston – Victoria (the “University”) for the year ended August 31, 2023. Professional standards require that we provide the Board of Regents (the “governing body”) with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit.

I. Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated October 18, 2021, our responsibility, as described by professional standards, is to express opinions about whether the Schedule prepared by management with the governing body’s oversight is fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the Schedule does not relieve the governing body or management of its responsibilities.

II. Planned Scope and Timing of the Audit

An audit includes examining, on a test basis, evidence supporting the amounts in the Schedule; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

Our audit will include obtaining an understanding of the University and its environment, including internal control, sufficient to assess the risks of material misstatement of the Schedule and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the University or to acts by management or employees acting on the behalf of the University. We will generally communicate our significant findings at the conclusion of the audit. However, some matters could be communicated sooner, particularly if significant difficulties are encountered during the audit where assistance is needed to overcome the difficulties or if the difficulties may lead to a modified opinion. We will also communicate any internal control related matters that are required to be communicated under professional standards.

We have identified the following significant risk(s) of material misstatement as part of our audit planning:

- Management override of controls
- Revenue recognition
- Noncompliance with complex Title IV rules and regulations

III. Restrictions on Use

This information is intended solely for the use of the governing body and management of the University and is not intended to be, and should not be, used by anyone other than these specified parties.

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas

Required Auditor Disclosure Letter Conclusion of Audit

January 22, 2024

To the Board of Regents of the
University of Houston System:

We have audited the schedule of expenditures of federal awards for the Student Financial Assistance Cluster (“Title IV”) of the University of Houston – Victoria (the “University”), for the year ended August 31, 2023 and related notes (the “Schedule”). Professional standards require that we provide the Board of Regents (the “governing body”) with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to the governing body the following information related to our audit.

I. Significant Audit Matters

1. Qualitative Aspects of Accounting Practices

- A. Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the University are described in the notes to the Schedule. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the University during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the Schedule in the proper period.
- B. Accounting estimates are an integral part of the Schedule prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the Schedule and because of the possibility that future events affecting them may differ significantly from those expected.
- C. The Schedule’s disclosures are neutral, consistent, and clear.

2. Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

3. Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. No adjustments were noted.

4. Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial, accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statement or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

5. Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 22, 2024.

6. Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the University's Schedule or a determination of the type of auditors' opinion that may be expressed on the Schedule, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

7. Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the University's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

8. Changes in Risk Assessment

No changes in risk assessment were noted in the completion of the audit as previously communicated in our planning letter.

II. Restrictions on Use

This information is intended solely for the use of the governing body and management of the University and is not intended to be, and should not be, used by anyone other than these specified parties.

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas