



Report to the Audit and Compliance Committee of the  
UHS Board of Regents on:

CONTRACTS REQUIRING BOARD OF REGENTS APPROVAL  
AR2022-14

UNIVERSITY of **HOUSTON** SYSTEM

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INTERNAL AUDITING DEPARTMENT

## MEMORANDUM

**TO:** Mr. Jack B. Moore  
Chair, Audit and Compliance Committee

Dr. Renu Khator  
Chancellor/President, UHS/UH

**FROM:** Phillip W. Hurd  
Chief Audit Executive

**DATE:** July 7, 2022

**SUBJ:** Internal Audit Report – Contracts Requiring Board of Regents Approval

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 internal audit review of procurement of contracts requiring Board of Regents approval covers the time period from April 1, 2022, through June 30, 2022. For each project, we review the following: 1. the solicitation documents posted on the State Comptroller's Electronic State Business Daily, the solicitation requirements checklist, subcontracting probability form, and the HUB subcontracting compliance form to determine whether the appropriate evaluation criteria was used by the Purchasing Department/selection team evaluation members; 2. the Purchasing Department's compilation of the selection team members' rankings of RFQ / RFP for clerical accuracy and agreement of evaluation criteria to RFQ / RFP and evaluation criteria provided to selected firms in instances where RFP's were not applicable; 3. the Purchasing Department's recommendation of RFQ / RFP evaluations to the VC/VP for reasonableness; 4. the VC/VP evaluation of the Purchasing Department's recommendation of RFQ / RFP for reasonableness; 5. the invitation to bid or sole source justification form, if applicable, for reasonableness/completion. We noted no unusual items or other matters that we considered non-compliant with university policies and procedures or state statutes.

This audit report is scheduled to be included in the agenda materials for the August 25, 2022 meeting of the Audit and Compliance Committee of the Board of Regents. Please let me know if you have any questions.

Attachments

University of Houston System  
Internal Auditing Department  
Contracts Requiring Board of Regents Approval  
April 1, 2022 through June 30, 2022

**Background:** UHS procures construction services under the provisions of the Texas Education Code, Sections 51.778 – 51.785. These statutes address the following construction contract methods: Design-Build, Construction Manager-Agent, Construction Manager-At-Risk, Construction Services through Competitive Sealed Proposals and Job Order Contracts. The UHS Facilities, Planning and Construction Department and the Purchasing Department have developed policies and procedures to help ensure compliance with these statutes. For major construction projects, UHS primarily uses the Design-Build and Construction Manager-At-Risk contract methods. The Internal Auditing Department reviews the construction RFQ / RFP evaluation process on an ongoing basis. The Internal Audit Department also reviews the procurement process for other contracts requiring Board of Regents approval (RFQ/RFP, Invitation to Bid, and Sole Source).

**Objective:** The objectives of this review are to determine whether UHS is complying with its policies and procedures and the Texas Education Code in selecting its contractors for its major construction projects and other contracts requiring Board of Regents approval.

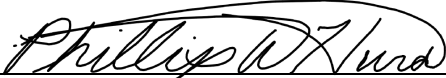
**Scope of Work:** The internal audit review of procurement of construction and other contracts requiring Board of Regents approval covers the time period from April 1, 2022 through June 30, 2022.

**Audit Procedures:** For each solicitation we review the following:

1. The solicitation documents posted on the State Comptroller's Electronic State Business Daily and the solicitation requirements checklist and subcontracting probability form and HUB subcontracting compliance form to determine whether the appropriate evaluation criteria was used by the Purchasing Department/selection team evaluation members.
2. The Purchasing Department's compilation of the selection team members' rankings of RFQ / RFP for clerical accuracy and agreement of evaluation criteria to RFQ / RFP and evaluation criteria provided to selected firms in instances where RFP's were not applicable.
3. The Purchasing Department's recommendation of RFQ / RFP evaluations to the VC/VP for reasonableness.
4. The VC/VP evaluation of the Purchasing Department's recommendation of RFQ / RFP for reasonableness.
5. The invitation to bid or sole source justification form, if applicable, for reasonableness/completion.

**Appendices:** Attached is an analysis of internal audit activity related to the construction projects and other contracts requiring Board of Regents approval award evaluations (Appendix 1), the Purchasing Department Flowchart for major construction projects (Appendix 2), the Purchasing Department Flowchart for other contracts requiring board approval (Appendix 3).

**Conclusion:** We noted no unusual items or other matters that we considered non-compliant with university policies and procedures or state statutes.

  
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Phillip W. Hurd  
Chief Audit Executive  
June 30, 2022

Contracts Requiring Board of Regents Approval  
Internal Audit Activity  
April 1, 2022 to June 30, 2022

BOR Approval      Internal Audit Review

BOR Approval

Project or Contract Description	Solicitation Type	(\$ Millions) Amount	BOR Approval		Internal Audit Review	
			FCMP Comm. (Scope) Date	F&A Comm. (Financing) Date	Initiated	Completed
<b><u>Construction Projects \$10 Million and Over</u></b>						
UHS - System-Wide Energy Supply	RFP	200.0	12/2/2021	12/2/2021	✓	
UH - CMAR Football Development Center	RFQ	75.0	2/24/2022	2/24/2022	✓	
<b><u>Construction Projects Over \$1 Million and Under \$10 Million</u></b>						
UH - Campus Lighting & Security	RFP	3.8	N/A	8/20/2020	✓	✓
UH - Campus Cabling, AV, and Security Systems Infrastructure	RFP	9.0	N/A	5/20/2021	✓	✓
UH - A/E Services For The New College of Technology Building at UH Sugar Land	RFQ	4.4	N/A	12/2/2021	✓	✓
UH - CMAR CRWC Flooring Replacement	RFP	7.5	N/A	12/2/2021	✓	✓
UHS - MEP Engineering Design Services On As-Needed Basis (up to 4 awards)	RFQ	4.0	N/A	2/24/2022	✓	✓
UHS - Civil Engineering Design Services On As-Needed Basis (up to 4 awards)	RFQ	2.9	N/A	2/24/2022		
UH - A/E The New Football Operations Building	RFQ	6.5	N/A	2/24/2022	✓	✓
UH - Cougar Woods Generator Replacement	RFP	1.8	N/A	2/24/2022	✓	✓
UH - Lab HVAC Maintenance Repairs	RFP	3.0	N/A	2/24/2022	✓	✓
<b><u>Non-Construction Contracts Over \$1 Million</u></b>						
UHS - Staffing Agency Services	RFP	15.0	N/A	2/24/2022	✓	✓
UH - Continuing Education Course Development, Production, Marketing, and Recruitment - Bauer College	RFP	3.3	N/A	5/19/2022	✓	✓
UH - Athletic Department Event Management Operations	RFP	5.0	N/A	5/19/2022	✓	✓
UH - Ambulatory Surgery Center Management	RFP	17.0	N/A	5/19/2022	✓	✓

CMAR - Construction Manager at Risk

AE - Architectural and Engineering Services (RFQ only)

SS - Sole Source

ITB - Invitation to Bid

✓ - Initiated or Completed audit procedures, as specified in report.

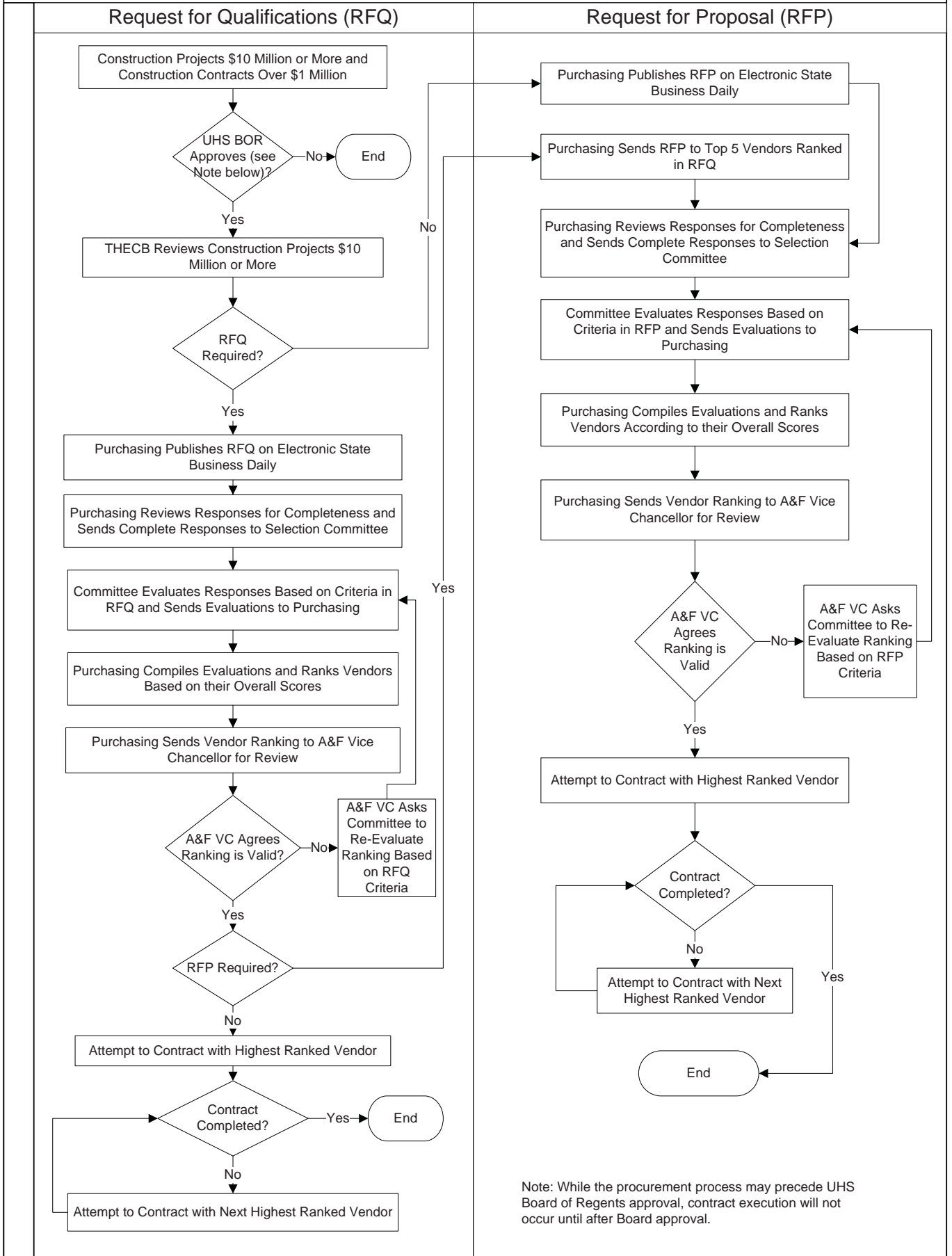
RFP - Request for Proposal

RFQ - Request for Qualifications

FE - Furnishings and Equipment

CSP - Competitive Sealed Proposal

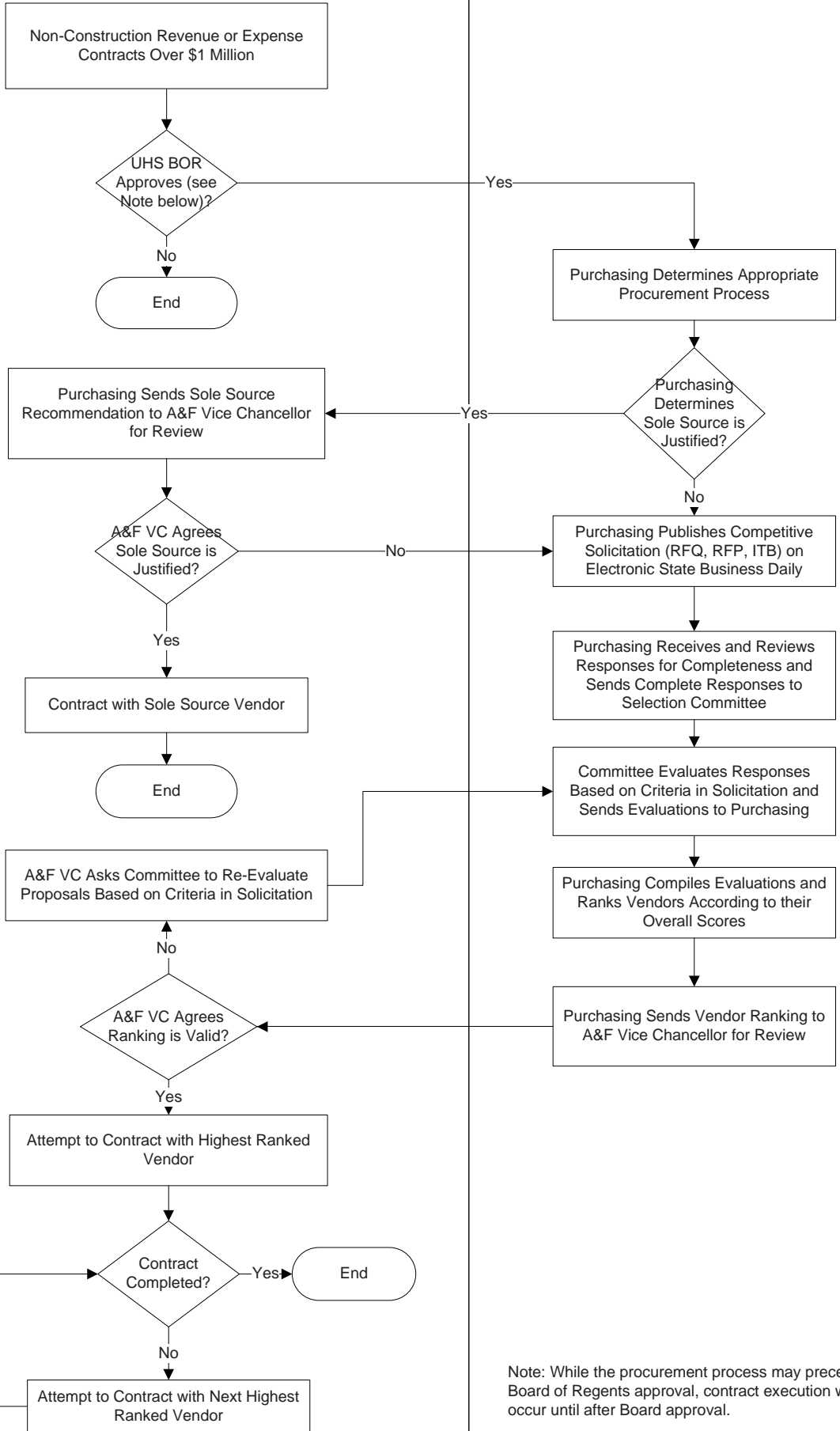
University of Houston System Construction Projects \$10 Million or More and Construction Contracts Over \$1 Million



Note: While the procurement process may precede UHS Board of Regents approval, contract execution will not occur until after Board approval.

Approval Process

Procurement Process



Note: While the procurement process may precede UHS Board of Regents approval, contract execution will not occur until after Board approval.