UNIVERSITY OF HOUSTON SYSTEM

INTERNAL AUDIT REPORT

UNIVERSITY OF HOUSTON SYSTEM

ANNUAL NON-COMPLIANCE REPORT
DEPARTMENTAL REVIEWS
FY 2018

REPORT NO. AR2019-03

UNIVERSITY OF HOUSTON SYSTEM
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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 29, 2018

SUBJ: Internal Audit Report – UHS Annual Non-Compliance Report – Departmental Reviews, FY 2018

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 2018, the Internal Audit Department issued 6 audit reports that contained the results of 30 departmental reviews, resulting in management action plans for 43 of the 128 noted instances of non-compliance. One of these reports contained a significant risk exposure and control issue. We noted that the most frequent instances of non-compliance by audited units occurred in the areas of payroll/human resources, cost center management, and research. 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 15, 2018, 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 2018

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 2018, the Internal Audit Department issued 6 audit reports that contained the results of 30 departmental reviews. Departmental reviews were performed in 25 UH departments and 5 UHD departments. For FY 2018, the departmental review process resulted in management action plans for 43 of the 128 noted instances of non-compliance. One of these reports contained a significant risk exposure and control issue.

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 payroll/human resources, cost center management, and research. We have provided a table to each institution 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.

Don F. Guyton
Chief Audit Executive
August 22, 2018

Summary of Instances of Non-Compliance – Departmental Reviews FY 2018			
Non-Compliance Area	**UH** **(25 Departments)**	**UHD** **(5 Departments)**	**Total**
Cash Handling	10	1	11
Contract Administration	5	-	5
Cost Center Management	22	7	29
Departmental Expenses	8	-	8
Management Oversight	1	-	1
Payroll/Human Resources	32	4	36
Policies, Procedures, Training	6	-	6
Procurement and Travel Cards	9	1	10
Property Management	2	-	2
Research	18	2	20
Total	113	15	128