Report to the Audit and Compliance Committee of the
University of Houston System
Board of Regents
August 20, 2026

UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT

Fiscal Year 2026 INTERNAL AUDIT ACTIVITY
since May 21, 2026

and

INTERNAL AUDIT REPORTS

AR2026-17	University of Houston System, Contracts Requiring UHS Board of Regents Approval, Report to the Audit and Compliance Committee of the UHS Board of Regents
AR2026-18	University of Houston System, Compliance with Education Code 51.3525, Report to the Audit and Compliance Committee of the UHS Board of Regents

Note: This internal audit report is submitted to the Board of Regents and the Chancellor for their review in order to comply with the Board of Regents policy and the Texas Government Code, Section 2102.008. This internal audit report is also submitted to the Governor's Office of Budget, Planning, and Policy; the State Auditor; and the Legislative Budget Board in order to comply with the Texas Government Code, Section 2102.0091.

FY2026 INTERNAL AUDIT PERFORMANCE SUMMARY

FY2026 was a year of balanced execution. Internal Auditing successfully delivered mandatory assurance work while responding to investigations, Board requests, advisory engagements, and emerging institutional risks. The department also advanced strategic initiatives designed to improve efficiency, effectiveness, and organizational value.

ASSURANCE PROVIDED

- **19 mandatory engagements completed**
- **6 assurance engagements completed**
- **Includes statutory/regulatory-mandated audits (TEC §51.9337, TAC 202, Annual Procurement Report, PHI/HIPAA, Laboratory Safety)**

Internal Auditing provided assurance over mandatory compliance requirements and the University's highest-risk operational, financial, compliance, and technology activities.

RESPONSIVENESS

- **~220 UHS Institutional Compliance & Fraud Hotline Reports triaged**
- **One advisory engagement**
- **3 department expenditure reviews**
- **4 conflict of interest/commitment investigations**
- **An alleged theft of property investigation**
- **An enrollment investigation**
- **Emerging risks identified**
  - **Gift card**
  - **Dual employment**
  - **Non-standardized IT resources**

Internal Auditing responded to emerging risks, management requests, investigations, hotline matters, and advisory needs while providing timely support to University leadership.

CONTINUOUS IMPROVEMENT

- **Developed and implemented a policy search bot for internal use.**
- **Automated one mandatory audit and multiple tasks of other audits.**
- **Implemented search technology to increase efficiency of document searches on audits.**
- **Developed a procurement card continuous monitoring tool for system universities**
- **Implemented automated survey tool for quality assurance review after audits.**

Internal Auditing invested in automation, analytics, and process improvements that enhanced audit quality, increased efficiency, and expanded continuous monitoring capabilities.

VALUE DELIVERED

- **Strengthened Governance**
  Independent assurance enhanced Board oversight and institutional accountability.
- **Improved Risk Management**
  Reviews promoted compliance with state law, Board policies, and institutional requirements.
- **Enhanced Risk Management**
  Investigations, advisory services, and emerging risk identification enabled proactive risk management.
- **Operational Excellence**
  Recommendations strengthened internal controls, improved processes, and supported informed decision making.

THE BOTTOM LINE

In FY2026, Internal Auditing delivered its full slate of mandatory assurance while responding to investigations, advisory requests, and emerging risks—strengthening governance, compliance, and the University System's control environment. Building on that foundation, FY2027 will sharpen focus on risk assessment, strategic and IT risks, and continued operational improvement.

FY26 UHS Internal Audit Activity

Since May 21, 2026 Board of Regents Audit and Compliance Committee Meeting

Audits Completed

- **AR2026-01** Contracts Requiring Board of Regents Approval (1st Quarter)
- **AR2026-02** Board of Regents Travel & Entertainment, FY25
- **AR2026-03** UH/UHS Chancellor/President's Travel & Entertainment, FY25
- **AR2026-04** UHCL President's Travel & Entertainment, FY25
- **AR2026-05** UHD President's Travel & Entertainment, FY25
- **AR2026-06** UHD Procurement Card Management
- **AR2025-07** UH Foundation Donor Agreement Expenditures
- **AR2026-08** Texas Education Code §51.9337 Compliance
- **AR2026-09** UH Education Research Center
- **AR2026-10** UHD Joint Admission Medical Program, FY24 & FY25
- **AR2026-11** UH Joint Admission Medical Program, FY24 & FY25
- **AR2026-12** UH College of Medicine Joint Admission Medical Program, FY24 & FY25
- **AR2026-13** Contracts Requiring Board of Regents Approval (2nd Quarter)
- **AR2026-15** UHS Annual Procurement Report
- **AR2026-16** Contracts Requiring Board of Regents Approval (3rd Quarter)
- **AR2026-17** Contracts Requiring Board of Regents Approval (4th Quarter)
- **AR2026-18** Compliance with Education Code §51.3525 (DEI)

Special Projects Completed

- **UHS Institutional Compliance Fraud and Non- Compliance Hotline (Reports≈36)**
- **UH COE/COT Department Expenditures**
- **UH Conflict of Interest/Commitment**
- **UH Biology Department**
- **UHCL Research Center Budget/IDC**

Audits in Progress

- **Board of Regents Travel and Entertainment FY26**
- **President's Travel and Entertainment, FY26 (UHS, UH, UHCL, and UHD)**
- **Contracts Requiring Board of Regents Approval (UHS)**
- **Procurement Card Management (UH)**
- **Laboratory Safety (UH)**
- **UH Inventory of Protected Health Information**
- **UHD Inventory of Protected Health Information**
- **UHS TAC 202**
- **UHS Continuous Control Monitoring**

Special Projects in Progress

- **UHS Institutional Compliance Fraud and Non-Compliance Hotline (Reports Vary per FY)**
- **UHCL Conflict of Interest/Commitment (multiple)**
- **UH Gift Card Expenditures**

Internal Auditing Department

University of Houston System
Contracts Requiring UHS Board of Regents Approval

Report to the Audit and Compliance Committee of the UHS Board of Regents
AR2026-17

August 2026

Centennial Project From Philip Guthrie Hoffman Hall - [Photo courtesy of University of Houston Information Technology Service Webcams]

Contents

Executive Summary

The Internal Auditing Department (IAD) reviewed the solicitation/purchasing process surrounding contracts that required UHS Board of Regents approval from April 1, 2026, through June 30, 2026. IAD noted no unusual items or other matters that we considered non-compliant with university policies and procedures or state statutes.

Background

UHS procures construction services under the provisions of the Texas Education Code, Sections 51.778 – 51.785. These statutes address the following construction 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 UH 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 IAD reviews the RFQ / RFP publication, evaluation, and selection process for contracts requiring Board of Regents approval on an ongoing basis. The Internal Audit Department also reviews the procurement 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 contracts requiring Board of Regents approval.

Scope of Work

The IAD review of procurement of contracts requiring Board of Regents approval covers the time period from April 1, 2026, through June 30, 2026.

Audit Procedures

The IAD performed a review of the solicitation/procurement process surrounding contracts requiring UHS Board of Regents approval (totaling $1 million or more) for compliance with policies and procedures. For each solicitation we reviewed the following for compliance with:

1. Requirements for publication of solicitation documents on the State Comptroller's Electronic State Business Daily;
2. Document inclusion in the bid/evaluation packet (e.g. bid receipt/review, subcontracting probability form, HUB subcontracting form, etc.), as required on the solicitation checklist;
3. Use of published bid evaluation criteria by the selection team;
4. The Purchasing Department's compilation procedures of the selection team members' rankings for clerical accuracy and agreement of evaluation criteria to solicitation documents;
5. Procedures for submission of recommendation to VC/VP; and
6. Evaluation procedures for VC/VP approval.

Conclusion

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

Appendices

Analysis of internal audit activity related to the review of contracts requiring UHS Board of Regents approval award evaluations can be found in Appendix 1. The project and contract amounts listed in Appendix 1 reflect the figures provided by the UH Purchasing Department at the time of our review.

Contracts Requiring Board of Regents Approval
Internal Audit Activity
April 1, 2026, through June 30, 2026

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Project or Contract Description	Solicitation Type/Number	($ Millions) Amount	BOR Approval
Construction Projects $10 Million and Over			
(None this quarter)			
Construction Projects Over $1 Million and Under $10 Million			
Cougar Village 1 - Roof Superstructure (Award)	RFPCSP-730-UofH-3085	$3.3	3/12/2026
UH Technology Bridge Building 1 HVAC Replacement (Award)	RFPCSP-730-UofH-3099	$3.0	3/12/2026
UH Clear Lake Delta Building Roof Replacement (Award)	RFPCSP-730-UofH-3113	$2.0	5/21/2026
UHD Elevator Maintenance (Award)	RFPCSP-730-UofH-3101	$1.0	8/21/2025
Non-Construction Contracts Over $1 Million			
Security Guard Services for Athletics and CPH (Award)	RFP-730-UofH-3103	$6.7	5/21/2026
Executive Search Firm (Award)	RFP-783-UofH-3107	$5.0	5/21/2026
UH Parking Elevator Preventative Maintenance (Award)	RFP-730-UofH-3084	$1.5	3/12/2026
Intellectual Property Management (Award)	RFP-730-UofH-3073	$1.3	5/14/2025
UH Texas Medical Center Furniture (Award)	ITB-730-UofH-3100	$1.2	11/30/2022

Legend

CMAR - Construction Manager at Risk
AE - Architectural and Engineering Services (RFQ only)
RFP - Request for Proposal
RFQ - Request for Qualifications
ITB - Invitation to Bid

Contracts Requiring Board of Regents Approval
Internal Audit Activity
April 1, 2026, through June 30, 2026

Project Category	Project or Contract Description	Solicitation Type/Number	
Construction Projects Over $1 Million and Under $10 Million	Cougar Village 1 - Roof Superstructure (Award)	RFPCSP-730-UofH-3085	$3,300,000
	UH Technology Bridge Building 1 HVAC Replacement (Award)	RFPCSP-730-UofH-3099	$3,000,000
	UH Clear Lake Delta Building Roof Replacement (Award)	RFPCSP-730-UofH-3113	$2,000,000
	UHD Elevator Maintenance (Award)	RFPCSP-730-UofH-3101	$1,000,000
Non-Construction Contracts Over $1 Million	Security Guard Services for Athletics and CPH (Award)	RFP-730-UofH-3103	$6,700,000
	Executive Search Firm (Award)	RFP-783-UofH-3107	$5,000,000
	UH Parking Elevator Preventative Maintenance (Award)	RFP-730-UofH-3084	$1,500,000
	Intellectual Property Management (Award)	RFP-730-UofH-3073	$1,250,000
	UH Texas Medical Center Furniture (Award)	ITB-730-UofH-3100	$1,200,000
Grand Total			$24,950,000

Contracts Requiring Board of Regents Approval
Internal Audit Activity
Jan 1, 2026, through June 30, 2026

Project Category	Project or Contract Description	Solicitation Type/Number	
Construction Projects $10 Million and Over	Job Order Contracting Services FY26 (Award)	RFP-730-UofH-3064	$50,000,000
	Architectural Design Services FY26 (Award)	RFQ-783-UofH-3079	$15,000,000
Construction Projects Over $1 Million and Under $10 Million	MEP Engineering Design Services FY26 (Award)	RFQ-783-UofH-3078	$7,000,000
	Cougar Village 1 - Roof Superstructure (Award)	RFPCSP-730-UofH-3085	$3,300,000
	UH Technology Bridge Building 1 HVAC Replacement (Award)	RFPCSP-730-UofH-3099	$3,000,000
	Agrawal 310 Science Lab Build Out FY26 (Award)	RFP-730-UofH-3077	$2,600,000
	UH Clear Lake Delta Building Roof Replacement (Award)	RFPCSP-730-UofH-3113	$2,000,000
	UHD Elevator Maintenance (Award)	RFPCSP-730-UofH-3101	$1,000,000
Non-Construction Contracts Over $1 Million	Security Guard Services for Athletics and CPH (Award)	RFP-730-UofH-3103	$6,700,000
	Executive Search Firm (Award)	RFP-783-UofH-3107	$5,000,000
	Photocopy Machines and Services FY26 (Award)	RFP-730-UofH-3071	$4,500,000
	UH Parking Elevator Preventative Maintenance (Award)	RFP-730-UofH-3084	$1,500,000
	Travel Management System FY25 (Award)	RFP-783-UofH-3050	$1,500,000
	Intellectual Property Management (Award)	RFP-730-UofH-3073	$1,250,000
	UH Texas Medical Center Furniture (Award)	ITB-730-UofH-3100	$1,200,000

Grand Total

$105,550,000

The Texas Internal Auditing Act, Texas Government Code, Section 2102, requires each state agency that receives appropriation to establish a program of internal auditing. The University of Houston System Internal Auditing Department was created by the Board of Regents as an independent office reporting directly to the Chair of the Audit and Compliance Committee of the Board of Regents with access to the Chancellor. We conduct performance audits to review aspects of the University System operations and procedures to help establish accountability, improve System operations, and provide recommendations for improvement.

The UHS Internal Auditing Department would like to thank the UH Purchasing Department for their cooperation and assistance during this audit process.

Sincerely,

UHS Internal Auditing Department Chief Audit Executive
Phillip Hurd, CIA, CCEP
Phone: (713) 743-8000
Email: audit@uh.edu
Website: https://uhsystem.edu/internal-audit

Associate Chief Audit Executive
Brandee O'Neal, CIA, CFE, CCEP

Audit Team
Eric Porter, CFE, Director of Audit
Jake Normand, CPA, CFE, Director of Audit
Stephanie Duron, Auditor I

Internal Auditing Department

University of Houston System
Compliance with Texas Education Code § 51.3525

Report to the Audit and Compliance Committee of the UHS Board of Regents
AR2026-18

August 2026

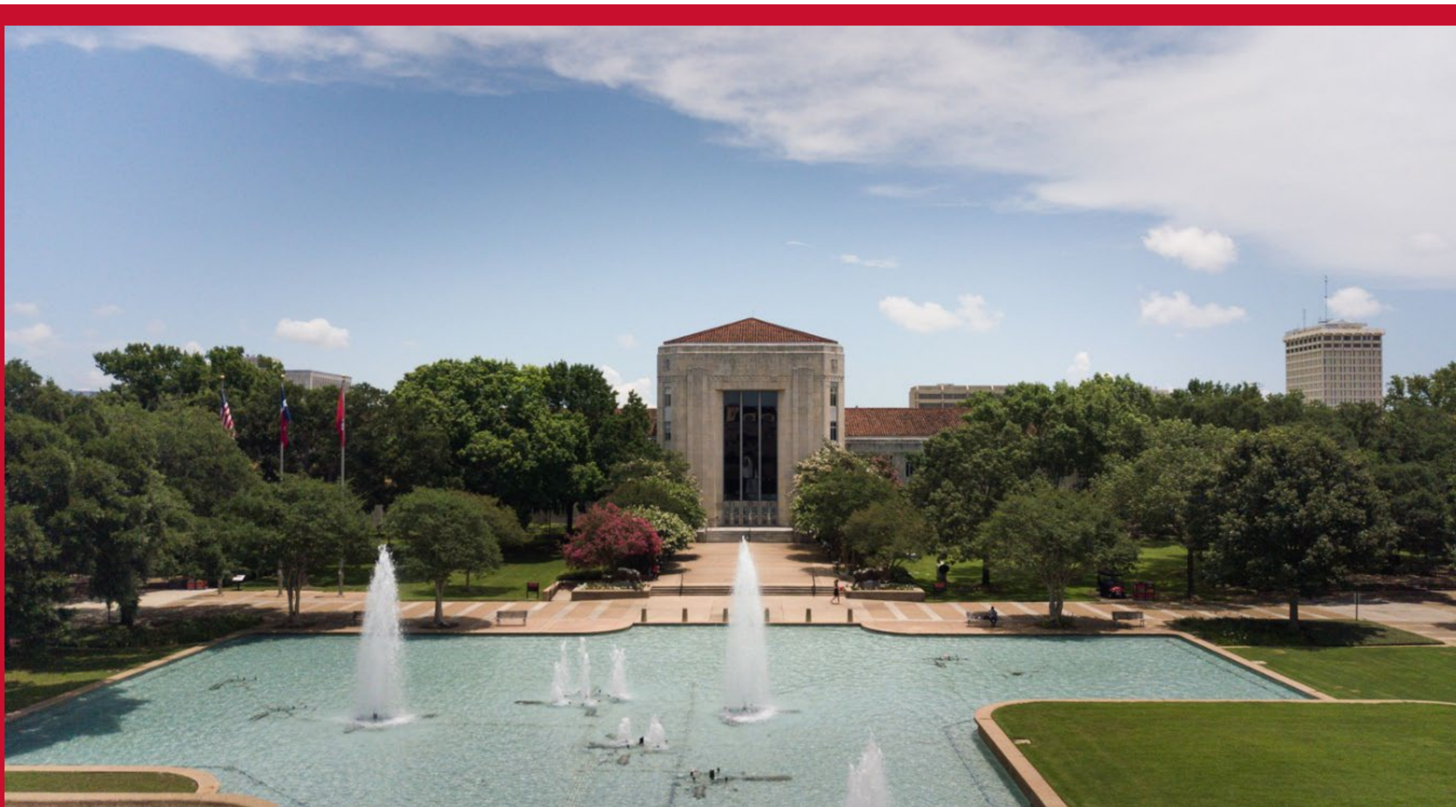

Photo courtesy of University of Houston System website: uhsystem.edu

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Executive Summary

The University of Houston System (UHS) and its associated universities comply with Texas Education Code (TEC) § 51.3525, which mandates that institutions of higher education adhere to strict guidelines regarding hiring, employment practices, and diversity initiatives.

Scope of Work

This report is prepared to demonstrate that UHS is in compliance with TEC § 51.3525, which mandates that institutions of higher education adhere to strict guidelines regarding hiring, employment practices, and diversity initiatives. The scope of this audit is the period from June 1, 2025, through May 31, 2026. The Internal Auditing Department (IAD) performed a risk assessment, reviewed policies, procedures and other documentation, and performed appropriate testing procedures in consultation with the Office of General Counsel (OGC) to provide assurance that UHS is in compliance with applicable statutory requirements.

Audit Procedures

1. **Scholarships**

IAD reviewed the criteria and other relevant documentation for scholarships administered by UH, UHCL, and UHD for the presence of DEI-related requirements or preference based on DEI criteria. Our findings were reported to the OGC for legal review in instances where specific DEI content was identified, and departments were notified to take appropriate action to comply with TEC § 51.3525, where applicable.

2. **Websites**

IAD reviewed UHS, UH, UHCL, and UHD websites for DEI content that could potentially violate TEC § 51.3525. Our findings were reported to the OGC for legal review in instances where specific DEI content was identified, and departments were notified to take appropriate action to remove content from their websites in order to comply with TEC § 51.3525, where applicable.

3. **Policies, Procedures, and Handbooks**

IAD reviewed policies, procedures and handbooks, and confirmed UHS:

a) has policies to discipline employees or contractors violating the provisions of TEC § 51.3525, including termination if necessary, and

b) does not have policies or procedures that promote differential treatment or provide special benefits to individuals based on race, color, or ethnicity, except as required by federal law.

4. **Training**

IAD reviewed policies, procedures, and relevant documentation, and confirmed UHS:

a) does not conduct training or related activities based on race, color, ethnicity, gender identity, or sexual orientation, unless developed and approved for legal compliance purposes,

b) does not require DEI training as a condition of enrollment or participation, except as allowed by the law, and

c) has a process in place requiring all employees to complete mandatory training that addresses workplace discrimination.

5. **Hiring and Employment Practices**

IAD reviewed relevant policies and processes, and examined documentation relating to hiring packets, employee promotions, and faculty tenures, and confirmed UHS:

a) does not have any office, division, or unit established for influencing hiring or employment practices based on race, sex, color, or ethnicity, except as required by federal law,

b) does not give preference based on race, sex, color, ethnicity, or national origin, except as required by federal law, and

c) does not require or solicit DEI statements from individuals as a condition of employment or participation in institutional activities.

6. **Management Attestations**

IAD reviewed signed attestations provided by the Chancellor, Presidents, and other senior members of management certifying their respective college/department/division is in full compliance with TEC § 51.3525.

7. **Contracts, Vendors, and Transactions**

IAD reviewed relevant policies, processes, and supporting documentation and did not identify instances of non-compliance with TEC § 51.3525 with regard to:

a) hiring and contracting vendors, and

b) spending transactions, including appropriations of state funds.

8. **Helpline Reports**

IAD reviewed helpline reports and confirmed there were no substantiated allegations of non-compliance received with regard to TEC § 51.3525.

9. **Endowment Funding and Grants**

IAD reviewed endowment and grant agreements and no instances of non-compliance with regard to TEC § 51.3525 were identified.

10. **Admissions**

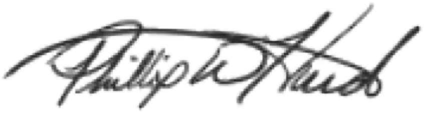
IAD reviewed admissions applications and related materials, relevant policies and procedures, admissions criteria and other requirements, and did not identify instances of non-compliance with regard to TEC § 51.3525.

Conclusion

IAD concludes, based on testing performed and in consultation with the OGC, that policies, procedures, and associated documents of UHS and its associated universities ensure a fair, equitable, and legally compliant environment for all students, staff, and faculty, and are in substantive compliance with the requirements of TEC § 51.3525.

The UHS Internal Auditing Department would like to thank all those involved for their cooperation and assistance during this audit process.

Sincerely,



UHS Internal Auditing Department
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Phillip Hurd, CIA, CCEP
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Audit Team
Jake Normand, CPA, CFE, Director of Audit
Eric Porter, CFE, Director of Audit
Leonard Chance, Information Systems Auditor
Jackie Martinez, CFE, Auditor II
Aiden Ho, CIA, Auditor II,
Stephanie Duron, Auditor I
Charlotte Giesler, Auditor I