UNIVERSITY OF HOUSTON SYSTEM

INTERNAL AUDIT REPORT

UNIVERSITY OF HOUSTON SYSTEM

FOLLOW-UP STATUS REPORT

Actions Scheduled from January 1, 2019 to March 31, 2019

REPORT NO. AR2019-16

UNIVERSITY OF HOUSTON SYSTEM
Internal Auditing Department
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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: April 25, 2019

SUBJ: Internal Audit Report – Follow-up Status Report

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 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 January 1, 2019, to March 31, 2019, in all audit reports with open recommendations. This status report addresses 24 management actions in 13 individual reports. In ascertaining whether appropriate action was taken, we interviewed personnel, reviewed documentation and performed other audit procedures as necessary. We determined that 14 of these management actions have been completed and 10 partially implemented.

This audit report is scheduled to be included in the agenda materials for the May 16, 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
FOLLOW-UP STATUS REPORT
(Actions Scheduled from January 1, 2019, to March 31, 2019)

Board of Regents Audit and Compliance Committee Meeting
May 16, 2019

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University of Houston System
Internal Auditing Department

Follow-up Status Report
(Actions scheduled from January 1, 2019, to March 31, 2019)

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 January 1, 2019, to March 31, 2019, in all audit reports with open recommendations. This status report addresses 24 management actions in 13 individual reports. In ascertaining whether appropriate action was taken, we interviewed personnel, reviewed documentation and performed other audit procedures as necessary. We determined that 14 of these management actions have been completed and 10 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, 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
April 23, 2019

Attachment

UNIVERSITY OF HOUSTON SYSTEM
AUDIT REPORTS CONTAINING MANAGEMENT ACTION PLANS
FOLLOW-UP STATUS
FY 2019

Report Number	Report Date	REPORT TITLE	**All Actions Complete** Final Disposition Rept. No.	Some Actions Addressed in this Report
INTERNAL AUDIT REPORTS WITH OPEN RECOMMENDATIONS:				
AR2014-25	08/19/14	UHD Endowments	**AR 2019-16**	**X**
AR2014-28	08/19/14	UH Information Security Standards	**AR 2019-08**	
AR2015-11	02/19/15	UHCL Student Accounting and Receivables	**AR 2019-01**	
AR2015-20	05/21/15	UHD Student Accounting and Receivables	**AR 2019-08**	
AR2015-28	08/20/15	UH Facilities Planning and Construction	**AR 2019-01**	
AR2016-04	11/19/15	UHV Enrollment Management and Student Affairs, Dept. Rev.		
AR2016-24	05/19/16	UHCL Information Security Standards	**AR 2019-08**	
AR2016-25	05/19/16	UHV Information Security Standards	**AR 2019-08**	
AR2017-21	02/23/17	UH Center for Adv. Computing and Data Systems, Follow-up	**AR 2019-16**	**X**
AR2017-33	08/24/17	UHV School of Education, Health Professions, and Human Development, Departmental Review	**AR 2019-01**	
AR2018-03	11/16/17	UHV Student Housing	**AR 2019-01**	
AR2018-07	11/16/17	UHS General Accounting		**X**
AR2018-08	11/16/17	UH Student Housing	**AR 2019-01**	
AR2018-14	03/08/18	UHS Internal Assessment of Internal Auditing	**AR 2019-16**	**X**
AR2018-18	05/24/18	UH College of Technology, Departmental Reviews	**AR 2019-01**	
AR2018-19	05/24/18	UHD College of Public Service, Departmental Review	**AR 2019-16**	**X**
AR2018-22	08/23/18	UH Athletics, NCAA Rules-Compliance	**AR 2019-08**	
AR2018-23	08/23/18	UHD College of Humanities and Social Sciences, Dept. Rev.	**AR 2019-08**	
AR2018-24	08/23/18	UH Cullen College of Engineering, Departmental Reviews	**AR 2019-08**	
AR2018-25	08/23/18	UHS Contract Administration - Food Services		**X**
AR2018-26	08/23/18	UHS Contract Administration - Bookstore Services		
AR2018-27	08/23/18	UHS State Benefits Proportionality, FY 2015-2017	**AR 2019-16**	**X**
AR2018-28	08/23/18	UHS Payroll		**X**
AR2019-04	11/15/18	UH College of Natural Sciences & Mathematics, Dept. Rev.		**X**
AR2019-05	11/15/18	UH, Division of Research, Departmental Reviews		**X**
AR2019-06	11/15/18	UHS Board of Regents' Travel & Entertainment, FY 2018		
AR2019-12	02/28/19	UHS Contract Administration - Pouring Rights		
AR2019-14	02/28/19	UH College of Pharmacy, Departmental Review		
IT 2017-01	05/18/17	Review of the Electronic Access System		
IT 2018-01	03/08/18	Review of the Advancement Donor Management System		**X**
IT 2018-02	03/08/18	UHS Cybersecurity Review		
SP2017-07	8/24/2017	University Advancement / Real Estate Services, Pol. & Proc.	**AR 2019-08**	
EXTERNAL AUDIT REPORTS WITH OPEN RECOMMENDATIONS:				
EM 2016	02/18/16	Emergency Management/Safety and Security Audit	**AR 2019-08**	
EM 2019	02/28/19	Emergency Management/Safety and Security Audit		**X**
Int. Audit Peer Review	06/01/18	Internal Audit Dept. Peer Review		**X**

University of Houston System
Internal Auditing Department

Follow-up Status Report
as of March 31, 2019

Internal Audit Report Number	Report Title	Action No.	Total Actions	Est. Compl. Date	Responsibility For Action: Name / Title	Responsibility For Action: Entity	Action To Be Taken	Status
					Risk Level: High Medium Low			
AR2014-25	Endowments	3e	3	1/31/2019	Johanna Wolfe Vice President Advancement and University Relations	UHD	Work with UHS University Advancement to update the terms of endowment agreements or prepare memorandums of understanding.	***Action Complete***
AR2017-21	Center for Advanced Computing and Data Systems	1a	3	1/31/2019	Dr. Amr Elnashai VC/VP for Research and Technology Transfer	UH	Perform a review of CACDS activities to determine whether it is functioning as a multidisciplinary research organization or a core facility, and make organizational changes, as appropriate.	***Action Complete***
AR2018-07	UHS General Accounting	7a	7	2/28/2019	Bobby Kegresse Director General Accounting	UHCL	Perform a review of access to the Financial System to help ensure current access is properly authorized and obtain additional supporting documentation.	***Action Complete***
AR2018-14	UHS Internal Auditing Department, Internal Quality Assurance Review	2	2	1/1/2019	Don Guyton Chief Audit Executive	UHS	Increase the use of data analysis tools on University or System-wide data sets.	***Action Complete***
AR2018-19	College of Public Service Departmental Review	1a	2	1/31/2019	Stephen Quander College Business Administrator College of Public Service	UHD	Prepare and approve cost center verifications in a timely manner and maintain adequate documentation.	***Action Complete***
AR2018-25	UHS Contract Administration - Food Services	1	4	1/31/2019	Emily Messa Associate VC/VP Administration	UHS	Modify SAM 03.A.05, Contract Administration, to require appropriate oversight of system-wide contracts, acknowledgement of changes in responsibility for contract oversight, and requirements for monitoring contracts.	***Partially Implemented*** – **Updated Management's Response**: SAM 03.A.05 has been modified to address the audit finding including verbiage for the following: requiring appropriate oversight of system-wide contracts, acknowledging changes in responsibility for contract oversight, and addressing requirements for contract monitoring. Additionally, we are working to incorporate appropriate policy and procedure information from UH MAPP 04.04.01A into SAM 03.A.05 to ensure all relevant contract administration policies and procedures are housed in one document. The expected completion date for review and approval of revised SAM 03.A.05 is November 15, 2019.

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					Risk Level: High Medium Low			
AR2018-27	UHS State Benefits Proportionality, FY 2015-2017	1	2	8/1/2019	Karin Livingston Controller Finance	UHS	Review and update processes and procedures for compliance with the State Comptroller's Office Accounting Policy Statements, including completing the APS 011 report.	***Action Complete***
AR2018-27	UHS State Benefits Proportionality, FY 2015-2017	2	2	8/1/2019	Karin Livingston Controller Finance	UHS	Coordinate efforts with the State Comptroller's Office to ensure that any non-compliance issues resulting from overpayment/underpayment of benefits are resolved in accordance with state accounting standards.	***Action Complete***
AR2018-28	UHS Payroll	2	5	3/31/2019	Sandra Armstrong, Interim Associate VC/VP Human Resources	UHS	Restrict access to payline to a limited number of employees who are responsible for processing payroll.	***Partially Implemented*** **– Updated Management's Response:** Payline access was removed for certain individuals at UH, UHCL and UHV; however, access was not restricted to a limited number of employees at each university. The UH Payroll Department developed procedures for all universities to identify, review, and retain supporting documentation for payline transactions that is expected to be implemented by the end of April 2019. **No further work required by Internal Audit.**
AR2018-28	UHS Payroll	4	5	1/31/2019	Sandra Armstrong, Interim Associate VC/VP Human Resources	UHS	Determine the roles and responsibilities for payroll employees at each System university to help ensure there is adequate segregation of duties and change job descriptions/titles, as appropriate.	***Partially Implemented*** **– Updated Management's Response:** UHCL, UHD and UHV performed a review of roles and responsibilities for payroll employees to help ensure adequate segregation of duties. UHV restricted access to certain Human Resources related responsibilities to enhance segregation of duties. UHCL and UHD did not make any changes to payroll employees roles and responsibilities. **No further work required by Internal Audit.**
AR2019-04	College of Natural Sciences and Mathematics, Departmental Reviews	1	12	2/1/2019	Fred McGhee Executive Director of Business Operations Dean's Office	UH	Implement the recommendations as identified in the College Technology Review.	***Partially Implemented*** **– Updated Management Response:** NSM has diligently worked to implement the recommendations made in the Technology Review and has implemented 44 of 47 recommendations. Estimated Completion Date: December 1, 2019.

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					Risk Level: High Medium Low			
AR2019-04	College of Natural Sciences and Mathematics, Departmental Reviews	2	12	1/31/2019	Emily Merrell College Business Administrator Dean's Office	UH	Prepare and approve cost center verifications in a timely manner and maintain adequate documentation.	***Partially Implemented*** **- Updated Management's Response:** Eight of nine cost centers were prepared and approved timely and adequately documented. Estimated Completion Date: August 1, 2019.
AR2019-04	College of Natural Sciences and Mathematics, Departmental Reviews	4	12	1/31/2019	Shaki Commissariat Department Business Administrator Biology & Biochemistry	UH	Prepare and adequately document cost center verifications in a timely manner.	***Action Complete***
AR2019-04	College of Natural Sciences and Mathematics, Departmental Reviews	5	12	1/31/2019	Elsie Myers Department Business Administrator Chemistry	UH	Prepare and approve cost center verifications in a timely manner.	***Partially Implemented*** **- Updated Management's Response:** Three of nine cost centers were prepared and approved timely. Estimated Completion Date: August 1, 2019.
AR2019-04	College of Natural Sciences and Mathematics, Departmental Reviews	7	12	1/31/2019	Desi Miller Department Business Administrator Computer Science	UH	Prepare and approve cost center verifications in a timely manner.	***Partially Implemented*** **- Updated Management's Response:** Six of nine cost centers were prepared and approved timely. Three cost center reconciliations were not adequately documented by the approver. Estimated Completion Date: August 1, 2019.
AR2019-04	College of Natural Sciences and Mathematics, Departmental Reviews	8	12	1/31/2019	Anja Wells Department Business Administrator Earth and Atmospheric Sciences	UH	Approve cost center verifications in a timely manner.	***Partially Implemented*** **- Updated Management's Response:** Eight of nine cost centers were approved timely. Estimated Completion Date: August 1, 2019.
AR2019-04	College of Natural Sciences and Mathematics, Departmental Reviews	9	12	1/31/2019	Avani Dave Department Business Administrator Mathematics	UH	Prepare and approve cost center verifications in a timely manner.	***Action Complete***
AR2019-04	College of Natural Sciences and Mathematics, Departmental Reviews	10	12	1/31/2019	Jennifer Chin-Davis Associate Director Physics	UH	Prepare and adequately document cost center verification approval in a timely manner.	***Partially Implemented*** **- Updated Management's Response:** Zero of nine cost centers were prepared and/or approved timely. Estimated Completion Date: August 1, 2019.
AR2019-05	Division of Research Departmental Reviews	3	9	2/1/19	Felicia Bentley Department Business Administrator Animal Care Operations	UH	Approve cost center verifications in a timely manner.	***Action Complete***

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					Risk Level: High Medium Low			
AR2019-05	Division of Research Departmental Reviews	4	9	2/1/19	Michele Hoffman Associate Director, Research Center Administrator Division of Research	UH	Adequately document cost center verification preparation.	***Action Complete***
AR2019-05	Division of Research Departmental Reviews	9a	9	06/30/19	Elyse Davis Division Administrator Division of Research	UH	Submit requests to the appropriate office to deactivate expired grant cost centers. (TcSUH)	***Action Complete***
EM 2019	Emergency Management/Safety and Security Audit	4	12	2/1/19	Carol Manousos Director, Emergency Management Emergency Management	UHD	Confirm that an annual confirmation/update of emergency alert contact information for students/employees exists for them to update/renew their emergency notification options at least annually.	***Partially Implemented*** **- Updated Management's Response:** A manual process is in place to notify employees via email to remind them to update their emergency notification system contact information at least annually. Students are prompted to update information on their profile, but not specifically about their contact information for receiving emergency alerts. UHD is expected to make the transition from Banner to PeopleSoft later this year where this functionality is already in place. Estimated Completion Date: October 31, 2019.
IT 2017-01	Review of the Electronic Access System	12b	18	3/31/19	Ron Harris Manager of Electronic Access Control Public Safety and Security	UH	Work with UHPD to develop a formal process to help ensure that recommendations from facility risk assessments are formally addressed by management and implemented, as appropriate.	***Action Complete***
Peer Review Report June 2018	UHS Internal Auditing Department, Peer Review	3	3	1/31/2019	Don Guyton Chief Audit Executive	UHS	Streamline the Departmental Review Audits.	***Action Complete***