

Report to the Audit and Compliance Committee
of the University of Houston System
Board of Regents
May 14, 2025

UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT

FY 2025 INTERNAL AUDIT ACTIVITY
since February 19, 2025

and

INTERNAL AUDIT REPORTS

AR2025-14 University of Houston System Contracts Requiring UHS Board of Regents Approval

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.

FY25 Internal Audit Activity

Since February 19, 2025 Board of Regents Audit and Compliance Committee Meeting

Audits Completed

- Contracts Requiring Board of Regents Approval
AR2025-01 AR2025-07
AR2025-14
- Board of Regents Travel & Entertainment, FY24
AR2025-02
- UH/UHS Chancellor/President's Travel & Entertainment, FY24
AR2025-03
- UHCL President's Travel & Entertainment, FY24
AR2025-04
- UHD President's Travel & Entertainment, FY24
AR2025-05
- UHV President's Travel & Entertainment, FY24
AR2025-06
- UHD Laboratory Safety and Compliance
AR2025-08
- UH Joint Admission Medical Program (JAMP)
AR2025-09
- UH Education Research Center
AR2025-10
- UHS Emergency Management
AR2025-11
- UHCL Joint Admission Medical Program (JAMP)
AR2025-12
- UHS Annual Procurement Report
AR2025-13

Internal Audit 05/14/25

Special Projects Completed

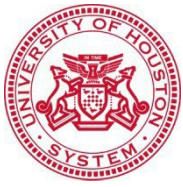
- UHS Institutional Compliance Fraud and Non- Compliance Hotline Reports (~44)

Audits in Progress

- Travel Expense (UH, UHCL, and UHD)
- Board of Regents Travel and Entertainment FY25
- President's Travel and Entertainment, FY25 (UHS, UH, UHCL, UHD and UHV)
- Contracts Requiring Board of Regents Approval (UHS)
- Procurement Card Management (UH, UHD, and UHV)
- Laboratory Safety (UH)
- UH Foundation Donor Agreement Expenditures
- Compliance with Education Code 51.9337
- Compliance with Education Code 51.3525
- UH Inventory of Protected Health Information
- Information Technology Risk Assessment
- Continuous Control Monitoring
- UHCL THECB Facilities Development Projects
- UH Law Foundation Donor Agreement Expenditures

Special Projects in Progress

- UHS Institutional Compliance Fraud and Non-Compliance Hotline (Varies per FY)
- UHCL Apartment Contract
- UHCL Conflict of Interest (multiple investigations)
- UH Biology Department
- UH Student Business Services
- UHV Human Resources
- UH TAMU Payment
- UH Contract Review
- UH Engineering Department (multiple investigations)
- UH Athletics



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 AR2025-14

May 2025



Photo courtesy of University of Houston Information Technology Services Webcams

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Executive Summary

The Internal Auditing Department (IAD) reviewed the solicitation/purchasing process surrounding contracts that required UHS Board of Regents approval from January 1, 2025, through March 31, 2025. 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 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 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 January 1, 2025, through March 31, 2025.

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
January 1, 2025 to March 31, 2025

<u>Project or Contract Description</u>	<u>Solicitation Type/Number</u>	<u>(\$ Millions) Amount</u>	<u>BOR Approval</u>
<u>Construction Projects \$10 Million and Over</u>			
CMAR New Medical Research Building - Step 1	RFQ730-24085	\$77.5	5/15/2024
CMAR New Medical Research Building - Step 2	RFP730-24086	\$77.5	5/15/2024
A&E Student Center North Expansion - Shortlist	RFQ730-25006	\$39.3	11/21/2024
A&E Student Center North Expansion - Award	RFQ730-25006	\$39.3	11/21/2024
<u>Construction Projects Over \$1 Million and Under \$10 Million</u>			
UH Interior Renovation for the College of Liberal Arts and Social Sciences T2 Building #508	RFP730-25009	\$5.75	11/21/2024
Mailbox Area Renovation and Lounge Refresh	RFP730-25004	\$4.5	5/15/2024
<u>Non-Construction Contracts Over \$1 Million</u>			
Parking Enterprise Systems - Shortlist	RFP730-UH-3007	\$7.5	2/19/2025
Parking Enterprise Systems - Award	RFP730-UH-3007	\$7.5	2/19/2025
UHV Custodial Services - Shortlist	RFP730-25001	\$4.0	8/22/2024
UHV Custodial Services - Award	RFP730-25001	\$4.0	8/22/2024
Continuing Services for Landscape Architecture	RFQ730-25005	\$1.8	2/19/2025
Municipal and Financial Advisory Services	RFP730-UH-3012	\$1.76875	8/22/2024

Legend

CMAR - Construction Manager at Risk

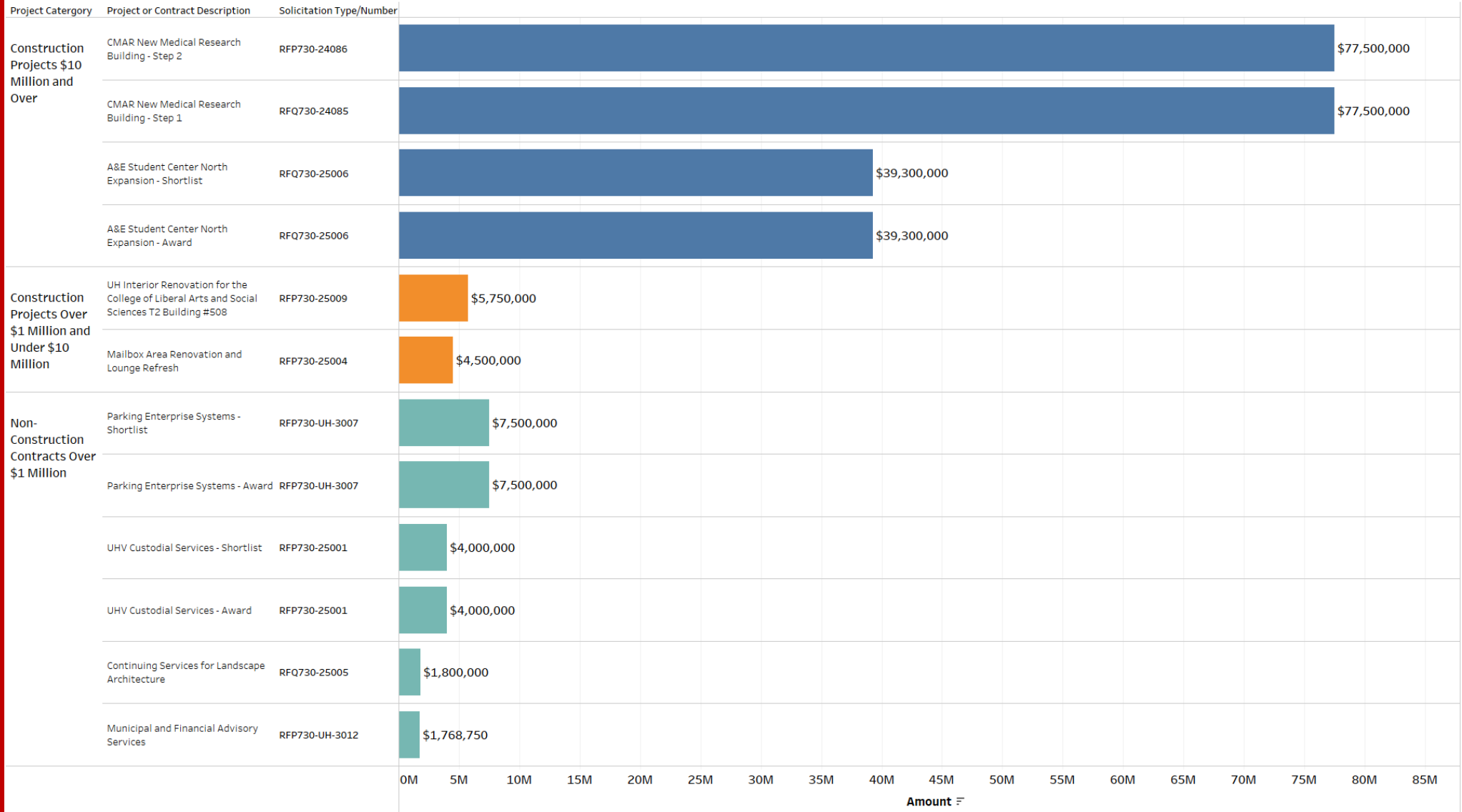
AE - Architectural and Engineering Services (RFQ only)

RFP - Request for Proposal

RFQ - Request for Qualifications

ITB - Invitation to Bid

**Contracts Requiring Board of Regents Approval
Internal Audit Activity
January 1, 2025 to March 31, 2025**



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,



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