UNIVERSITY OF HOUSTON SYSTEM

INTERNAL AUDIT REPORT

UNIVERSITY OF HOUSTON SYSTEM

FOLLOW-UP STATUS REPORT

Actions Scheduled from April 1, 2019 to June 30, 2019

REPORT NO. AR2019-21

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: August 1, 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 April 1, 2019, to June 30, 2019, in all audit reports with open recommendations. This status report addresses 26 management actions in 9 individual reports. In ascertaining whether appropriate action was taken, we interviewed personnel, reviewed documentation and performed other audit procedures as necessary. We determined that 22 of these management actions have been completed and 4 partially implemented.

This audit report is scheduled to be included in the agenda materials for the August 22, 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 April 1, 2019, to June 30, 2019)

Board of Regents Audit and Compliance Committee Meeting
August 22, 2019

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University of Houston System
Internal Auditing Department

Follow-up Status Report
(Actions scheduled from April 1, 2019, to June 30, 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 April 1, 2019, to June 30, 2019, in all audit reports with open recommendations. This status report addresses 26 management actions in 9 individual reports. In ascertaining whether appropriate action was taken, we interviewed personnel, reviewed documentation and performed other audit procedures as necessary. We determined that 22 of these management actions have been completed and 4 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
August 1, 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**	
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**	
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	**AR 2019-21**	**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**	
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**	
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	**AR 2019-21**	**X**
AR2018-27	08/23/18	UHS State Benefits Proportionality, FY 2015-2017	**AR 2019-16**	
AR2018-28	08/23/18	UHS Payroll		**X**
AR2019-04	11/15/18	UH College of Natural Sciences & Mathematics, Dept. Rev.		
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	**AR 2019-21**	**X**
AR2019-14	02/28/19	UH College of Pharmacy, Departmental Review	**AR 2019-21**	**X**
AR2019-18	05/16/19	UH Athletics, NCAA Rules Compliance		
AR2019-19	05/16/19	UHS Budgeting		
IT 2017-01	05/18/17	Review of the Electronic Access System	**AR 2019-21**	**X**
IT 2018-01	03/08/18	Review of the Advancement Donor Management System		
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		

University of Houston System
Internal Auditing Department

Follow-up Status Report
as of June 30, 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			
AR2018-07	UHS General Accounting	6a	7	4/1/2019	Karin Livingston Controller Finance	UH	Perform a review of access to the Financial System to help ensure current access is properly authorized and obtain additional supporting documentation.	***Action Complete***
AR2018-25	UHS Contract Administration - Food Services	2a	4	7/1/2019	Emily Messa Associate VC/VP Administration	UHS	Develop procedures to help ensure terms and conditions for system-wide contracts are met.	***Action Complete***
AR2018-25	UHS Contract Administration - Food Services	3a	4	7/1/2019	Emily Messa Associate VC/VP Administration	UHS	Develop written standardized policies and procedures, including a contract monitoring checklist and documentation standards, for System universities to help ensure quality of services and compliance with terms and conditions of contracts.	***Action Complete***
AR2018-25	UHS Contract Administration - Food Services	4a	4	7/1/2019	Emily Messa Associate VC/VP Administration	UHS	Work with System universities to implement procedures to help ensure the accuracy of commission payments, including verifying the validity of sales amounts.	***Action Complete***
AR2018-26	UHS Contract Administration - Bookstore Services	1a	2	7/1/2019	Emily Messa Associate VC/VP Administration	UHS	Develop written standardized policies and procedures, including a contract monitoring checklist and documentation standards, for System universities to help ensure quality of services and compliance with terms and conditions of contracts.	***Action Complete***
AR2018-26	UHS Contract Administration - Bookstore Services	2a	2	7/1/2019	Emily Messa Associate VC/VP Administration	UHS	Work with System universities to implement procedures to help ensure the accuracy of commission payments, including verifying the validity of sales amounts.	***Action Complete***
AR2018-28	UHS Payroll	1a	5	6/30/2019	Sandra Armstrong, Interim Associate VC/VP Human Resources	UHS	Identify the causes for transactions processed as part of the finalization procedures and update processes; report non-compliance to management, including escalation procedures; and/or modify system functionality, as appropriate.	***Action Complete***

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					Risk Level: High Medium Low			
AR2019-05	Division of Research Departmental Reviews	6	9	4/30/19	Elyse Davis Division Administrator Division of Research	UH	Prepare and approve cost center verifications in a timely manner. (TcSUH)	***Partially Implemented*** **– Updated Management's Response:** TcSUH's business office has been short staffed since August 2018. The Division of Research is in the process of reviewing reconciliations, and recommending adjustments to the reconciliation process as needed. Critical positions have been filled and staff have been trained on the new internal system for reconciliations. Estimated Completion Date: December 31, 2019.
AR2019-12	UHS Contract Administration - Pouring Rights	1	3	7/1/2019	Emily Messa Associate VC/VP Administration	UHS	Develop and implement procedures to help ensure contracts are executed timely, changes in responsibility are acknowledged, and terms and conditions are met for the system-wide sponsorship, beverage pouring rights, and vending services contract.	***Action Complete***
AR2019-12	UHS Contract Administration - Pouring Rights	2	3	7/1/2019	Emily Messa Associate VC/VP Administration	UHS	Develop and implement written standardized procedures, including a contract monitoring checklist and documentation standards, for System universities to help ensure quality of services and compliance with terms and conditions of the sponsorship, beverage pouring rights, and vending services contract.	***Action Complete***
AR2019-12	UHS Contract Administration - Pouring Rights	3	3	7/1/2019	Emily Messa Associate VC/VP Administration	UHS	Work with System universities to implement procedures to help ensure the accuracy of commission payments for the sponsorship, beverage pouring rights, and vending services contract, including verifying the validity of sales amounts.	***Action Complete***
AR2019-14	College of Pharmacy Departmental Review	1	3	4/30/2019	Lasaundra Cotright Executive Director of College Business Operations Dean's Office	UH	Prepare and approve cost center verifications in a timely manner.	***Action Complete***

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					Risk Level: High Medium Low			
AR2019-14	College of Pharmacy Departmental Review	2	3	4/30/2019	Lasaundra Cotright Executive Director of College Business Operations Dean's Office	UH	Restore deficit budgetary balances to a zero or a positive amount.	***Action Complete***
AR2019-14	College of Pharmacy Departmental Review	3	3	4/30/2019	Lasaundra Cotright Executive Director of College Business Operations Dean's Office	UH	Work with the appropriate office to resolve the outstanding items and deactivate expired grant cost centers.	***Action Complete***
EM 2019	Emergency Management/Safety and Security Audit	1	12	4/1/2019	Bruce Levy HRIS Manager Human Resources	UHCL	A prompt/verification is needed in PeopleSoft at least once a year to remind employees to update/renew their emergency notification options.	***Action Complete***
EM 2019	Emergency Management/Safety and Security Audit	2	12	4/1/2019	Bruce Levy HRIS Manager Human Resources	UHCL	Break out a separate Emergency Notification System page in PeopleSoft for employees and students to update contact information or opt out of the emergency alert system, as well as in order to ensure confidentiality of their personal contact information.	***Action Complete***
EM 2019	Emergency Management/Safety and Security Audit	6	12	6/1/2019	Cynthia Vargas Emergency Management and Fire Safety Specialist	UHD	Conduct an exercise of the agency continuity plan and report completion to the State Office of Risk Management (SORM).	***Partially Implemented*** **- Updated Management Response:** We responded to a real event and have discussed with SORM the feasibility of using our response to this event as an exercise of our continuity plan. Estimated Completion Date: October 1, 2019.
EM 2019	Emergency Management/Safety and Security Audit	7	12	5/1/2019	Cynthia Vargas Emergency Management and Fire Safety Specialist	UHD	Post exercise information on preparingtexas.org for above mentioned exercise.	***Partially Implemented*** **- Updated Management Response:** After we receive approval from SORM on our exercise report, we will post it on the appropriate website. Estimated Completion Date: October 1, 2019.
EM 2019	Emergency Management/Safety and Security Audit	8	12	5/1/2019	Cynthia Vargas Emergency Management and Fire Safety Specialist	UHD	Ensure above-mentioned exercise is compliant with Homeland Security Exercise and Evaluation Program (HSEEP).	***Partially Implemented*** **- Updated Management Response:** After we receive approval from SORM on our exercise report which will be compliant with HSEEP, we will post it on the appropriate website. Estimated Completion Date: October 1, 2019.

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					Risk Level: High Medium Low			
EM 2019	Emergency Management/Safety and Security Audit	10	12	4/1/2019	Bruce Levy HRIS Manager Human Resources	UHV	A prompt/verification is needed in PeopleSoft at least once a year to remind students/employees to update/renew their emergency notification options.	***Action Complete***
EM 2019	Emergency Management/Safety and Security Audit	11	12	4/1/2019	Bruce Levy HRIS Manager Human Resources	UHV	Break out a separate Emergency Notification System page in PeopleSoft for employees and students to update contact information or opt out of the emergency alert system, as well as in order to ensure confidentiality of their personal contact information.	***Action Complete***
EM 2019	Emergency Management/Safety and Security Audit	12	12	5/31/2019	Stuart Sherman Assistant Fire Marshal & Emergency Management	UHV	Continuity Coordinator needs to develop agency level continuity training program.	***Action Complete***
IT 2017-01	Review of the Electronic Access System	14b	18	5/31/19	Ron Harris Manager of Electronic Access Control Public Safety and Security	UH	Perform an assessment of the current alerts to identify and eliminate false positives to more easily identify high risk alerts.	***Action Complete***
IT 2017-01	Review of the Electronic Access System	16b	18	5/31/19	Ron Harris Manager of Electronic Access Control Public Safety and Security	UH	Work with UHPD to create an effective monitoring solution to proactively respond to alarms, create efficient and effective maintenance schedules, provide efficient customer service, and create dual verification of all alarms on campus.	***Action Complete***
IT 2017-01	Review of the Electronic Access System	18b	18	5/31/19	Ron Harris Manager of Electronic Access Control Public Safety and Security	UH	Work with University Information Technology to develop a report containing the status of failed interface transaction errors as they occur and to email alerts to the appropriate personnel.	***Action Complete***
IT 2017-01	Review of the Electronic Access System	9c	18	5/31/19	Ron Harris Manager of Electronic Access Control Public Safety and Security	UH	Work with University Information Technology to create a formal change management process for software and hardware upgrades, including creating a test environment.	***Action Complete***