
AGENDA

UNIVERSITY OF HOUSTON SYSTEM AUDIT AND COMPLIANCE COMMITTEE MEETING

DATE: Thursday, August 20, 2026
TIME: 9:30 AM
PLACE: Hilton University of Houston Hotel
Conrad Hilton Ballroom, Second Floor
4450 University Drive
Houston, Texas 77204

Chair: Gregory C. King
Vice Chair: Beth Madison
Members: Alonzo Cantu
Ricky Raven
Lynden Rose
Ex Officio: Jack B. Moore

I. **Audit and Compliance Committee**

Presenter: Chair Greg C. King

A. Call to Order
Presenter: Chair Greg C. King

B. Approval of Committee Minutes

- May 21, 2026, Audit & Compliance Committee Meeting

Action: Approval

C. Report on University of Houston System, Institutional Compliance Hotline Report for the three months ended July 31, 2026, and Annual Compliance Initiative 4

Action: Information
Presenter: Jeffrey Palmer, Deputy General Counsel

D. Report to the Legislature on Campus Carry Policy and its implementation at each university – University of Houston System 13

Action: Information
Presenter: Jeffrey Palmer, Deputy General Counsel

- E. State Required Report – Employee Reporting of Incidents of Sexual Harassment, Sexual Assault, Dating Violence, and Stalking – University of Houston System 19

Action: Information
Presenter: Rebecca Lake, Assistant VP Equal Opportunity Services

- F. Report on University of Houston System, Audit and Compliance Committee Charter and Checklist 26

Action: Approval
Presenter: Phil Hurd, Chief Audit Executive

- G. Report on University of Houston System, Audit and Compliance Committee Planner 34

Action: Approval
Presenter: Phil Hurd, Chief Audit Executive

- H. Report on University of Houston System, Annual Internal Audit Plan and Presentation on Compliance with the new Institute of Internal Auditors' (IIA) Global Internal Audit Standards 41

Action: Approval
Presenter: Phil Hurd, Chief Audit Executive

- I. Report on University of Houston System, Internal Audit Reports 50

Action: Information
Presenter: Phil Hurd, Chief Audit Executive

- J. Report on University of Houston System, UH System Support Organizations, Fiscal Year 2025 66

- Compliance Review of UH System Support Organizations
- UH System Support Organizations Report

Action: Information
Presenter: Phil Hurd, Chief Audit Executive

II. **Executive Session**

1. Consultation with System Attorney Regarding Legal Matters and/or contemplated Litigation or Settlement Offers
TEXAS GOV'T CODE SECTION 551.071

2. Deliberations regarding the Purchase, Exchange, Sale or Value of Real Property
TEXAS GOV'T CODE SECTION 551.072

3. Deliberations Regarding a Prospective Gift
TEXAS GOV'T CODE SECTION 551.073

4. Personnel Matters Relating to Appointment, Employment, Evaluation, Assignment, Duties, Discipline, or Dismissal of Officers, or Employees including but not limited to the Chancellor, Presidents, Vice Chancellors, in the Division of Athletics and members of the Board of Regents.
TEXAS GOV'T CODE SECTION 551.074

5. Confidentiality of government information related to security or infrastructure issues for computers.
TEXAS GOV'T CODE SECTION 552.139

III. **Report and Action from Executive Session**
Presenter: Chair Greg C. King

UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS AGENDA

COMMITTEE: Audit and Compliance

ITEM: Report on University of Houston System, Institutional Compliance
Hotline Report for the three months ended July 31, 2026, and Annual
Compliance Initiative

DATE PREVIOUSLY SUBMITTED: May 21, 2026

SUMMARY:

The Institutional Compliance Hotline Report summarizes the fraud and non-compliance hotline reports received for each institution during the applicable quarter, including the primary issue associated with the reports. The report also details the annual compliance initiative for FY 2027.

SUPPORTING
DOCUMENTATION: Institutional Compliance Hotline Report: Annual Compliance Initiative

FISCAL NOTE:

RECOMMENDATION/
ACTION REQUESTED: Information

COMPONENT: University of Houston System


UHS INTERIM CHIEF COMPLIANCE OFFICER Jeffrey D. Palmer

7/10/26

DATE


CHANCELLOR Renu Khator

8/18/26

DATE



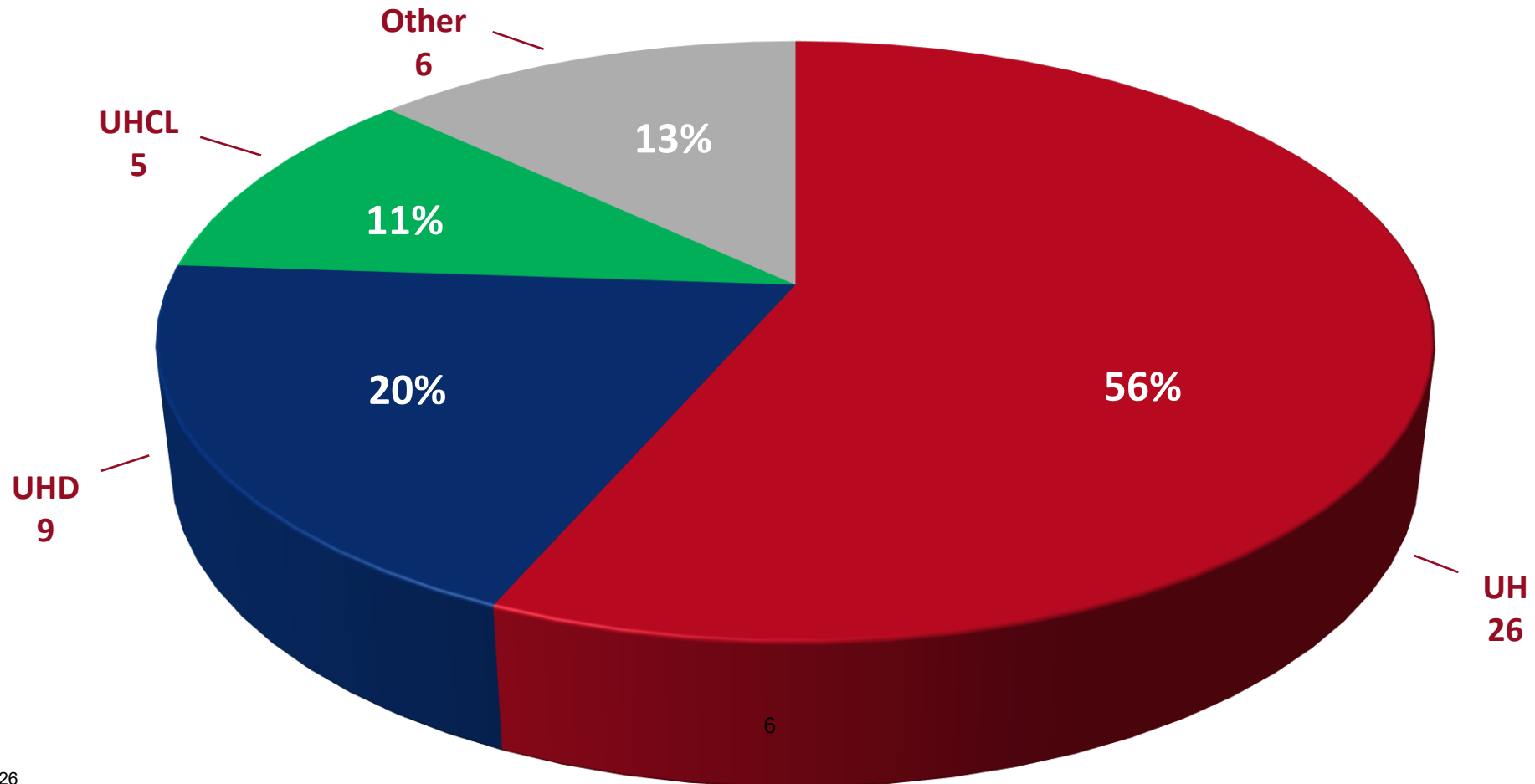
University of Houston System

Institutional Compliance Hotline Report
for the three months ending July 31, 2026



Hotline Reports for All UHS Universities

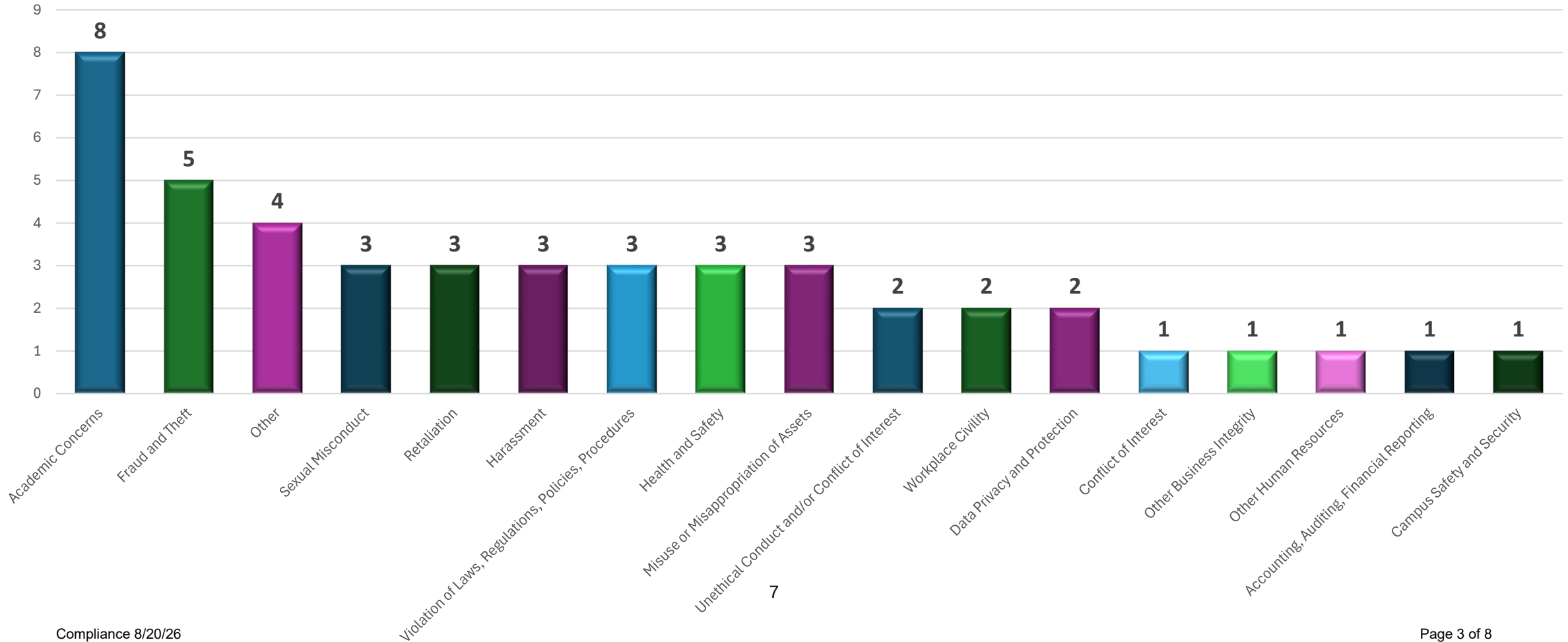
UHS Total: 46





UHS Total: 46

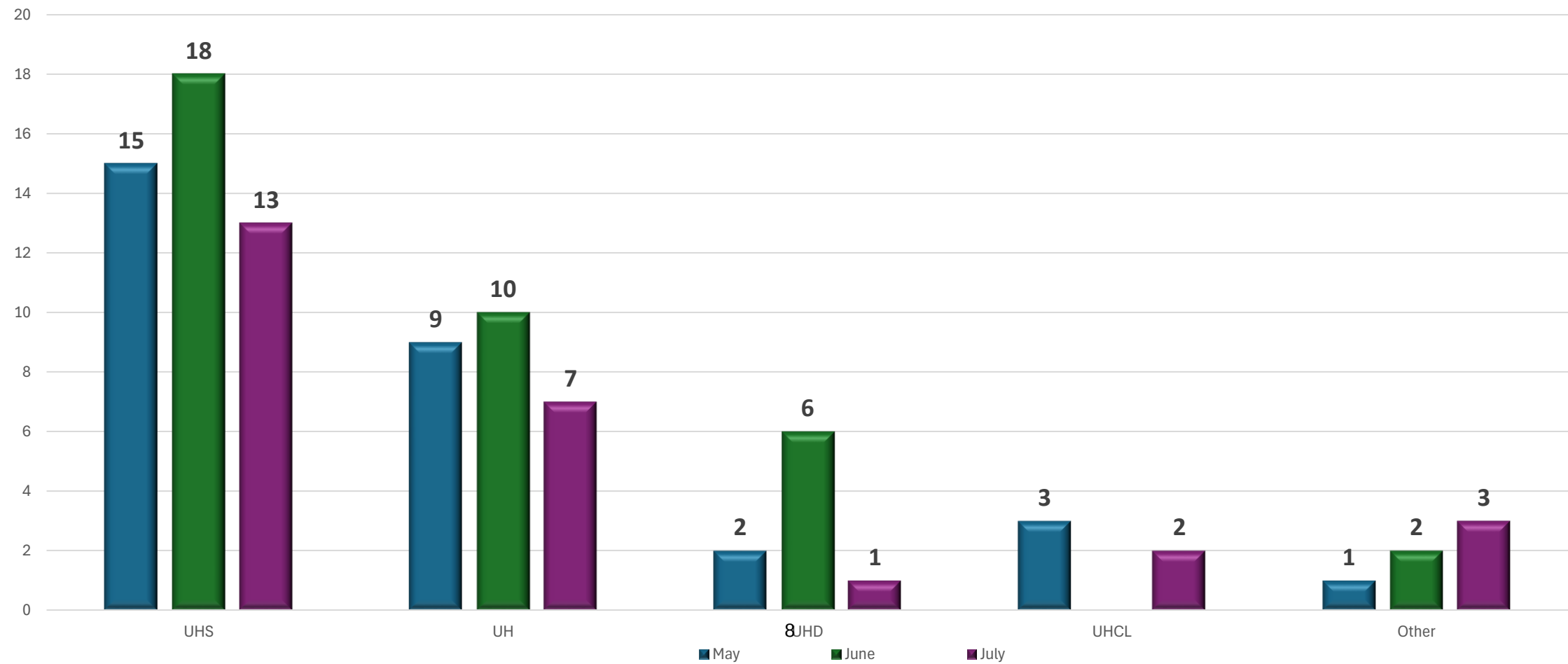
Reported Issues by Type Across UHS





UHS Total: 46

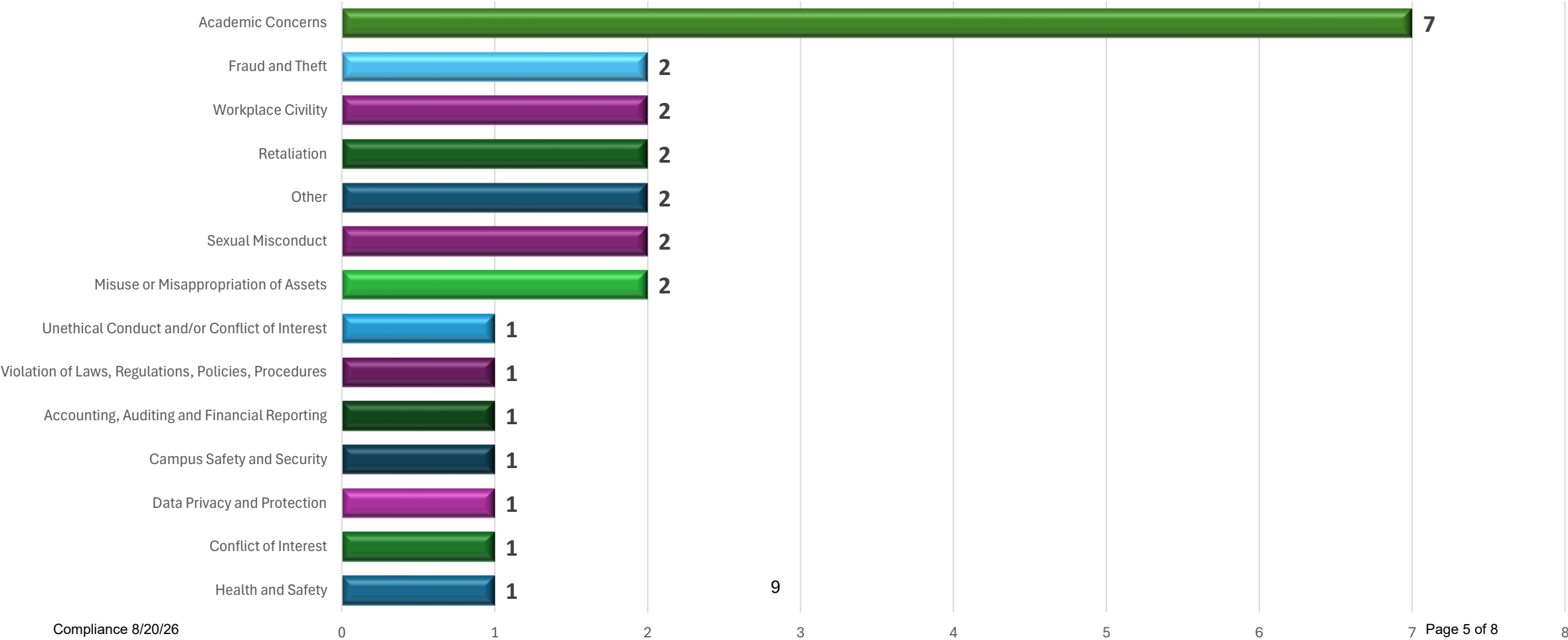
Issues Reported by Month





UH Total: 26

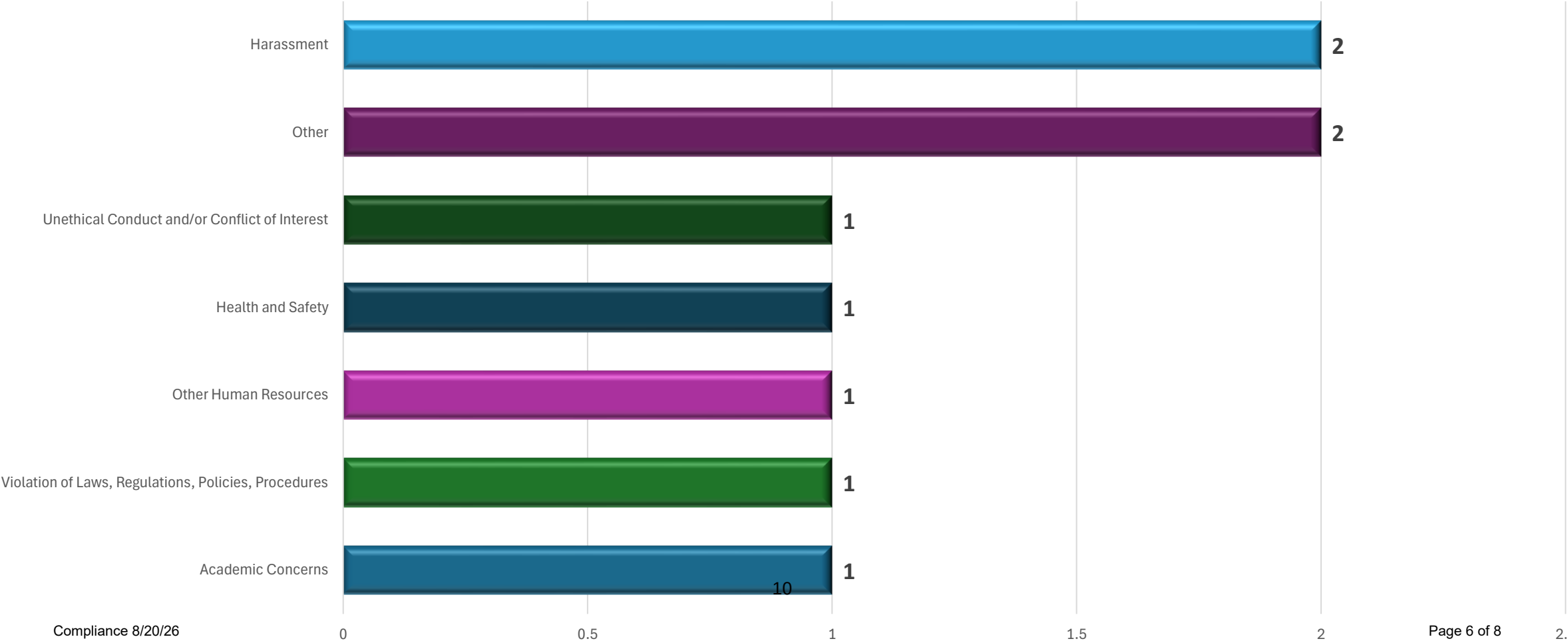
UH Issue Breakdown





UHD Issue Breakdown

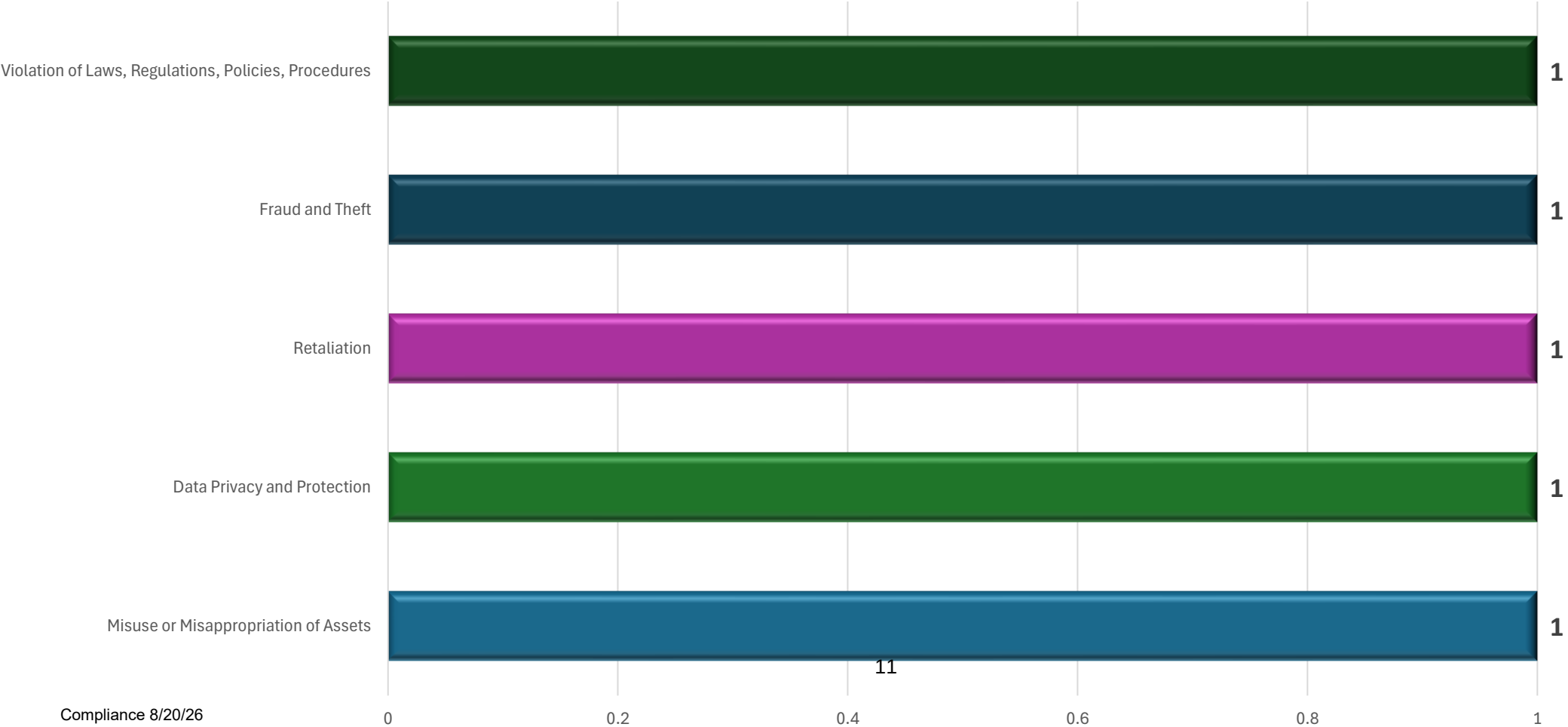
UHD Total: 9





UHCL Issue Breakdown

UHCL Total: 5





Annual Compliance Initiative

Review Compliance Office Structure and Function

With the ever-growing list of federal and state regulations applicable to Texas state agencies and institutions of higher education, the timing makes sense to reflect on the current structure of the UHS Office of Compliance and Ethics and its function both within the Office of General Counsel, as well as the University of Houston System as a whole.

We will benchmark our current Compliance office against comparable ones.

We will determine the structure of the Compliance office both in terms of areas covered and necessary personnel to help ensure maximum effectiveness and efficiency.

We will determine the function of the Compliance office to help ensure protection of UHS and its universities while fostering a culture of integrity, ethical behavior, and accountability across the entire organization.

We will ensure any change in the current Compliance office structure and function does not impair in any way or manner the current services being provided to UHS and its universities.

**UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS AGENDA**

COMMITTEE: Audit and Compliance

ITEM: Report to the Legislature on Campus Carry Policy and its implementation at each university – University of Houston System

DATE PREVIOUSLY SUBMITTED: N/A

SUMMARY:

A report for the Legislature will be presented to the Board regarding the Campus Carry Policy for the University of Houston System

**SUPPORTING
DOCUMENTATION:** None

FISCAL NOTE: None

**RECOMMENDATION/
ACTION REQUESTED:** Information

COMPONENT: University of Houston System



CHANCELLOR

Renu Khator



DATE



UNIVERSITY OF HOUSTON SYSTEM UNIVERSITY OF HOUSTON

DONA HAMILTON CORNELL

Vice Chancellor for Legal Affairs, University of Houston System
Vice President for Legal Affairs, University of Houston
General Counsel, University of Houston System, University of Houston

MEMORANDUM

To: Legislative Budget Board, audit@lbb.state.tx.us
Texas Governor's Office, budgetandpolicyreports@gov.texas.gov
Lt. Governor Dan Patrick, dan.patrick@ltgov.texas.gov
Speaker of the House, Rep. Dustin Burrows, dustin.burrows@house.texas.gov

Texas Senate Committee on State Affairs

Sen. Bryan Hughes, Chair, bryan.hughes@senate.texas.gov
Sen. Angela Paxton, Vice-Chair, angela.paxton@senate.texas.gov
Sen. Paul Bettencourt, paul.bettencourt@senate.texas.gov
Sen. Bob Hall, bob.hall@senate.texas.gov
Sen. Adam Hinojosa, adam.hinojosa@senate.texas.gov
Sen. Tan Parker, tan.parker@senate.texas.gov
Sen. Charles Perry, charles.perry@senate.texas.gov
Sen. Charles Schwertner, charles.schwertner@senate.texas.gov
Sen. Judith Zaffirini, judith.zaffirini@senate.texas.gov
Committee Clerk, Andrew Scott, andrew.scott@senate.texas.gov

Committee on Homeland Security, Public Safety & Veterans' Affairs

Rep. Cole Hefner, Chair, cole.hefner@house.texas.gov
Rep. Ray Lopez, Vice-Chair, ray.lopez@house.texas.gov
Rep. Terry Canales, terry.canales@house.texas.gov
Rep. Philip Cortez, philip.cortez@house.texas.gov
Rep. Mark Dorazio, mark.dorazio@house.texas.gov
Rep. Hillary Gail Hickland, hillary.hickland@house.texas.gov
Rep. Janis Holt, janis.holt@house.texas.gov
Rep. Carrie Isaac, carrie.isaac@house.texas.gov
Rep. AJ Louderback, aj.louderback@house.texas.gov
Rep. Don McLaughlin, don.mclaughlin@house.texas.gov
Rep. Katrina Pierson, katrina.pierson@house.texas.gov
Committee Clerk, Jose Gonzalez, jose.gonzalez@house.texas.gov

FROM: Dona H. Cornell, Vice Chancellor, University of Houston System

DATE: August 21, 2026

SUBJECT: Report of the University of Houston System- Campus Carry Compliance

On behalf of the University of Houston System, I am providing you with this notification of compliance for each University within the UH System with the requirements of Texas Government Code § 411.2031 *Carrying of Handguns by License Holders on Certain Campuses*, in particular as they relate to the following provisions of the statute:

(d-3) An institution of higher education shall widely distribute the rules, regulations, or other provisions described by Subsection (d-1) to the institution's students, staff, and faculty, including by prominently publishing the provisions on the institution's Internet website.

(d-4) Not later than September 1 of each even-numbered year, each institution of higher education in this state shall submit a report to the legislature and to the standing committees of the legislature with jurisdiction over the implementation and continuation of this section that:

- (1) describes its rules, regulations, or other provisions regarding the carrying of concealed handguns on the campus of the institution; and
- (2) explains the reasons the institution has established those provisions.

1. Rules, regulations, or other provisions regarding the carrying of concealed handguns on the campus of the institution

Each component institution of the UH System has developed a Campus Carry website, and has published its Campus Carry Policy, including rules and regulations, on its website. The Campus Carry website for each University provides further information about the process followed at that University in developing its Campus Carry policy, including its consideration regarding the nature of the student population, specific safety considerations, and the uniqueness of the campus environment, as further explained in Section 2 below. The Campus Carry rules and websites can be found at the following locations:

University of Houston:

Campus Carry Policy:

Manual of Administrative Policies and Procedures (MAPP) 07.01.05

<https://www.uh.edu/policies/mapps/07-public-safety/070105/>

Adopted July 1, 2016; Last Revised April 28, 2026

Campus Carry Home Page:

<https://www.uh.edu/police/policies-training/campus-carry/>

Since the University's 2024 report to the Legislature, revisions have been made to the University of Houston Campus Carry Policy. Specifically, Appendix 1 to the policy which covers specific Campus Carry Zones was revised on April 28, 2026 to modify the list of buildings as noted in Appendix A to this notification.

UH - Clear Lake:

Campus Carry Policy:

<https://www.uhcl.edu/policies/documents/administration/campus-carry-policy.pdf>

Adopted July 7, 2016; Last Revised May 12, 2023

Campus Carry Home Page:

<https://www.uhcl.edu/police/campus-carry>

Since the University's 2024 report to the Legislature, no revisions have been made to the UH - Clear Lake Campus Carry Policy.

UH - Downtown:

Campus Carry Policy:

<https://www.uhd.edu/hr/policies/ps-01a16-campus-carry-policy.aspx>

Adopted August 1, 2016; Last Revised June 27, 2024

Campus Carry Home Page:

<https://www.uhd.edu/police-department/campus-carry/index.aspx>

Since the University's 2024 report to the Legislature, no revisions have been made to the UH – Downtown Campus Carry Policy.

2. Reasons the institution has established those provisions

In 2015, The 84th Texas Legislature passed, and Governor Greg Abbott signed, Senate Bill 11, also known as the Campus Carry law. SB 11 amended Section 411.2031 of the Texas Government Code to allow carrying of handguns by license holders on college campuses beginning on August 1, 2016. The law authorized each Texas public university to adopt its campus carry policy after presenting it to, and receiving feedback from, the University community and the Board of Regents.

Each component University within the University of Houston System charged a campus carry work group with the responsibility of developing a campus carry policy that:

1. is compliant with the Campus Carry law,
2. addresses the safety and welfare of university students and the campus community, and
3. which is based upon input obtained from campus constituents.

Each work group was comprised of representatives from various University departments and groups. In order to establish the proper exclusion zones, each component University consulted with its students, staff, and faculty regarding the nature of the student population, as well as the specific safety considerations and uniqueness of each campus environment. Factors considered

included but were not limited to, mental health counseling, health-related clinical facilities, grievances, and disciplinary hearings (including allegations under Title IX of the Education Amendments of 1972, etc.), sporting and interscholastic events, places of religious worship, day care facilities and school, campus programs for minors, university housing, and polling places. Each component University also analyzed statutes under Texas and Federal law to determine, by analogy, which areas on campus would be proper exclusion zones.

If you have any further questions, please feel free to contact me at DHCornell@uh.edu, or Jeffrey David Palmer, Deputy General Counsel/Interim Chief Compliance Officer at jdpalmer@uh.edu.

Appendix A - University of Houston

Outline of Changes to University of Houston Campus Carry Policy

Revisions have been made to the University of Houston Campus Carry Policy since the University's last report to the Legislature. Specifically, Appendix 1 to the policy which covers specific Campus Carry Zones and buildings in those respective zones was revised on April 28, 2026 as follows:

- a. Excluded Zone
 - Buildings Removed
 - 0488 Satellite Central Plant 1
 - 0533 Melcher Gym/Charter School
 - 0555 Law Residence Hall
 - 0556 Settegast Residence Hall
 - 0557 Bates Residence Hall
 - 0558 Taub Residence Hall
 - Buildings Added
 - 0479 Quadrangle
 - 0467 College of Medicine Central Plant
 - Buildings Whose Names Were Corrected
 - 0526 Student Services Center 2
 - 0568 J. Dart Jr. Accessibility Center
 - 0698 Clinical Research Services Center
- b. Not Excluded Zone
 - Buildings Removed
 - 0559 E.E. Oberholtzer Res. Hall, *108
 - 0560 UH-DPS Parking Enforcement
 - 0567 Student Center Satellite
 - 0591 Visitor Information Booth 1
 - 0595 Chinese Star Restaurant
 - Buildings Added
 - 0469 Retail Auxiliary Dining Center
 - 0473 University Gateway Parking Garage
 - 0477 Elgin Street Parking Garage
- c. Partially Excluded
 - Buildings Added
 - 0533 Melcher Life Sciences Building

These changes were based upon the recommendation of the University of Houston System Office of General Counsel and the University of Houston Chief of Police with approval from the Senior Vice President for Administration and Finance.

**UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS AGENDA**

COMMITTEE: Audit and Compliance

ITEM: State Required Report – Employee Reporting of Incidents of Sexual Harassment, Sexual Assault, Dating Violence, and Stalking – University of Houston System

DATE PREVIOUSLY SUBMITTED: August 21, 2025

SUMMARY:

This presentation provides an overview of annual data from state reporting mandates – Reporting Incidents of Sexual Harassment, Sexual Assault, Dating Violence, and Stalking.

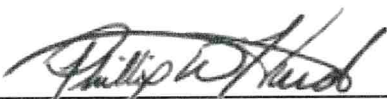
SUPPORTING

DOCUMENTATION: Report by Rebecca Lake, AVC/AVP, Equal Opportunity Services, UHS/UH

FISCAL NOTE: None

**RECOMMENDATION/
ACTION REQUESTED:** Information

COMPONENT: University of Houston System



CHIEF AUDIT EXECUTIVE Phillip W. Hurd

7-21-26

DATE



CHANCELLOR Renu Khator

8/18/20

DATE

Chief Executive Officer Report

TO: **University of Houston System – Board of Regents**
VIA: Rebecca Lake, Assistant VC/VP, Equal Opportunity Services
FROM: **Chancellor Renu Khator**, Chief Executive Officer, University of Houston System and
University of Houston
Interim President Deborah Bordelon, Chief Executive Officer, University of Houston
Downtown
President Richard Walker, Chief Executive Officer, University of Houston-Clear Lake
DATE: August 3, 2026
RE: Chief Executive Officer Reporting Requirements under Tex. Educ. Code § 51.253(c)

Under the Texas Education Code (TEC), Section 51.253(c), the institution's Chief Executive Officer is required to submit a data report at least once during each fall or spring semester to the institution's governing body and post on the institution's website a report concerning the reports that employees received under the TEC, Section 51.252, where the type of incident described in the employee's report constitutes "sexual harassment," "sexual assault," "dating violence," or "stalking" as defined in the TEC, Section 51.251, and any disciplinary actions taken under TEC, Section 51.255.

For the purpose of complying with the Chief Executive Officer's reporting requirements under the TEC, Section 51.253(c), the attached summary data reports¹ (Appendices A-D) include all of the required reporting information to the **University of Houston System – Board of Regents** for the time period of **July 1, 2025, through June 30, 2026**.

The summary data report will also be posted on each campus' Title IX webpage per the public reporting requirements under the TEC, Section 51.253(c).

Note: Any additional reports received by the Title IX Coordinator that do not meet the required reporting criteria in the TEC have been omitted. A glossary is included in Appendix E.

¹ When identifiable, duplicate reports were consolidated and counted as one case in the summary data. Confidential employee reporting is noted as a sub-set to the total number of reports received.

Appendix A: University of Houston System
Summary Data Report
July 1, 2025 – June 30, 2026

Texas Education Code, Section 51.252	
Number of reports* received under Section 51.252	7
Number of confidential reports under Section 51.252	--
Number of formal investigations conducted under Section 51.252**	--
Disposition of any disciplinary processes for reports under Section 51.252:	
a. Concluded, No Finding of Policy Violation	--
b. Concluded, with Employee Disciplinary Sanction	--
c. Concluded, with Student Disciplinary Sanction	--
d. Pending formal investigation	--
e. SUBTOTAL	--
Number of reports under Section 51.252 for which the institution determined not to initiate a disciplinary process:	7 (1)
a. Unidentified or unaffiliated respondent	2
b. Confidential report (unidentified complainant)	--
c. Insufficient information to investigate	5 (1)
d. Complainant requested no investigation	--
e. Other administrative closure or informal resolution	--
f. Preliminary investigation pending	--

* Cases above include consolidated cases featuring multiple incoming reports.

** The Title IX Coordinator conducts a preliminary investigation into all reports received under Section 51.252. A formal investigation indicates a formal complaint was filed, followed by a full investigation and disciplinary process, if applicable.

Cases in “()” were reported in a previous annual report but concluded in the current year.

Confidential reports may be duplicate reports as party identity cannot be compared.

Texas Education Code, Section 51.255	
Number of reports received that include allegations of an employee’s failure to report or who submits a false report to the institution under Section 51.255(a)	--
Any disciplinary action taken, regarding failure to report or false reports to the institution under Section 51.255(c):	Not applicable
a. Employee termination	--
b. Institutional intent to termination, in lieu of employee resignation	--
c. Pending investigation	--

Appendix B: University of Houston
Summary Data Report
July 1, 2025 – June 30, 2026

Texas Education Code, Section 51.252		
Number of reports* received under Section 51.252	470	
Number of confidential reports under Section 51.252	65	
Number of formal investigations conducted under Section 51.252**	16	(2)
Disposition of any disciplinary processes for reports under Section 51.252:	--	
a. Concluded, No Finding of Policy Violation	4	(2)
b. Concluded, with Employee Disciplinary Sanction	--	
c. Concluded, with Student Disciplinary Sanction	--	
d. Pending formal investigation	12	
e. SUBTOTAL	16	(2)
Number of reports under Section 51.252 for which the institution determined not to initiate a disciplinary process:	454	(7)
a. Unidentified or unaffiliated respondent	223	(1)
b. Confidential report (unidentified complainant)	65	
c. Insufficient information to investigate	160	(5)
d. Complainant requested no investigation	1	
e. Other administrative closure or informal resolution	2	(1)
f. Preliminary investigation pending	3	

* Cases above include consolidated cases featuring multiple incoming reports.

** The Title IX Coordinator conducts a preliminary investigation into all reports received under Section 51.252. A formal investigation indicates a formal complaint was filed, followed by a full investigation and disciplinary process, if applicable.

Cases in “()” were pending in a previous report and concluded in the current reporting year.

Confidential reports may be duplicate reports as party identity cannot be compared.

Texas Education Code, Section 51.255		
Number of reports received that include allegations of an employee’s failure to report or who submits a false report to the institution under Section 51.255(a)	1	(2)
Any disciplinary action taken, regarding failure to report or false reports to the institution under Section 51.255(c):	Not applicable	
a. Employee termination	--	
b. Institutional intent to termination, in lieu of employee resignation	--	
c. Pending investigation	--	

Appendix C: University of Houston-Clear Lake
Summary Data Report
July 1, 2025 – June 30, 2026

Texas Education Code, Section 51.252	
Number of reports* received under Section 51.252	78
Number of confidential reports under Section 51.252	9
Number of formal investigations conducted under Section 51.252**	--
Disposition of any disciplinary processes for reports under Section 51.252:	--
f. Concluded, No Finding of Policy Violation	--
g. Concluded, with Employee Disciplinary Sanction	--
h. Concluded, with Student Disciplinary Sanction	--
i. Pending formal investigation	--
j. SUBTOTAL	--
Number of reports under Section 51.252 for which the institution determined not to initiate a disciplinary process:	78
g. Unidentified or unaffiliated respondent	38
h. Confidential report (unidentified complainant)	9
i. Insufficient information to investigate	14
j. Complainant requested no investigation	8
k. Other administrative closure or informal resolution	8
l. Preliminary investigation pending	1

* Cases above include consolidated cases featuring multiple incoming reports.

** The Title IX Coordinator conducts a preliminary investigation into all reports received under Section 51.252. A formal investigation indicates a formal complaint was filed, followed by a full investigation and disciplinary process, if applicable.

Confidential reports may be duplicate reports as party identity cannot be compared.

Texas Education Code, Section 51.255	
Number of reports received that include allegations of an employee's failure to report or who submits a false report to the institution under Section 51.255(a)	--
Any disciplinary action taken, regarding failure to report or false reports to the institution under Section 51.255(c):	Not applicable
d. Employee termination	--
e. Institutional intent to termination, in lieu of employee resignation	--
f. Pending investigation	--

Appendix D: University of Houston-Downtown
Summary Data Report
July 1, 2025 – June 30, 2026

Texas Education Code, Section 51.252	
Number of reports* received under Section 51.252	142
Number of confidential reports under Section 51.252	28
Number of formal investigations conducted under Section 51.252**	--
Disposition of any disciplinary processes for reports under Section 51.252:	--
k. Concluded, No Finding of Policy Violation	--
l. Concluded, with Employee Disciplinary Sanction	--
m. Concluded, with Student Disciplinary Sanction	--
n. Pending formal investigation	--
o. SUBTOTAL	--
Number of reports under Section 51.252 for which the institution determined not to initiate a disciplinary process:	142
m. Unidentified or unaffiliated respondent	72
n. Confidential report (unidentified complainant)	28
o. Insufficient information to investigate	36
p. Complainant requested no investigation	5
q. Other administrative closure or informal resolution	1
r. Preliminary investigation pending	--

* Cases above include consolidated cases featuring multiple incoming reports.

** The Title IX Coordinator conducts a preliminary investigation into all reports received under Section 51.252. A formal investigation indicates a formal complaint was filed, followed by a full investigation and disciplinary process, if applicable.

Confidential reports may be duplicate reports as party identity cannot be compared.

Texas Education Code, Section 51.255	
Number of reports received that include allegations of an employee's failure to report or who submits a false report to the institution under Section 51.255(a)	--
Any disciplinary action taken, regarding failure to report or false reports to the institution under Section 51.255(c):	Not applicable
g. Employee termination	--
h. Institutional intent to termination, in lieu of employee resignation	--
i. Pending investigation	--

Appendix E: Glossary

Number of reports received under Section 51.252	Reports made by students and all other non-employees (including incidents under 3.5(d)(3)) are excluded from Appendices A through E. Additionally, if a Title IX Coordinator determines that the type of incident described in a report, as alleged, does not constitute “sexual harassment,” “sexual assault,” “dating violence,” or “stalking” as defined in the TEC, Section 51.251, the report is excluded from Appendices A through E. It is the responsibility of the Title IX Coordinator to assess each report received and determine whether it is properly included in this report, and if so, to correctly identify the type of incident.
Number of confidential reports under Section 51.252	“Number of confidential reports” is a sub-set of the total number of reports that were received under Section 51.252, by a confidential employee or office (e.g., Student Counseling Services or Student Health Services).
Disposition of any disciplinary processes for reports under Section 51.252	“Disposition” means “final result under the institution’s disciplinary process” as defined in the Texas Higher Education Coordinating Board’s (THECB) rules for the TEC, Section 51.259 [See 19 Texas Administrative Code, Section 3.6(3) (2019)]; therefore, pending disciplinary processes will not be listed until the final result is rendered.
Formal Investigation	Per the UH-System Policy, a formal investigation is initiated when the complainant or University files a formal complaint against the respondent.
No Finding of Policy Violation	“No Finding of a Policy Violation” refers to instances where there is no finding of responsibility based on either a formal complaint dismissal or the completion of a formal investigation, as well as the appeal process.
Number of reports under Section 51.252 for which the institution determined not to initiate a disciplinary process	The institution may have determined “not to initiate a disciplinary process.” The reasons for not initiating a discipline process can include, but are not limited to: administrative closure; insufficient information to investigate; confidential employee reporting (no identifiable complainant information); the respondent’s identity was unknown or not reported; the respondent was not university-affiliated; the complainant requested the institution not investigate the report; informal resolution was completed; or the investigation is ongoing.

**UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS AGENDA**

COMMITTEE: Audit and Compliance

ITEM: Report on University of Houston System, Audit and Compliance Committee Charter and Checklist

DATE PREVIOUSLY SUBMITTED: August 21, 2025

SUMMARY:

Attached for your review and approval is the Audit and Compliance Committee Charter and Checklist. The Audit and Compliance Committee Charter and Checklist are recommended guidelines for the operation of the Audit & Compliance Committee. The Board of Regents Bylaw 5.2.1 and the Audit and Compliance Committee Charter and Checklist, item number 26, requires an annual review and update. There are no suggested changes to this document.

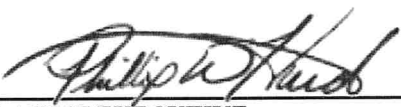
SUPPORTING

DOCUMENTATION: Audit and Compliance Committee Charter and Checklist

FISCAL NOTE: None

**RECOMMENDATION/
ACTION REQUESTED:** For Approval by Committee Only

COMPONENT: University of Houston System



CHIEF AUDIT EXECUTIVE Phillip W. Hurd

DATE 7-21-26



CHANCELLOR Renu Khator

DATE 8/18/26

**Audit & Compliance Committee Charter
of the
Board of Regents of The University of Houston System**

Role

The Audit & Compliance Committee (“the Committee”) of the Board of Regents (“the Board”) of The University of Houston (“U. H.”) System assists the Board in fulfilling its responsibilities for:

- ◆ Oversight of the quality and integrity of the accounting and financial reporting practices, including the annual financial statements, and the system of internal controls;
- ◆ Oversight and direction of the internal auditing function, any external auditors or other outside expertise whom the Committee may employ, and engagements with the State Auditor;
- ◆ Oversight and direction for the System-wide institutional compliance function;
- ◆ Oversight of the review of effective institutional management practices which provide for effective risk management, accountability and stewardship at all U. H. System components; and
- ◆ Other duties as directed by the Board.

The Committee’s role includes a particular focus on U. H. System’s processes to manage business and financial risk, and for compliance with significant applicable legal, ethical, and regulatory requirements.

Membership

The membership of the Committee shall consist of not less than three regents, nor more than four. The Committee will have a committee chair, vice chair, and one or two additional regents, all of whom shall be appointed by the chair of the board. The chair of the board will serve as ex-officio for the Committee and will count for purposes of determining a quorum. A quorum is three for the Committee. One to four advisory members may be appointed to the Committee with the unanimous approval of the chair of the board, the chancellor, and the chair of the Committee. The advisory members will serve one-year terms from September 1 through August 31 and may be reappointed each year. Advisory members will not have voting authority.

Reporting

The Chief Audit Executive, System-wide Compliance Officer, and executive management shall provide periodic reports related to audit, compliance, and management review to the Committee. Any public accounting firm or other outside expertise employed by the Committee shall report directly to the Committee. The State Auditor’s reports will be submitted to this committee. The Committee is expected to maintain free and open communications, which shall include private

executive sessions, at least annually, with these parties, as it deems appropriate and is permitted by law.

The Committee chairperson shall regularly report Audit & Compliance Committee activities to the full Board of Regents, particularly with respect to:

- (i.) any issues that arise regarding compliance with legal or regulatory requirements and the performance and independence of internal and external auditing and assurance functions; and
- (ii.) such other matters as are relevant to the Committee's discharge of its responsibilities.

Education

U. H. System executive management is responsible for providing the Committee with educational resources related to accounting principles and procedures, risk management, and other information that may be requested by the Committee. U. H. System executive management shall assist the Committee in maintaining appropriate financial and compliance literacy.

Authority

The Committee, in discharging its oversight role, is empowered to study or investigate any matter related to audit, compliance, and management of interest or concern that the Committee, in its sole discretion, deems appropriate for study or investigation by the Committee. The Committee shall be given full access to all U. H. System employees and operations as necessary to carry out this authority. The Committee through its chair is authorized to engage outside expertise, to the extent permitted by applicable law, should it choose to do so.

Responsibilities

The Committee's specific responsibilities in carrying out its oversight role are delineated in the Audit & Compliance Committee Responsibilities Checklist. The responsibilities checklist will be updated annually by the Committee to reflect changes in regulatory requirements, authoritative guidance, and evolving oversight practices. As the compendium of Committee responsibilities, the most recently updated responsibilities checklist will be considered to be an addendum to this charter.

The Committee relies on the expertise and knowledge of management, the internal auditors, the State Auditor, and any public accounting firm or other outside expertise they may employ in carrying out its oversight responsibilities. U. H. System executive management is responsible for preparing complete and accurate financial statements and for monitoring internal controls and compliance with all applicable laws, regulations, and internal policies and procedures. Any public accounting firm or other outside expertise hired by the Committee is responsible for performing the services specified in the hiring contract.

CHECKLIST

Responsibilities Checklist for the Audit & Compliance Committee of the Board of Regents of The University of Houston System

1. The Committee will perform such other functions as assigned by law or the Board of Regents of The University of Houston System (“the Board”).
2. The Committee shall meet four times per year or more frequently as circumstances require. The Committee may ask members of management or others to attend the meeting and provide pertinent information as necessary.
3. The agenda for Committee meetings will be prepared in consultation between the Committee chair (with input from the Committee members), U. H. System executive management, the Chief Audit Executive, and the System-wide Compliance Officer.
4. The Committee shall verify that its membership is familiar with the Committee’s Charter, goals, and objectives.
5. The Committee shall review the independence of each Committee member based on applicable independence laws and regulations.
6. The Committee shall review and approve the appointment or change in the Chief Audit Executive.
7. The Committee shall have the power to conduct or authorize investigations into any matters within the Committee's scope of responsibilities.
8. The Committee shall provide an open avenue of communication between the State Auditor, internal auditors, any public accounting firm or other outside expertise employed, executive management, and the Board. The Committee chairperson shall report Committee actions to the Board with such recommendations as the Committee may deem appropriate.
9. For the purpose of preparing or issuing an audit report or related work, the Committee shall be directly responsible for the appointment, compensation, and oversight of the work of any employed public accounting firm (including the resolution of disagreements between management and the auditor regarding financial reporting) or

other outside expertise. This does not preclude an individual component institution from hiring a public accounting firm to perform work at the component level.

10. The Chief Audit Executive has responsibility for ensuring that no conflicts of interest exist between public accounting firms performing consulting services and firms conducting financial statement audits. The Chief Audit Executive shall report annually on the status and integrity of U. H. System's engagements with public accounting firms.
11. The Committee shall review with executive management, the Chief Audit Executive, the System-wide Compliance Officer, the State Auditor, and any employed public accounting firm the coordination of efforts to assure completeness of coverage, reduction of redundant efforts, and the effective use of resources.
12. The Committee shall inquire of executive management, the Chief Audit Executive, the System-wide Compliance Officer, and any employed public accounting firm or other outside expertise about significant risks or exposures and assess the steps management has taken to minimize such risk to U. H. System.
13. The Committee shall consider and review with the Chief Audit Executive, the System-wide Compliance Officer, the State Auditor, and any employed public accounting firm or other outside expertise:
 - a. The adequacy of U. H. System's internal controls including computerized information system controls and security;
 - b. The adequacy and efficiency of senior-level management with respect to fiscal operations and compliance functions at all component institutions;
 - c. Any related significant findings and recommendations of the State Auditor, independent public accountants, and internal audit together with management's responses thereto.
14. Regarding the U.H. System's financial statements, the Committee shall review with executive management and/or the Chief Audit Executive:
 - a. U. H. System's annual financial statements and related footnotes;
 - b. Any audit and assurance work performed on components of the annual financial statements;
 - c. Any significant changes to the financial statements requested by the State Auditor, internal audit, or any independent public accountants;
 - d. Any serious difficulties or disputes with management encountered during assurance work on components of the financial statements;

- e. Other matters related to the conduct of assurance services that are to be communicated to the Committee under generally accepted government auditing standards.
15. The Committee shall require the U. H. System Chancellor and U.H. System Chief Financial Officer certify the annual financial statements for the U. H. System as a whole, and that each component President and Chief Financial Officer certify the annual financial statements for their respective component institution.
 16. The Committee shall review legal and regulatory matters that may have a material impact on the financial statements, internal auditing and/or compliance activities.
 17. The Committee shall review with executive management and the Chief Audit Executive at least annually U. H. System's critical accounting policies, including any significant changes to Generally Accepted Accounting Procedures (GAAP), Regents' Bylaws and Policies, and/or operating policies or standards.
 18. On an annual basis, the Committee shall review, recommend, and approve the annual audit plan, including the allocation of audit hours and internal audit budget and staffing.
 19. Regarding audits, the Committee shall consider and review with executive management and the Chief Audit Executive:
 - a. Significant findings during the year and management's responses thereto;
 - b. Any difficulties encountered in the course of the audits, including any restrictions on the scope of work or access to required information;
 - c. Any changes required in the planned scope of the audit plan.
 20. The Committee shall conduct an annual performance review and evaluation of the Chief Audit Executive.
 21. The Committee shall ensure procedures are established for the receipt, retention, and treatment of complaints received regarding internal controls or auditing matters; and the confidential anonymous submission by employees of concerns regarding questionable auditing matters.
 22. The Committee shall monitor The University of Houston System Institutional Compliance Program and review with executive management and the System-wide Compliance Officer the status of the program and the results of its activities, including:
 - a. Significant institutional risks identified during the year and mitigating actions taken;

- b. Significant findings during the year and management's responses thereto;
 - c. Any difficulties encountered in the course of inspections or assurance activities, including any restrictions on the scope of work or access to required information;
 - d. Any changes required in planned scope of the compliance action plan.
23. The Committee shall conduct an annual review of the ethics and conflict of interest policies of the Board and each of the universities and receive a status update on the annual regent certification statements.
24. The Committee shall ensure procedures are established for the receipt, retention, and treatment of complaints received regarding compliance issues and the confidential anonymous submission by employees of concerns regarding ethically or legally questionable matters.
25. The Committee shall meet with the Chief Audit Executive, the System-wide Compliance Officer, executive management, or any employed external auditors or other outside expertise in executive session to discuss any matters that the Committee or the before named believe should be discussed privately with the Committee, to the extent permitted by applicable law.
26. The Committee shall review and update the Audit & Compliance Committee Responsibilities Checklist annually.
27. The Committee shall conduct an annual review of the report on compliance of each support organization.
28. The Committee shall receive an annual fraud prevention and awareness report which summarizes the fraud risk analyses and related risk mitigation strategies.
29. The Committee shall receive an annual report of all activities of the Identity Theft Prevention program.
30. The Committee shall receive an annual report to the Board listing all professional services and consulting contracts to a single entity greater than \$250,000 and for all other procurements (except investment agreements) where total compensation for system-wide sources to a single entity is expected to exceed \$1,000,000.
31. The Committee shall receive an annual report on the activities of the Internal Auditing Department in the format prescribed by the State Auditor's Office (Texas Government Code 2102.009).

32. The Committee shall receive an audit report on the safety and security of the institution's facilities at least once every three years (Texas Education Code 51.217).

Last reviewed: August 2026

**UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS AGENDA**

COMMITTEE: Audit and Compliance

ITEM: Report on University of Houston System, Audit and Compliance Committee Planner

DATE PREVIOUSLY SUBMITTED: August 21, 2025

SUMMARY:

The Audit and Compliance Committee Planner lists all actions required of the Audit and Compliance Committee with recommended schedules for these activities. Item 2.04 of the Planner requires the Audit and Compliance Committee to approve the Planner for the upcoming year.

SUPPORTING

DOCUMENTATION: Audit and Compliance Committee Planner

FISCAL NOTE: None

**RECOMMENDATION/
ACTION REQUESTED:** For Approval by Committee Only

COMPONENT: University of Houston System



CHIEF AUDIT EXECUTIVE

Phillip W. Hurd

7/21/26

DATE



CHANCELLOR

Renu Khator

8/18/26

DATE

University of Houston System

Audit & Compliance Committee Planner

Item	Frequency Q - Quarterly A - Annually AN - As needed	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec
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Note: (#'s) The numbers noted in parenthesis at the bottom right of the item description refer to the number in the Responsibilities Checklist for the Audit & Compliance Committee.

1. General & Administrative:					
.01	Meet four times per year or more frequently as circumstances require. The Committee may ask members of management or others to attend the meeting and provide pertinent information as necessary. (2)	Q	X	X	X
.02	Prepare agenda for Committee meetings in consultation between the Committee chair (with input from the Committee members), U. H. System executive management, the Chief Audit Executive, and the System-wide Compliance Officer. (3)	Q	X	X	X
.03	Approve minutes of previous meeting.	Q	X	X	X
2. Audit & Compliance Committee:					
.01	Verify that membership is familiar with the Committee's Charter, goals, and objectives. (4)	AN			
.02	Review the independence of each Committee member based on applicable independence laws and regulations. (5)	AN			
.03	Review and update the Audit & Compliance Committee Charter and Responsibilities Checklist annually. (26)	A		X	
.04	Approve Audit & Compliance Committee planner for upcoming year.	A		X	
.05	Provide orientation for new members.	AN			
.06	Conduct or authorize investigations into any matters within the Committee's scope of responsibilities. (7)	AN			
.07	Provide an open avenue of communication between the State Auditor, internal auditors, any public accounting firm or other outside expertise employed, executive management, and the Board. The Committee chairperson shall report Committee actions to the Board with such recommendations as the Committee may deem appropriate. (8)	AN			
3. Audit:					
.01	Review and approve the appointment or change in the Chief Audit Executive. (6)	AN			
.02	Conduct an annual performance review and evaluation of the Chief Audit Executive. (20)	A		X	
.03	Review Board of Regents policies on Internal Audit and Institutional Compliance; approve any changes.	A	X		
.04	Review, recommend, and approve the annual audit plan, including the allocation of audit hours and internal audit budget and staffing. (18)	A		X	

University of Houston System

Audit & Compliance Committee Planner

Item Note: (#'s) The numbers noted in parenthesis at the bottom right of the item description refer to the number in the Responsibilities Checklist for the Audit & Compliance Committee.		Frequency Q - Quarterly A - Annually AN - As needed	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec
.05	Consider and review with executive management and the Chief Audit Executive any changes required in the planned scope of the audit plan. (19c)	AN				
.06	Review the status of actual work performed relative to the approved annual plan.	Q A	X	X	X	X X
.07	Review with executive management, the Chief Audit Executive, the System-wide Compliance Officer, the State Auditor, and any employed public accounting firm the coordination of efforts to assure completeness of coverage, reduction of redundant efforts, and the effective use of resources. (11)	AN				
.08	Review the effectiveness of the internal audit function including compliance with The Institute of Internal Auditors International <u>Standards for the Professional Practice of Internal Auditing</u> and the Texas Internal Auditing Act.	At least every 3 years				
.09	For the purpose of preparing or issuing an audit report or related work, the Committee shall be directly responsible for the appointment, compensation, and oversight of the work of any employed public accounting firm (including the resolution of disagreements between management and the auditor regarding financial reporting) or other outside expertise. This does not preclude an individual component institution from hiring a public accounting firm to perform work at the component level. (9)	AN				
.10	Review the external Auditors' proposed audit scope and approach (for audits and consulting projects), including coordination of audit effort with internal audit.	AN				
.11	Review the performance of the external auditors, and exercise final approval on the appointment or discharge of the auditors.	AN				
.12	Regarding the U.H. System's financial statements, the Committee shall review with executive management and/or the Chief Audit Executive: a. U. H. System's annual financial statements and related footnotes; b. Any audit and assurance work performed on components of the annual financial statements; c. Any significant changes to the financial statements requested by the State Auditor, internal audit, or any independent public accountants; d. Any serious difficulties or disputes with management encountered during assurance work on components of the financial statements; e. Other matters related to the conduct of assurance services that are to be communicated to the Committee under generally accepted government auditing standards. (14)	A	X			

University of Houston System

Audit & Compliance Committee Planner

Item Note: (#'s) The numbers noted in parenthesis at the bottom right of the item description refer to the number in the Responsibilities Checklist for the Audit & Compliance Committee.		Frequency Q - Quarterly A - Annually AN - As needed	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec
.13	The Committee shall require the U. H. System Chancellor and U.H. System Chief Financial Officer certify the annual financial statements for the U. H. System as a whole, and that each component President and Chief Financial Officer certify the annual financial statements for their respective component institution. (Effective 2/1/07) (15)	A	X			
.14	Review legal and regulatory matters that may have a material impact on the financial statements, internal auditing and/or compliance activities. (16)	AN				
.15	Review with executive management and the Chief Audit Executive at least annually U. H. System's critical accounting policies, including any significant changes to Generally Accepted Accounting Procedures (GAAP), Regents' Bylaws and Policies, and/or operating policies or standards. (17)	A	X			
.16	Regarding audits, the Committee shall consider and review with executive management and the Chief Audit Executive any difficulties encountered in the course of the audits, including any restrictions on the scope of work or access to required information. (19b)	AN				
.17	The Committee shall consider and review with the Chief Audit Executive, the System-wide Compliance Officer, the State Auditor, and any employed public accounting firm or other outside expertise any related significant findings and recommendations of the State Auditor, independent public accountants, and internal audit together with management's responses thereto. (13c) & (19a)	Q	X	X	X	X
.18	The Chief Audit Executive has responsibility for ensuring that no conflicts of interest exist between public accounting firms performing consulting services and firms conducting financial statement audits. The Chief Audit Executive shall report annually on the status and integrity of The University of Houston System's engagements with public accounting firms. (10)	AN				
.19	The Committee shall ensure procedures are established for the receipt, retention, and treatment of complaints received regarding internal controls or auditing matters; and the confidential anonymous submission by employees of concerns regarding questionable auditing matters. (21)	Q	X	X	X	X
.20	The Committee shall receive an annual report on the activities of the Internal Auditing Department in the format prescribed by the State Auditor's Office (Texas Government Code 2102.009). (31)	A				X
4. Compliance:						

University of Houston System

Audit & Compliance Committee Planner

Item Note: (#'s) The numbers noted in parenthesis at the bottom right of the item description refer to the number in the Responsibilities Checklist for the Audit & Compliance Committee.		Frequency Q - Quarterly A - Annually AN - As needed	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec
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.01	Review the annual compliance plan completed by the Compliance Officer and/or Compliance Office.	A			X	
.02	Monitor The University of Houston System Institutional Compliance Program and review with executive management and the System-wide Compliance Officer the status of the program and the results of its activities, including significant institutional risks identified during the year and mitigating actions taken. (22a)	Q	X	X	X	X
.03	Monitor The University of Houston System Institutional Compliance Program and review with executive management and the System-wide Compliance Officer the status of the program and the results of its activities, including significant findings during the year and management's responses thereto. (22b)	Q	X	X	X	X
.04	Monitor The University of Houston System Institutional Compliance Program and review with executive management and the System-wide Compliance Officer the status of the program and the results of its activities, including any difficulties encountered in the course of inspections or assurance activities, including any restrictions on the scope of work or access to required information. (22c)	Q	X	X	X	X
.05	Monitor The University of Houston System Institutional Compliance Program and review with executive management and the System-wide Compliance Officer the status of the program and the results of its activities, including any changes required in planned scope of the compliance action plan. (22d)	Q	X	X	X	X
.06	The Committee shall ensure procedures are established for the receipt, retention, and treatment of complaints received regarding compliance issues and the confidential anonymous submission by employees of concerns regarding ethically or legally questionable matters. (24)	Q	X	X	X	X
.07	The Committee shall conduct an annual review of the ethics and conflict of interest policies of the Board and each of the universities and receive a status update on the annual regent certification statements. (23)	A				X
.08	The Committee shall conduct an annual review of the report on compliance of each support organization. (27)	A			X	

5. Other:

University of Houston System

Audit & Compliance Committee Planner

Item Note: (#'s) The numbers noted in parenthesis at the bottom right of the item description refer to the number in the Responsibilities Checklist for the Audit & Compliance Committee.		Frequency Q - Quarterly A - Annually AN - As needed	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec
.01	The Committee shall meet with the Chief Audit Executive, the System-wide Compliance Officer, executive management, or any employed external auditors or other outside expertise in executive session to discuss any matters that the Committee or the before named believe should be discussed privately with the Committee, to the extent permitted by applicable law. (25)	A & AN				X
.02	Inquire of and discuss with executive management, the Chief Audit Executive, and the System-wide Compliance Officer any instances of fraud, errors, and illegal acts.	AN				
.03	The Committee shall inquire of executive management, the Chief Audit Executive, the System-wide Compliance Officer, and any employed public accounting firm or other outside expertise about significant risks or exposures and assess the steps management has taken to minimize such risk to The University of Houston System. (12)	A			X	
.04	The Committee shall consider and review with the Chief Audit Executive, the System-wide Compliance Officer, the State Auditor, and any employed public accounting firm or other outside expertise: a. The adequacy of U. H. System's internal controls including computerized information system controls and security; and b. The adequacy and efficiency of senior-level management with respect to fiscal operations and compliance functions at all component institutions. (13a & b)	A		X		
.05	The Committee shall evaluate management's identification of fraud risks, the implementation of antifraud prevention and detection measures, and the creation of the appropriate "tone at the top" by reviewing an annual report which summarizes the fraud risk analyses and related risk mitigation strategies. (28)	A				X
.06	The Committee shall receive an annual report of the Identity Theft Prevention program. (29)	A				X
.07	The Committee shall receive an annual procurement report. (30)	A				X
.08	The Committee shall receive an audit report on the safety and security of the institution's facilities at least once every three years (Texas Education Code 51.217) (32)	Every 3 years	X			

Legend:

Q - Quarterly
A - Annually
AN - As Needed

University of Houston System

Audit & Compliance Committee Planner

Item	Frequency	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec
Note: (#'s) The numbers noted in parenthesis at the bottom right of the item description refer to the number in the Responsibilities Checklist for the Audit & Compliance Committee.	Q - Quarterly A - Annually AN - As needed				

Frequency indicates a minimum requirement. If issues arise that require attention, they should be addressed regardless of the frequency or time period indicated.

X – indicates the month/s in which the activity occurs

(#'s)

The numbers noted in parenthesis at the bottom right of the item description refer to the number of the item in the Responsibilities Checklist for the Audit & Compliance Committee (AC Checklist).

Last reviewed August 2026

**UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS AGENDA**

COMMITTEE: Audit and Compliance

ITEM: Report on University of Houston System, Annual Internal Audit Plan and Presentation on Compliance with the new Institute of Internal Auditors' (IIA) Global Internal Audit Standards

DATE PREVIOUSLY SUBMITTED: August 21, 2025

SUMMARY:

Attached for your review and approval is the UHS Internal Auditing Department Annual Internal Audit Plan for Fiscal Year 2027 (Audit Plan). The Audit Plan has been prepared to meet the requirements of the Board of Regents policy and the Texas Internal Auditing Act (Texas Government Code, Sec. 2102), as amended. The Texas Internal Auditing Act requires the Board of Regents to approve the Audit Plan and periodically review the resources dedicated to the Internal Audit program and determine if adequate resources exist to ensure that risks identified in the annual risk assessment are adequately covered within a reasonable time frame.

The Internal Audit Department continues to integrate analytics, computer assisted auditing techniques (CAAT), Robotic Process Automation (RPA), and basic artificial intelligence (AI) in the audit process to better serve the UHS community.

The UHS Internal Auditing Department is taking necessary steps to comply with the IIA's Global Internal Auditing Standards.

SUPPORTING

DOCUMENTATION: Annual Internal Audit Plan, FY 2027

FISCAL NOTE: None

**RECOMMENDATION/
ACTION REQUESTED:** For Approval by Committee Only

COMPONENT: University of Houston System



CHIEF AUDIT EXECUTIVE

Phillip W. Hurd

7-21-26

DATE



CHANCELLOR

Renu Khator

8/18/26

DATE

Annual Internal Audit Plan FY 2027

August 20, 2026

Overview

1. Internal Audit Definition
2. Staff Members and Certified Competencies
3. Proposed Audit Plan
4. Additional Points

Definition of Internal Auditing

“Internal auditing is an independent, objective assurance and advisory service designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of and governance, risk management, and control processes.”



Existing Year Projects that are in Process

TITLE	STATUS	COMMENTS
Procurement Card Management (UH)	Project Currently In Progress	In reporting (UH)
Travel & Entertainment Expenditures - Board, FY26	Project Currently In Progress	Board Requested - Continual -Report in November
Travel & Entertainment expenditures - President, FY26 (UH, UHCL, and UHD)	Project Currently In Progress	Board Requested - Continual -Report in November
Contracts Requiring Board Approval	Project Currently In Progress	Board Requested - Continual -Report each quarter
Compliance with Texas Administrative Code 202	Project Currently In Progress	In fieldwork
Protected Health Information	Project Currently In Progress	In fieldwork
Lab Safety (UH)	Project Currently In Progress	In reporting
UH Education Research Center	Project Currently In Progress	In planning
Joint Admission Medical Program (JAMP) - UH College of Medicine	Not Yet Assigned	Awaiting Notification from JAMP
Special Projects/Investigations	Project Currently In Progress	Multiple special projects/investigations ongoing



**University of Houston System
Internal Auditing Department
FY 2027 Audit Plan**

Additions to Audit Plan Based on Risk Assessment and Risk Register									
ENGAGEMENT TITLE	GROUPING	TYPE	SCOPE	TIME FRAME	INCLUSION RATIONALE	Entity to be Audited			
	Assurance Blended Consulting Special Project	Compliance Financial Information Technology Investigation Operational	Controls Review Full Review Limited Review	Near Term - 1-6 Months Medium Term - 7-12 Months Long Term - 13-18 Months		UHS	UH	UHCL	UHD
Annual Procurement Report	Assurance	Compliance	Limited Review	Near Term - 1-6 Months	Mandatory Audit	X	X	X	X
Board of Regents Travel & Entertainment, FY 2027	Assurance	Compliance	Limited Review	Medium Term - 7-12 Months	Mandatory Audit	X			
Chancellor/President's Travel & Entertainment, FY 2027	Assurance	Compliance	Limited Review	Medium Term - 7-12 Months	Mandatory Audit		X	X	X
Compliance with Education Code 51.3525 (DEI Compliance)	Assurance	Compliance	Limited Review	Medium Term - 7-12 Months	Mandatory Audit	X	X	X	X
Compliance with Education Code 51.9337 (Policy Review)	Assurance	Compliance	Limited Review	Medium Term - 7-12 Months	Mandatory Audit	X			
Conflict of Commitment	Mgt. Request	Multiple Aspect	Controls Review	Near Term - 1-6 Months	Ensure compliance		X	X	X
Continuous Control Monitoring	Assurance	Compliance	Limited Review	Near Term - 1-6 Months	Ensure compliance	X	X	X	X
Contracts Requiring Board of Regents Approval Internal Audit 8/20/26	Assurance	Compliance	46 Limited Review	Medium Term - 7-12 Months	Mandatory Audit	X	X	X	X



**University of Houston System
Internal Auditing Department
FY 2027 Audit Plan**

Additions to Audit Plan Based on Risk Assessment and Risk Register									
ENGAGEMENT TITLE	GROUPING	TYPE	SCOPE	TIME FRAME	INCLUSION RATIONALE	Entity to be Audited			
	Assurance Blended Consulting Special Project	Compliance Financial Information Technology Investigation Operational	Controls Review Full Review Limited Review	Near Term - 1-6 Months Medium Term - 7-12 Months Long Term - 13-18 Months		UHS	UH	UHCL	UHD
Education Research Center	Assurance	Compliance	Limited Review	Medium Term - 7-12 Months	Mandatory Audit		X		
Family Medical Leave Act	Mgt. Request	Multiple Aspect	Controls Review	Medium Term - 7-12 Months	Ensure compliance		X	X	X
Foundation for Education & Research in Vision Donor Agreement Expenditures	Assurance	Compliance	Controls Review	Medium Term - 7-12 Months	Ensure compliance	X	X	X	X
Houston Cougar Foundation Donor Agreement Expenditures	Assurance	Compliance	Controls Review	Near Term - 1-6 Months	Ensure compliance	X	X		
Houston Public Media Foundation Donor Agreement Expenditures	Assurance	Compliance	Controls Review	Near Term - 1-6 Months	Ensure compliance	X	X		
IAD Audit Task Automation	Other	Compliance	Controls Review	Near Term - 1-6 Months	Efficiency and Effectiveness	X	X	X	X
Information Technology Audit - Scope to be determined	Assurance	Information Technology	Controls Review	Near Term - 1-6 Months	Efficiency and Effectiveness	X	X	X	X
Information Technology Audit - Scope to be determined Internal Audit 8/20/26	Assurance	Information Technology	47 Controls Review	Medium Term - 7-12 Months	Ensure compliance	X	X	X	X



**University of Houston System
Internal Auditing Department
FY 2027 Audit Plan**

Additions to Audit Plan Based on Risk Assessment and Risk Register									
ENGAGEMENT TITLE	GROUPING	TYPE	SCOPE	TIME FRAME	INCLUSION RATIONALE	Entity to be Audited			
	Assurance Blended Consulting Special Project	Compliance Financial Information Technology Investigation Operational	Controls Review Full Review Limited Review	Near Term - 1-6 Months Medium Term - 7-12 Months Long Term - 13-18 Months		UHS	UH	UHCL	UHD
Multihazard Emergency Operations Plan; Safety and Security Audit	Assurance	Compliance	Limited Review	Medium Term - 7-12 Months	Mandatory Audit	X	X	X	X
Procurement Card Follow Up Review	Assurance	Compliance	Limited Review	Medium Term - 7-12 Months	Ensure compliance	X	X	X	X
UH Alumni Association Donor Agreement Expenditures	Assurance	Compliance	Controls Review	Medium Term - 7-12 Months	Ensure compliance	X	X		

Additional Points

- 20% of available talent hours are reserved for Management/Board requests and investigations.
- Improvements in efficiencies which result in additional talent hours will be applied to near-term audits first, then to mid-term audits.

**UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS AGENDA**

COMMITTEE: Audit and Compliance

ITEM: Report on University of Houston System, Internal Audit Reports

DATE PREVIOUSLY SUBMITTED: May 21, 2026

SUMMARY:

The FY 2026 Internal Audit Activity as of August 20, 2026, and Internal Audit Reports issued since the May 21, 2026, Audit & Compliance Committee meeting of the Board of Regents of the University of Houston System are provided.

The Internal Audit Reports included will be filed with the Governor's Office of Budget, Planning, and Policy; the State Auditor's Office; and the Legislative Budget Board, within the next 30 days, as required by the Texas Government Code, Section 2102.0091.

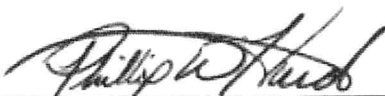
SUPPORTING

DOCUMENTATION: Internal Audit Activity and Internal Audit Reports

FISCAL NOTE: None

**RECOMMENDATION/
ACTION REQUESTED:** Information

COMPONENT: University of Houston System



CHIEF AUDIT EXECUTIVE Phillip W. Hurd

7-21-26

DATE



CHANCELLOR Renu Khator

8/18/26

DATE

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

53

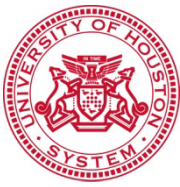
Audits in Progress

- 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

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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](#)

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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 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

<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>			
(None this quarter)			
<u>Construction Projects Over \$1 Million and Under \$10 Million</u>			
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
<u>Non-Construction Contracts Over \$1 Million</u>			
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		58			

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							
	Architectural Design Services FY26 (Award)	RFQ-783-UofH-3079							
Construction Projects Over \$1 Million and Under \$10 Million	MEP Engineering Design Services FY26 (Award)	RFQ-783-UofH-3078							
	Cougar Village 1 - Roof Superstructure (Award)	RFPCSP-730-UofH-3085							
	UH Technology Bridge Building 1 HVAC Replacement (Award)	RFPCSP-730-UofH-3099							
	Agrawal 310 Science Lab Build Out FY26 (Award)	RFP-730-UofH-3077							
	UH Clear Lake Delta Building Roof Replacement (Award)	RFPCSP-730-UofH-3113							
	UHD Elevator Maintenance (Award)	RFPCSP-730-UofH-3101							
Non-Construction Contracts Over \$1 Million	Security Guard Services for Athletics and CPH (Award)	RFP-730-UofH-3103							
	Executive Search Firm (Award)	RFP-783-UofH-3107							
	Photocopy Machines and Services FY26 (Award)	RFP-730-UofH-3071							
	UH Parking Elevator Preventative Maintenance (Award)	RFP-730-UofH-3084							
	Travel Management System FY25 (Award)	RFP-783-UofH-3050							
	Intellectual Property Management (Award)	RFP-730-UofH-3073							
	UH Texas Medical Center Furniture (Award)	ITB-730-UofH-3100							

Grand Total

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\$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

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Email: audit@uh.edu

Website: <https://uhsystem.edu/internal-audit>

Associate Chief Audit Executive

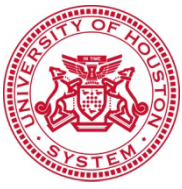
Brandee O'Neal, CIA, CFE, CCEP

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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Audit Procedures 1

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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

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

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Jackie Martinez, CFE, Auditor II

Aiden Ho, CIA, Auditor II,

Stephanie Duron, Auditor I

Charlotte Giesler, Auditor I

**UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS AGENDA**

COMMITTEE: Audit and Compliance

ITEM: Report on University of Houston System, UH System Support Organizations, Fiscal Year 2025

- Compliance Review of UH System Support Organizations
- UH System Support Organizations Report

DATE PREVIOUSLY SUBMITTED: May 14, 2025

SUMMARY:

Board of Regents Policy 32.06 requires an annual report on compliance of private support organizations and foundations. The attached Compliance Review of UH System Support Organizations identifies all required annual information that has been received by UHS. The attached UH System Support Organizations Report summarizes the investment activity and financial activity of each of the foundations.

SUPPORTING

DOCUMENTATION: UH System Support Organizations, Fiscal Year 2025

- Compliance Review of UH System Support Organizations
- UH System Support Organizations Report

FISCAL NOTE:

**RECOMMENDATION/
ACTION REQUESTED:** Information

COMPONENT: University of Houston System



CHIEF AUDIT EXECUTIVE Phillip W. Hurd

7-21-26

DATE



CHANCELLOR Renu Khator

8/18/26

DATE

SYSTEM SUPPORT ORGANIZATIONS
As of August 10, 2026

	University of Houston Foundation	UH College of Business Foundation	UH Law Foundation	Houston Public Media Foundation	Foundation for Education & Research in Vision	UH Alumni Association	Houston Cougar Foundation
Confirmation of Board Meetings when scheduled	✓	✓	✓	✓	✓	✓	✓
Any changes to Support Organization's Mission Statement	✓	✓	✓	✓	✓	✓	✓
Notification of any change to 501(c)(iii) status	✓	✓	✓	✓	✓	✓	✓
Articles of Incorporation and Bylaws (1)	✓	✓	✓	✓	✓	✓	✓
Current List of Board Members (2)	✓	✓	✓	✓	✓	✓	✓
Audited Financial Report for FY2025 (3) (Date Completed)	Apr-26	Dec-25	Jan-26	Feb-26	Jun-26	Aug-26	Aug-26
IRS Form 990 for FY2025 (Calendar Year 2024) (4) (Date Completed)	Jan-26	Mar-26	Jun-26	Jul-26	Jul-26	Jul-26	Jul-26
Donor Gift Information (5)	✓	✓	✓	✓	✓	✓	✓
Written Investment Policies (6)	✓	✓	✓	✓	✓	✓	✓
Confirmation of Certificates of Insurance as required	✓	✓	✓	✓	✓	✓	✓
Updated State Disclosure Statement for Outside Financial Advisors (7)	✓	Does Not Use External Advisors	✓	Does Not Use External Advisors	✓	✓	✓
Date of Most Recent Signed Agreement And/or Extension Agreement	Fully Executed MOU Agrmt May 2023	Fully Executed MOU Agrmt June 2023	Fully Executed MOU Agrmt August 2023	Fully Executed MOU Agrmt May 2023	Fully Executed MOU Agrmt May 2023	Fully Executed MOU Agrmt June 2024	Fully Executed MOU Agrmt June 2023
Conflicts of interest policy and certification of Trustee/Director compliance (8)	✓	✓	✓	✓	✓	✓	✓

✓ Indicates compliance item has been satisfied.

Note 1: SAM 08.A.02 reporting requirement:

(1) At the time the current agreement is established and whenever there are changes to either document. [§ 4.1.1]

(2) At the time the current agreement is established and whenever there is a change to the membership. [§ 4.1.2]

(3) Within 120 days of the end of the support organization's fiscal year. [§ 4.1.4]

(4) Within 30 days after its filing. [§ 4.1.5]

(5) Each month or as directed otherwise by the System Office of Development. [§ 4.1.9]

(6) Annually by January 31. [§ 4.1.6]

(7) No later than January 31 of each year, consistent with the Texas State Auditor's Office Uniform Disclosure Form. [§ 4.1.7]

(8) Annually by October 31 of each year, within 60 days of appointment

University of Houston System Support Organizations Report For the Fiscal Year 2025

All of the recognized support organizations of the University of Houston System are organized as nonprofit corporations under the Internal Revenue Code §501(c)(3), the Texas Business Organizations Code Chapter 22, and the Texas Government Code §2255.001. The Regents of the University of Houston System have a fiduciary duty of obedience, loyalty, and due care to the System. Though the Regents do not have an independent fiduciary duty to independent support organizations, their existing fiduciary duty extends by agreement to the policies controlling the funds and activities of these organizations. The provisions we have included in the support organization agreements help ensure that the Regents meet these responsibilities. The agreements contain provisions addressing areas such as ethical conduct, conflict of interest, auditing, gift reporting, adherence to federal, state, and local laws, as well as adherence to UH policies and procedures. Board of Regents Policy 32.06 sets forth the specific items to be included.

The University of Houston System has seven active support organizations: University of Houston Foundation, University of Houston College of Business Foundation, University of Houston Law Foundation, Houston Public Media Foundation, Foundation for Education and Research in Vision, University of Houston Alumni Association Foundation, and Houston Cougars Foundation. The Board of Regents policy on private support organizations and foundations provides that such entities must enter into a written agreement with the Board that addresses various administrative, reporting, and accountability requirements. The system policy on private support organizations and foundations requires for such entities to annually provide financial reports, tax returns, gift information, and other financial information as requested. These policies and the Board of Regents Audit and Compliance Committee charter require an annual compliance report from the UH System to the Board on the compliance of the support organizations with the agreements. This annual compliance report is presented at the Audit and Compliance Committee meeting in August of each year. This report indicates the status of the receipt of all requested information. The Division of Advancement and Alumni performs follow-up procedures to help ensure that all requested information is received. During summer of each year, the UH System Treasurer's Office requests information on each support organization's investment activity and returns in order to respond to the annual survey conducted by the National Association of College and University Business Officers. The Treasurer's Office also annually requests from the foundations the financial advisor disclosure requirements that are in the format prescribed by the State Auditor's Office.

The attached analysis summarizes the investment activity and the financial activity. A review of these analyses and the underlying investment reports, financial reports, and tax returns reveal the following:

- Each of the foundations manages their own investments, which the exception of HPM Foundation whose investments are managed by the University of Houston Foundation (as reported to the Board of Regents as part of UHF's audited financial statements). The total amount of investments managed by these foundations was approximately \$387 million as of August 31, 2025. The investment returns of the foundations range from 6.3% to 11.44% for the year ending August 31, 2025.
- The foundations paid professional investment fees during fiscal year 2025.
- Four Foundations have full or part-time university employees: UH College of Business Foundation, Foundation for Education and Research in Vision, Houston Public Media Foundation and UH Law Foundation.
- All of the foundations have fiscal years ending on August 31st, the University's state-mandated fiscal year end.
- The accounting and auditing firms did not consistently classify expenditures in the same category on their financial statements or in the tax returns, thus making comparability rather difficult in some situations.

University of Houston System
Affiliated Support Organizations and Foundations
Summary of Operations
For The Fiscal Year 2025
As of August 10, 2026

Support Organization Name	University of Houston Foundation	University of Houston College of Business Foundation	University of Houston Law Foundation	Houston Public Media Foundation	Foundation for Education and Research in Vision	University of Houston Alumni Association Foundation	Houston Cougars Foundation
Auditor	Blazek & Vetterling; Houston	Forvis Mazars Houston	Blazek & Vetterling; Houston	Forvis Mazars Houston	PWR CPA, LLP Houston	Crowe LLP	Ham, Langston & Brezina Merged with CohnReznick
Tax Accountant	Blazek & Vetterling; Houston	Forvis Mazars Houston	Blazek & Vetterling; Houston	Forvis Mazars Houston	Wrinkle Gardner & Faust, P.C.	Crowe LLP	Stefanie Martinez CPA, PLLC
Financial Data, as of	8/31/2025	8/31/2025	8/31/2025	8/31/2025	8/31/2025	8/31/2025	8/31/2025
Assets							
Cash & investments	\$ 224,931,332	116,188,308	43,690,313	3,381,088	11,944,368	13,760,312	4,213,795
Other assets	651,907	2,406,028	2,673,713	558,218	18,166	449,956	1,500,000
Total Assets	\$ 225,583,239	\$ 118,594,336	\$ 46,364,026	\$ 3,939,306	\$ 11,962,534	\$ 14,210,268	\$ 5,713,795
Liabilities	\$ 13,997,403	83,411	1,341,399	291,869	146,874	251,074	1,525,620
Net Assets	<u>\$ 211,585,836</u>	<u>\$ 118,510,925</u>	<u>\$ 45,022,627</u>	<u>\$ 3,647,437</u>	<u>\$ 11,815,660</u>	<u>\$ 13,959,194</u>	<u>\$ 4,188,175</u>
Revenues							
Contributions (gifts)	\$ 3,913,962	2,248,215	2,630,314	13,778,405	804,911	1,152,470	1,135,678
Investment income	18,136,588	11,763,796	3,672,540	100,890	876,731	717,624	432,762
Other	234,675	60,177	323,980	3,854,344	1,160,874	1,528,171	
Total Revenues	<u>\$ 22,285,225</u>	<u>\$ 14,072,188</u>	<u>\$ 6,626,834</u>	<u>\$ 17,733,639</u>	<u>\$ 2,842,516</u>	<u>\$ 3,398,265</u>	<u>\$ 1,568,440</u>
Expenses, including gifts-in-kind	<u>\$ 11,556,819</u>	<u>\$ 5,120,819</u>	<u>\$ 3,980,256</u>	<u>\$ 17,159,637</u>	<u>\$ 2,273,830</u>	<u>\$ 2,837,755</u>	<u>\$ 1,828,059</u>
Investments – MV as of August 31, 2025 (1)							
Investments	\$ 200,221,024	\$ 113,793,142	\$ 42,166,879	\$ 2,089,841	\$ 11,860,571	\$ 12,248,987	\$ 4,214,998
Return FY25 (1-yr)	9.67%	11.44%	9.02%	n/a	9.30%	6.30%	9.87%
Management Fees	\$ 936,832	\$ 136,907	\$ 382,868	\$ n/a	\$ 86,582	\$ 74,674	\$ 20,498
Mgt Fees as a % of total investment	0.468%	0.120%	0.908%		0.730%	0.610%	0.486%
Investment Return FY23	9.22%	9.11%	6.23%	n/a	-7.60%	10.49%	8.86%
Investment Return FY24	19.18%	19.76%	14.52%	n/a	15.94%	8.68%	17.10%
Gifts and Pledges to Foundation (2)							
Received in FY25	\$ 2,473,373	\$ 2,248,666	\$ 3,247,189	\$ 8,358,286	\$ 178,455	\$ 3,154,621	\$ 0

(1) Source: Data provided by UHS Treasurer's Office.

(2) Source: Data provided by Advancement and Alumni Division.

(3) FY2025 IRS Form 990 not available at this time.