AGENDA

UNIVERSITY OF HOUSTON SYSTEM
AUDIT AND COMPLIANCE COMMITTEE MEETING

DATE: **Wednesday, November 11, 2026**

TIME: **10:00 AM**

PLACE: **Houston Grand Hotel - River Oaks**
Ballroom, Mezzanine Floor
1919 Briar Oaks Lane
Houston, TX 77027

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

- August 20, 2026, Audit & Compliance Committee Meeting

Action: Approval

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

Action: Information
Presenter: Jeffrey Palmer, Deputy General Counsel

D. Report on University of Houston System, Ethics, and Conflicts of Interest Policies of the Board of Regents and each of the 12

Universities, Fiscal Year 2026

Action: Information
Presenter: Jeffrey Palmer, Deputy General Counsel

E. Report on University of Houston System, Annual Fraud Prevention and Awareness Report, Fiscal Year 2026 74

Action: Information
Presenter: Jeffrey Palmer, Deputy General Counsel

F. Report on University of Houston System, Identity Theft Prevention Program - Executive Summary, Fiscal Year 2026 79

Action: Information
Presenter: Jeffrey Palmer, Deputy General Counsel

G. Report on University of Houston System, Internal Audit Reports 84

Action: Information
Presenter: Phil Hurd, Chief Audit Executive

H. Report on University of Houston System, Internal Auditing Department - Annual Report, Fiscal Year 2026 113

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

IV. **Adjourn**

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 October 31, 2026

DATE PREVIOUSLY SUBMITTED:

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.

SUPPORTING DOCUMENTATION: Institutional Compliance Hotline Report

FISCAL NOTE:

RECOMMENDATION/ ACTION REQUESTED: Information

COMPONENT: University of Houston System

INTERIM SYSTEM-WIDE COMPLIANCE OFFICER	Jeff Palmer	10/21/2026 **DATE**
CHANCELLOR	Renu Khator	11/9/2026 **DATE**

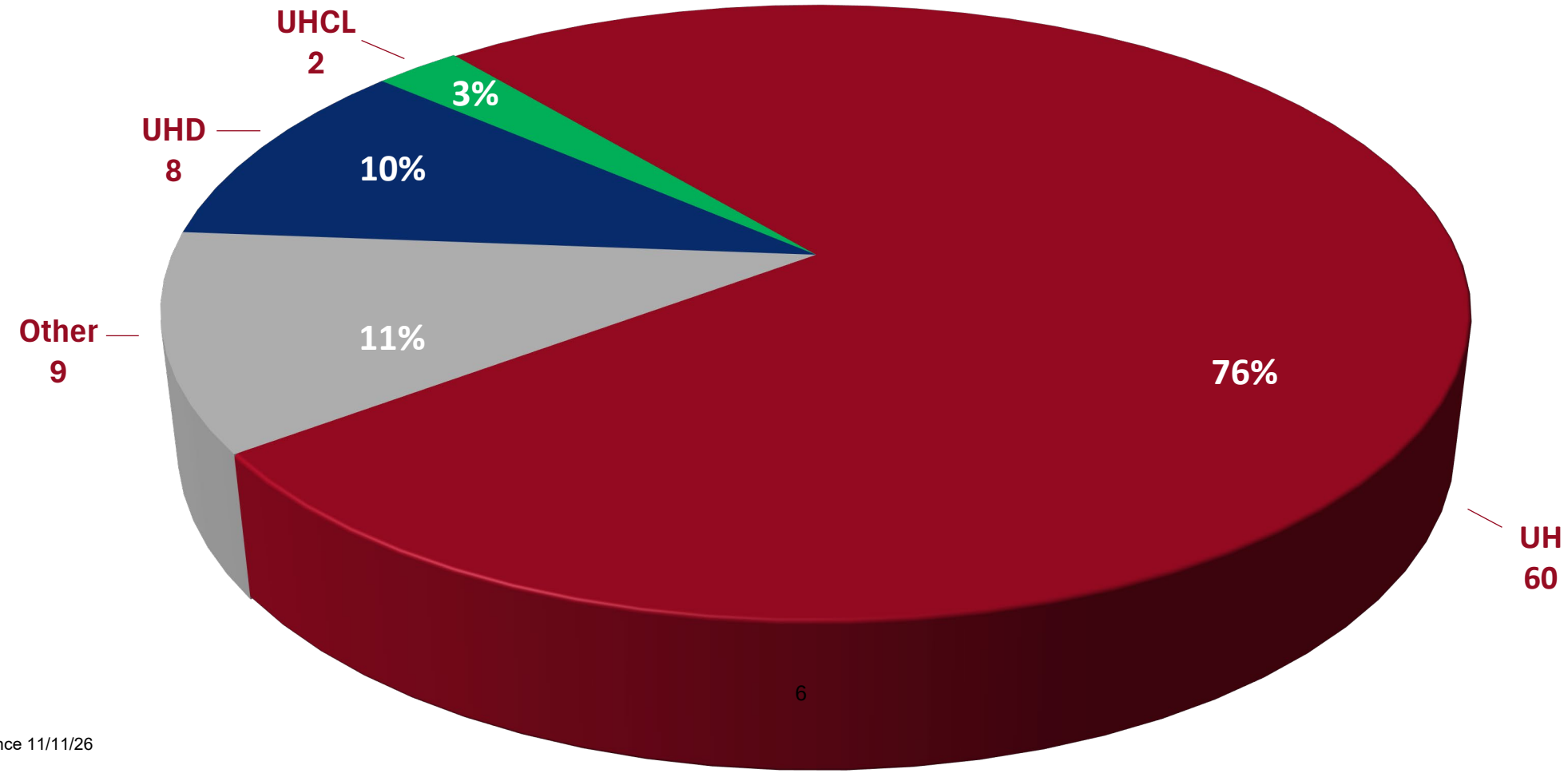
University of Houston System

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

5

Hotline Reports for All UHS Universities

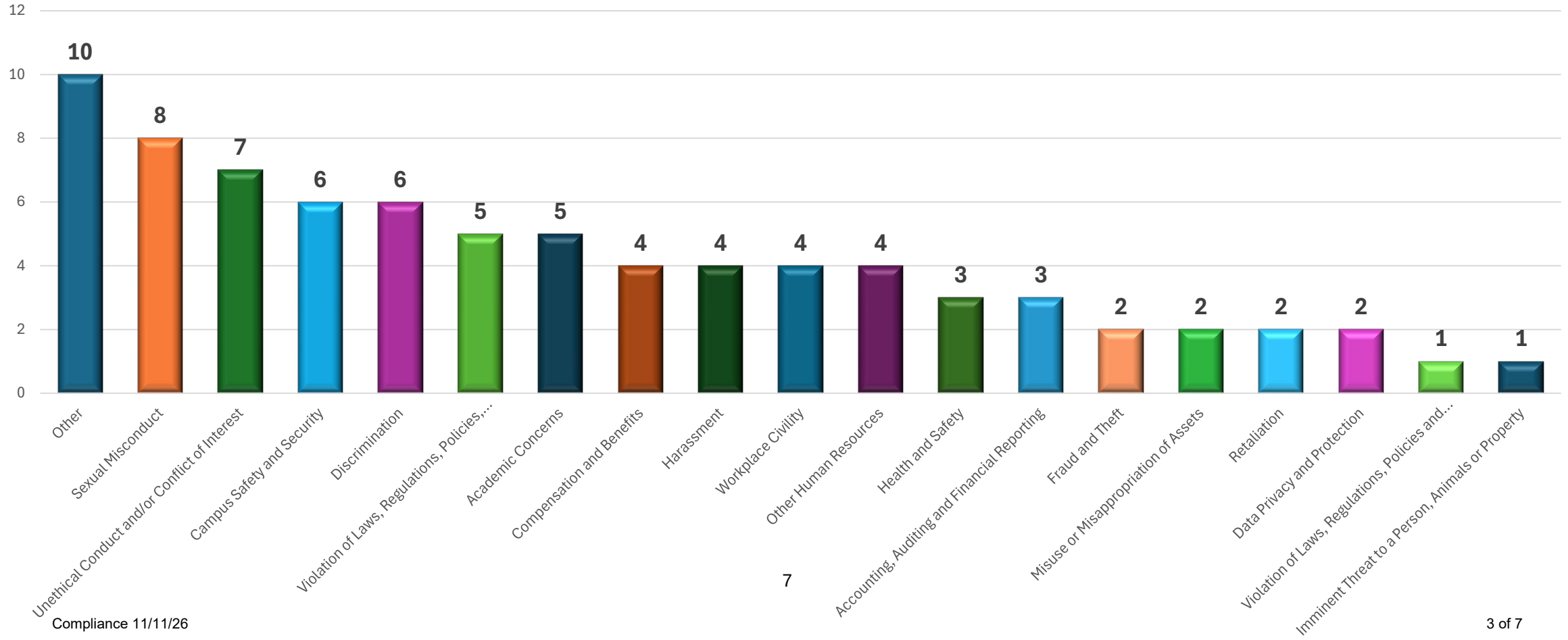
UHS Total: 79



6

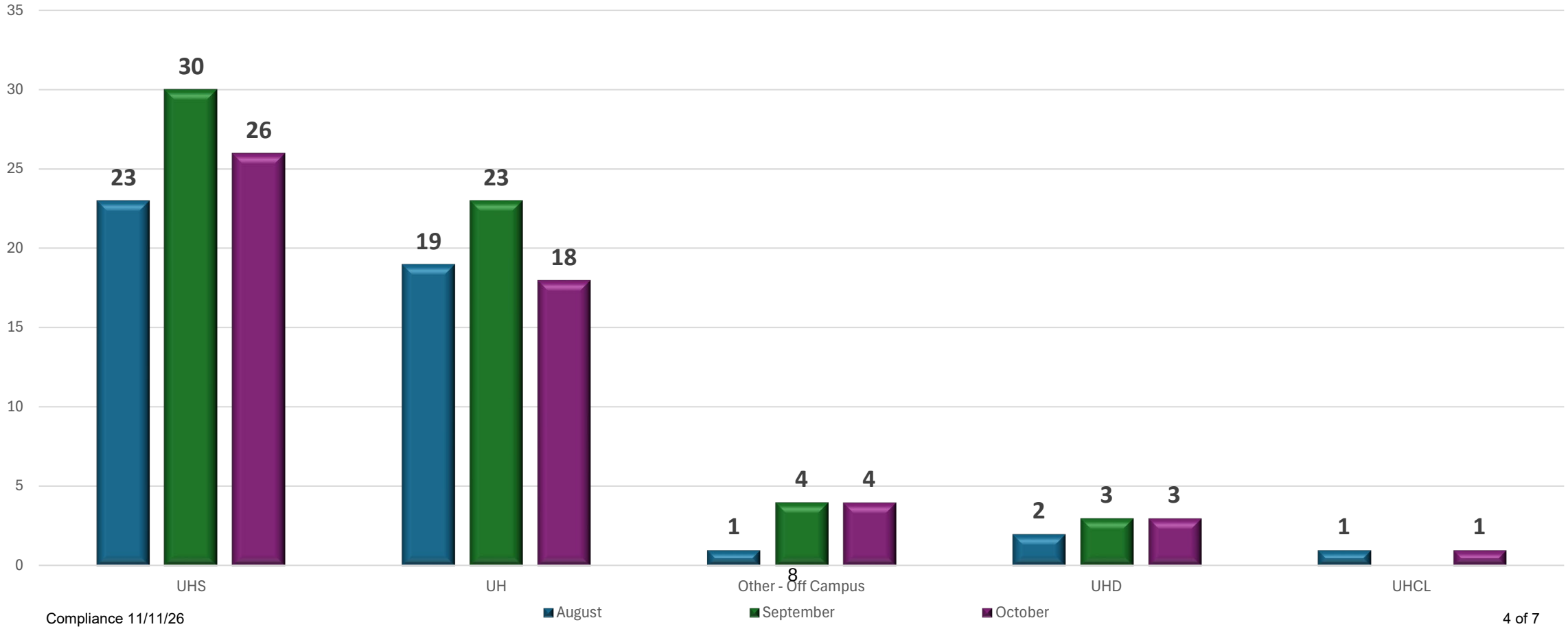
Reported Issues by Type Across UHS

UHS Total: 79



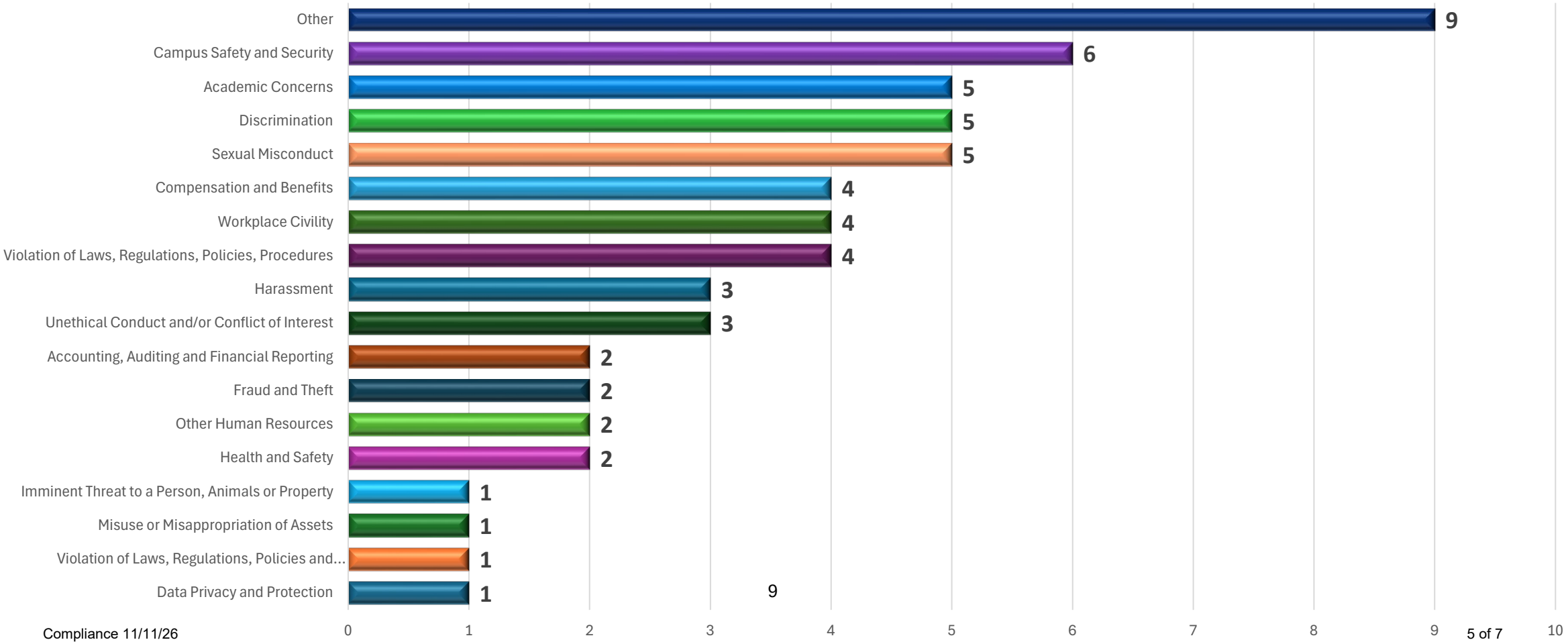
Issues Reported by Month

UHS Total: 79



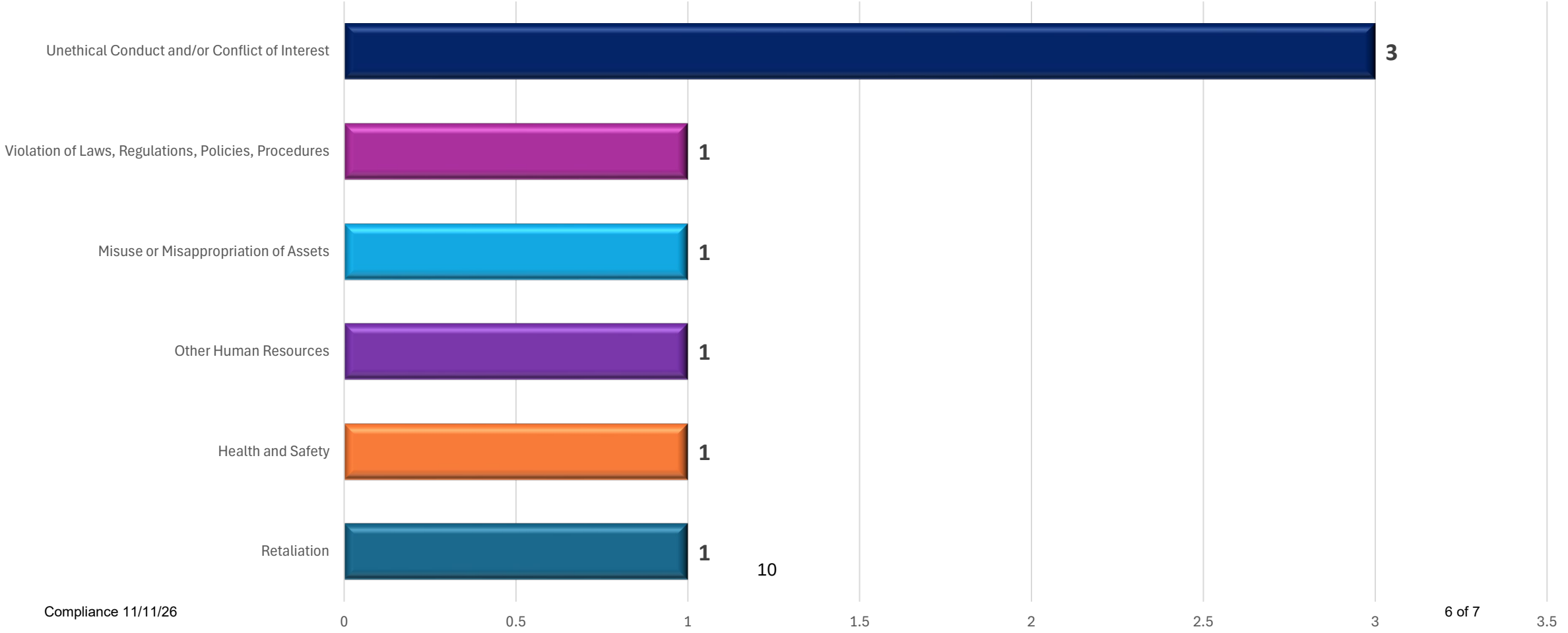
UH Issue Breakdown

UH Total: 60



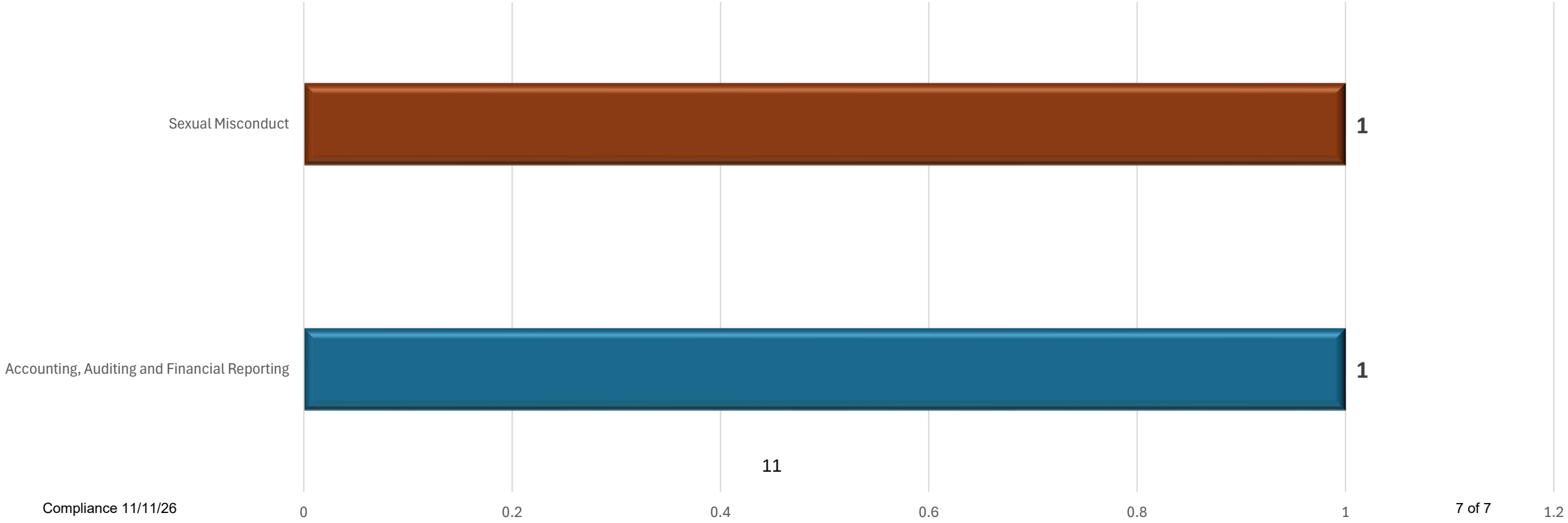
UHD Issue Breakdown

UHD Total: 8



UHCL Issue Breakdown

UHCL Total: 2



UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS AGENDA

COMMITTEE: Audit and Compliance

ITEM: Report on University of Houston System, Ethics and Conflict of Interest Policies of the Board of Regents and each of the Universities, Fiscal Year 2026

DATE PREVIOUSLY SUBMITTED:

SUMMARY:

The Board of Regents Audit and Compliance Committee Charter and Checklist, item number 23, requires the Audit and Compliance Committee to conduct an annual review of the ethics and conflict of interest policies of the Board and each of the universities to ensure that the Board of Regents and the System have conflicts of interest policies in place applicable to each of the universities.

These policies provide guidelines to avoid conflicts of interest, generally described as the use of one's university employment or position to obtain unauthorized privileges, benefits, or things of value for oneself or others. Standards of conduct for employees must also be maintained to fulfill their responsibility to the public for the performance of their official duties. These policies set forth a code of accountability for university employees in the performance of University responsibilities, identify areas of legal and ethical concern, and specify requirements for compliance with state laws, federal guidelines, Board of Regents' policies, standards of ethics, and good business practices.

SUPPORTING DOCUMENTATION:

FISCAL NOTE:

RECOMMENDATION/ ACTION REQUESTED: Information

COMPONENT: University of Houston System

INTERIM SYSTEM-WIDE COMPLIANCE OFFICER	Jeff Palmer	10/21/2026 **DATE**
CHANCELLOR	Renu Khator	11/9/2026 **DATE**

UNIVERSITY OF HOUSTON SYSTEM

BOARD OF REGENTS

AUDIT & COMPLIANCE COMMITTEE

ETHICS AND CONFLICT OF INTEREST POLICIES OF THE BOARD OF REGENTS AND EACH OF THE UNIVERSITIES

Jeffrey D. Palmer
System-Wide Interim Chief Compliance Officer
October 31, 2026

University of Houston System
Ethics and Conflict of Interest Policies
Summary
November 11, 2026

The Board of Regents Audit and Compliance Committee Charter and Checklist, Item No. 23, requires the Audit and Compliance Committee to conduct an annual review of the ethics and conflict of interest policies of the Board and each of the System universities to ensure that the Board of Regents and the System have Conflicts of Interest policies in place applicable to each of the System universities. The policies include the Code of Ethics, Ethical Conduct of Employees, and Outside Activities/Disclosures, which address disclosures of Conflicts of Interest.

There were no changes to the System or UH Ethics or Conflicts of Interest policies during the past year. UHD's Standards of Conduct in Government-Sponsored Research policy was revised to make the Senior Vice Present, Academic Affairs and Provost responsible parties rather than the Associate Vice President for Research and Sponsored Programs. UHD's Misconduct in Research, Scholarly, Creative and Government Sponsored Activities policy was revised to include a definition of AI System and the expectation that faculty are expected to use AI in a manner that upholds the highest standards of academic integrity, transparency, and responsibility. This policy was also revised to make the Senior Vice Present, Academic Affairs and Provost responsible parties rather than the Associate Vice President for Research and Sponsored Programs. The Board of Regents and all System universities continue to adhere to the existing UH System policies in these areas.

These policies provide guidelines to avoid conflicts of interest, generally described as the use of one's University employment or position to obtain unauthorized privileges, benefits, or things of value for oneself or others. Standards of conduct for employees must also be maintained to fulfill their responsibility to the public in the performance of their official duties. The Board of Regents and System policies set forth a code of accountability for all University employees in the performance of University job duties and responsibilities, identify areas of legal and ethical concern, and specify requirements for compliance with applicable state laws, federal guidelines, Board of Regents policies, standards of ethics, and good business practices.

FY 2026
UNIVERSITY OF HOUSTON SYSTEM
ETHICS AND CONFLICTS OF INTEREST POLICIES
Table of Contents

The Board of Regents Audit Committee Charter and Checklist, Item No. 23, requires the Audit Committee to conduct an annual review of the ethics and conflict of interest policies of the Board and each of the System universities. The following policies are attached for this review, noting in parenthesis the date of last update:

Page No.		
	Board of Regents	
4	57.01 Ethics (08/24/23)	
10	Board of Regents Conflict of Interest Certification FY 2025-2026	
	University of Houston System	
12	SAM 02.A.08	Outside Interests/Activities Disclosures (10/30/25)
18	SAM 02.A.29	Ethical Conduct of Employees (7/14/25)
28	SAM 02.A.21	Nepotism (11/27/23)
30	SAM 01.G.03	Financial Conflict of Interest in Research (01/22/24)
	University of Houston	
37	UH Research Policy on Conflict of Interest in Research (05/2018)	
	University of Houston-Downtown	
51	06.A.03	Standards of Conduct in Government-Sponsored Research (08/0/2026)
55	06.A.07	Misconduct in Research, Scholarly, Creative and Government Sponsored Activities (7/29/2026)

57 PERSONNEL

57.01 Ethics

57.01.1 Principles

All members of the Board and all employees of the System and its universities shall adhere to the highest ethical standards of conduct reflected in state law and Board policies.

57.01.2 Code of Ethics

All members of the Board and employees of the System and its universities are expected to adhere to the System code of ethics and obey all federal, state, and local laws. Employees are subject to disciplinary action for violating the code of ethics or laws, as well as any applicable civil or criminal penalties for law violations.

All members of the Board and employees of the System and its universities shall be furnished a copy of the code of ethics and Texas Government Code Section 572.051 within three (3) business days after the start of employment or commencement of service and shall receive regular training on such laws and policies.

All members of the Board shall annually sign conflict of interest certification statements affirming their compliance with their official oath and specific provisions of Texas statutes related to ethical behavior.

A. General Standards of Conduct

1. No Board member or employee shall accept or solicit any gift, favor, or service that might reasonably tend to influence them in the discharge of official duties or that they know or should know is being offered with the intent to influence their official conduct.

2. No Board member or employee shall use their position to secure special privileges or exemptions for themselves or others, except as is allowed by law.

3. No Board member or employee shall accept other employment or compensation that could reasonably be expected to impair their independence of judgment in the performance of their official duties.

4. No Board member or employee shall intentionally or knowingly solicit, accept, or agree to accept any benefit for having exercised their official powers or performed their official duties in favor of another.

5. No Board member or employee who exercises discretion in connection with contracts, purchases, payments, claims, or other pecuniary transactions shall solicit, accept, or agree to accept any benefit from a person or entity the employee knows or should know is or is likely to become financially interested in such transactions.

6. No Board member or employee shall receive any compensation for their services

to the System from any source other than the State of Texas except as is allowed by law.

7. No Board member or employee shall accept other employment or engage in any business or professional activity that foreseeably might require or induce them to disclose confidential information acquired by reason of their official position.

8. No Board member or employee shall disclose without authorization confidential information gained by reason of their official position, nor shall they otherwise use such information for their personal gain or benefit.

9. No Board member or employee shall engage in any form of sexual harassment as stated in Board policy 29.02 and System and University policies.

B. Conflict of Interest – Board members/Employees

1. No Board member or employee shall make personal investments in any enterprise that foreseeably might create a substantial conflict between their private interests and the System's interests.

2. No Board member or employee shall transact any business for the System with any entity of which they are an officer, agent, employee, or member, or in which they have a direct or indirect financial or other interest.

3. No Board member or employee shall act as an agent for another person in the negotiation of the terms of an agreement relating to the provision of money, services, or property to the System or any of its universities.

C. Conflict of Interest – Employees

1. Any employee involved in procurement or contract management shall disclose in the manner specified in the System policy any potential conflict of interest that is known by the Board member or employee with respect to any contract with a private vendor or bid for the purchase of goods or services from a private vendor with the University.

2. No employee shall have a direct or indirect financial or other interest, shall engage in a business transaction or professional activity, or shall incur any obligation that is in substantial conflict with the proper discharge of the employee's duties and responsibilities to the System.

3. The University shall not accept a gift, grant, donation, or other consideration to be used as a salary supplement without the prior written approval of the proposed recipient's immediate supervisor, the Dean or Vice President overseeing the college or division employing the proposed recipient, the Vice Chancellor for Legal Affairs/General Counsel, the President, and the Chief Audit Executive.

D. Conflict of Commitment. No employee's activities outside the System shall interfere with their duties and responsibilities to the System.

E. Use of University Resources. The resources of the University shall be used only in accordance with university policies and applicable law.

F. Outside Activities

Full-time exempt employees may engage in outside professional activities, provided such activities benefit the System and/or contribute to the professional development of the individual.

This privilege is subject in all instances to the conditions set forth below. Failure to comply with this policy may subject an employee to disciplinary action including reprimand, suspension, or termination.

1. The first responsibility of the individual is to the System, and outside professional commitments must not interfere with the employee's full-time responsibility to the System.

2. No outside obligation should result in any conflict of interest or conflict of commitment involving the individual's duties and responsibilities to the System or to its programs, policies, and objectives. Outside activities that represent actual or potential conflicts of interest or commitment must be avoided.

3. Use of System facilities, space, equipment, or support staff for outside activities is permitted only if a financial arrangement has been concluded between the individual and the administration prior to the individual beginning the outside activity.

4. Individuals may not represent themselves as acting in the capacity of System employees when conducting outside activities. The System bears no responsibility for any actual or implied obligations or liabilities incurred by the individual resulting from an outside activity.

5. Full-time exempt employees who wish to arrange outside activities must obtain prior written approval under the process established by the Chancellor. Review of such activities will include consideration of any real or apparent conflict of interest or conflict of commitment and the benefit of the proposed service to the System and the University and/or the professional development of the employee. Each full-time exempt employee who engages in an outside professional activity, including teaching on a temporary basis at other institutions, must ensure that such activities generally be not more than 8 hours per calendar week, and in no event exceed a maximum of 32 hours per month and must arrange such activities so as not to interfere with their System obligations, such as regularly scheduled classes.

6. When any of an individual's salary is paid from funds for externally sponsored activities, the time allowable for outside activities must comply with sponsor requirements.

The Chancellor will establish a process for monitoring outside activities of full-time exempt employees, including but not limited to compensated employment and board service, to ensure that such activities are consistent with the above policy.

G. Outside Employment or Appointments of Executive Officers

The Chancellor and Executive Officers of the System Administration and the Presidents and Vice Presidents of the Universities may become members of a Board of Directors, Trustees, Regents, or of a corporation or institution's Governing Body by whatever name, if the position: 1) is of benefit to the state or is required by state or federal law, and 2) creates no conflict of interest or conflict of commitment. Such service will usually be deemed to be in the best interest of the University of Houston System. Approval procedures for these positions will be as follows:

1. The Board should be informed of a non-compensated appointment of the Chancellor or a President of any institution, including a statement that the appointment meets the two requirements stated above.

2. Prior to the Chancellor or a President accepting an invitation to serve in an additional position that includes compensation greater than $25,000. The Board must approve this appointment and must also make an official record of the compensation, including salary, bonus, per diem or other types of compensation. The Board should be informed of appointments to compensated Boards below the $25,000 threshold.

3. Compensation is defined as remuneration for services rendered and does not include reimbursement of expenses whether by direct reimbursement or per diem.

4. The Board delegates to the Chancellor the authority to approve outside employment or appointments for the Vice-Chancellors of the system and each President is delegated the authority to approve for their Vice- Presidents, in compliance with the requirements stated above.

57.01.3 Dual Office Holding

The Board must give its approval before the Chancellor or a President of any university may hold other non-elective state or federal office. Approval must include formal findings that the dual office holding is of benefit to the state or required by state or federal law and creates no conflict of interest or conflict of commitment.

57.01.4 Nepotism

Members of the Board shall not appoint, confirm the appointment of, or vote for the appointment or confirmation of their relative or another Board member's relative to a position with the System unless the individual was continuously employed in the position for at least 30 days immediately before the appointment of the Board member to whom the individual is related. If this exception applies, the board member to whom the individual is

related may not participate in any deliberation or voting on the appointment, reappointment, confirmation, employment, reemployment, change in status, compensation, or dismissal of the individual if that action applies only to the individual.

System employees shall not hire, appoint, reappoint, promote, or supervise their relative and shall not recommend, approve, or otherwise act with regard to the hiring, appointment, reappointment, salary, promotion, or supervision of their relative. Relatives shall not be employed in the supervisory-subordinate relationship even if it results from marriage after the employment relationship was formed. The provisions of this policy apply to all System programs regardless of funding source.

For the purposes of this policy, the term "relative" is defined as anyone related to the Board member or employee within the third degree of consanguinity (i.e., parent, grandparent, great grandparent, brother, sister, half brothers and sisters, child, grandchild, great grandchild, aunt, uncle, niece, and nephew) and within the second degree of affinity (i.e., spouse, spouse's parent, spouse's grandparent, spouse's sibling, spouse's child, spouse's grandchild, parent's spouse, grandparent's spouse, sibling's spouse, child's spouse, and grandchild's spouse).

(Policy last reviewed 8/24/2023)

Related Statutes, Policies, or Requirements

Texas Constitution, Art. XVI, § 12 – *Members of Congress; Officers of United States or Foreign Power; Ineligibility to Hold Office*
Texas Constitution, Art. XVI, § 40 – *Holding More than One Office; Exceptions; Right to Vote*

Texas Government Code § 552.352 – *Distribution or Misuse of Confidential Information*
Texas Government Code § 572.051 – *Standards of Conduct; State Agency Ethics Policy*
Texas Government Code Chapter 573 – *Degrees of Relationship; Nepotism Prohibitions*
Texas Government Code, Chapter 574 – *Dual Office Holding*
Texas Government Code § 659.0201 – *Gifts, Grants, and Donations for Salary Supplement*
Texas Government Code § 2113.014 – *Employee Standards of Conduct*
Texas Government Code § 2155.003 – *Conflict of Interest*
Texas Government Code § 2261.252 – *Disclosure of Potential Conflicts of Interest; Certain Contracts Prohibited*

Texas Education Code § 51.923 – *Qualifications of Certain Business Entities to Enter into Contracts with an Institution of Higher Education*
Texas Education Code § 51.9337 – *Purchasing Authority Conditional; Required Standards*

Texas Penal Code Chapter 36 – *Bribery and Corrupt Influence*
Texas Penal Code § 39.06 – *Misuse of Official Information*

System Administrative Memoranda (SAMs)

02.A.21 – *Nepotism*
02.A.29 – *Ethical Conduct of Employees*

Age Discrimination in Employment Act of 1967, 29 U.S.C. §§ 621-634 (age)

The Rehabilitation Act of 1973, Sections 501 & 505, 29 U.S.C. § 794 (disability)

Americans with Disabilities Act of 1990, as amended, Titles I & V, 42 U.S.C. § 12101, et seq. (disability)

Civil Rights Act of 1991 (42 U.S.C. § 1981) (race, color, disability, religion, sex, national origin, age)

Uniformed Services Employment and Reemployment Rights Act, 38 U.S.C. §4331 *et seq.,* (veteran status)

Texas Labor Code, Chapter 21 – Employment Discrimination (race, color, disability, religion, sex, national origin, age)

40 Texas Administrative Code, Part 20, Chapter 819, Subchapters A-H – Texas Workforce Commission Civil Rights Division (race, color, disability, religion, sex, national origin, age)

UNIVERSITY OF HOUSTON SYSTEM BOARD OF REGENTS
CONFLICT OF INTEREST CERTIFICATION
FY 2025 - 2026

University of Houston System Board of Regents Policy requires that all members of the Board shall annually sign conflict of interest certification statements affirming their compliance with their official oath and specific provisions of Texas statutes related to ethical behavior. In accordance with this policy, I affirm that:

- I will faithfully execute the duties of the Board of Regents of the University of Houston System, and will to the best of my ability preserve, protect, and defend the Constitution and laws of the United States and of this State. *See* Texas Constitution Art. 16, § 1.

- I have not directly or indirectly paid, offered, promised to pay, contributed, or promised to contribute any money or thing of value, or promised any public office or employment as a reward to secure my appointment or confirmation, whichever the case may be. *See* Texas Constitution Art. 16, § 1.

- I will file a verified financial statement with the Texas Ethics Commission in accordance with Texas Government Code §§ 572.022 through 572.0252. *See* Texas Government Code § 572.021.

- I shall publicly disclose to the board any personal or private interest that I have in a measure, proposal, or decision pending before the board in a meeting called and held in compliance with Texas Government Code Chapter 551 (the Texas Open Meetings Act). I acknowledge that I may not vote or otherwise participate in such a decision pending before the board and further understand that my public disclosure shall be entered in the minutes of the meeting. *See* Texas Government Code § 572.058(a).

- I will disclose any legal or equitable interest in property that is acquired with public funds. Such disclosure shall be made by filing an affidavit within 10 days before the date on which the property shall be acquired, containing specific information as required by Texas Government Code 553.002.

- **I shall not**:

    - Accept or solicit any gift, favor, or service that might reasonably tend to influence me in the discharge of my official duties or that I know or should know is being offered with the intent to influence my official conduct. *See* Texas Government Code 572.051(a)(1).

    - Accept other employment or engage in a business or professional activity that I might reasonably expect would require or induce me to disclose confidential information acquired by reason of my position. *See* Texas Government Code 572.051(a)(2).

- Accept other employment or compensation that could reasonably be expected to impair my independence of judgment in the performance of my official duties. *See* Texas Government Code 572.051(a)(3).

- Make personal investments that could reasonably be expected to create a substantial conflict between my private interest and the public interest. *See* Texas Government Code 572.051(a)(4).

- Intentionally or knowingly solicit, accept, or agree to accept any benefit for having exercised my official powers or performed my official duties in favor of another. *See* Texas Government Code 572.051(a)(5).

- Intentionally or knowingly violate a law relating to my office with the intent to obtain a benefit or with intent to harm or defraud another. *See* Texas Penal Code § 39.02(a)(1).

- Intentionally or knowingly misuse government property, services, personnel, or any other thing of value belonging to the government that has come into my custody or possession by virtue of my office or employment, with the intent to obtain a benefit or with intent to harm or defraud another. *See* Texas Penal Code § 39.02(a)(2).

_____/_____

Signature Date

_____

Printed Name

UNIVERSITY OF HOUSTON SYSTEM
ADMINISTRATIVE MEMORANDUM

SECTION: Human Resources **NUMBER: 02.A.08**

AREA: General

SUBJECT: Outside Activities/Interests Disclosures

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1. **PURPOSE**

An employee's outside activities and interests have the potential to create conflicts of interest and conflicts of commitment with the employee's duties and responsibilities to their university. This document sets forth the certifications and disclosures that employees of any university within the University of Houston System ("UHS") must make to ensure compliance with state law and Board of Regents policies and to assist employees in managing or eliminating potential conflicts.

2. **POLICY**

To view the policies that form the basis for the certifications and disclosures required in this document, see SAM 02.A.29 – Ethical Conduct of Employees.

3. **DEFINITIONS**

3.1. Conflict of commitment: A situation in which an employee's outside activities interfere with the employee's duties and responsibilities to UHS, including their commitment of time and intellectual energies.

3.2. Conflict of interest: A situation in which an employee has a direct or indirect financial or other interest, engages in a business transaction or professional activity, or incurs any obligation that is in substantial conflict with the proper discharge of the employee's duties and responsibilities to UHS.

4. **OUTSIDE ACTIVITIES**

4.1. Prior Approval Required. All full-time exempt employees must request and receive prior written approval for the activities listed below, unless it falls under the list of pre-approved outside activities outlined in Section 4.6. **This requirement is in addition to any other disclosures and approvals required in Section 5**.

4.1.1. Outside paid professional activity, such as consulting, for any company, organization, or individual where the work is for the same or similar types of activities or area of expertise for which the employee was hired by the university;

4.1.2. Startup company activity (i.e., starting, or joining with others to start, a company) where the work is for the same or similar types of activities or area of expertise for which the employee was hired by the university;

4.1.3. Outside board service as detailed in Section 4.5 below;

4.1.4. Any outside activity, regardless of compensation, that reasonably appears to create a conflict of interest or a conflict of commitment.

4.2. Process for Obtaining Approval. The process for obtaining such approval is by first completing the Outside Activities Form. Approvals required for faculty requests include their chair, dean, and the Provost. Approvals required for staff requests include their supervisor, the applicable Vice President, and any additional levels of direct reports in between.

4.3. Considerations for Review. The approval authorities detailed in Section 4.2 above shall consider, on a case by case basis, whether such outside activities benefit UHS and/or contribute to the employee's professional development and whether such outside activities conflict with the employee's primary duties or create a conflict of interest, time or commitment with university obligations.

4.4. Time Commitment. Except for the limited pre-approved outside activities under Section 4.6, the time commitment expected of any outside activity described in Section 4.1 should generally be not more than 8 hours per calendar week, but in no event exceed a maximum of 32 hours per month.

4.5. Outside Board Service.

4.5.1. Prior Approval Required. Full-time exempt employees must receive prior approval before serving on a board, other than as described in Section 4.5.2. If such service is uncompensated and does not require an undue amount of time commitment, it can occur during work hours and be considered service to the university because of the benefit to the university that can result from such service. If such service is compensated, it must occur on the employee's own time and not during work hours.

4.5.2. No Approval Required. Service on the board of a local organization, religious organization, neighborhood association, public, private or parochial school, youth sports or recreation league, and similar outside boards that are personal in nature is allowed on the employee's own time outside of work hours and no approval is required if it does not create, or create the appearance of, a conflict of interest or conflict of commitment.

4.6. Pre-approved Outside Activities. While many outside activities require prior approval, certain outside activities are so integral to UHS's mission that they do not require prior approval so long as the activity does not create, or create the appearance of, a conflict of interest or conflict of commitment. Pre-approved activities include:

4.6.1. Acting in an editorial capacity for a professional journal;

4.6.2. Reviewing journal manuscripts, book manuscripts, grant or contract proposals, theses or dissertations;

4.6.3. Attending and presenting talks at scholarly colloquia and conferences;

4.6.4. Developing scholarly communications in books, journal articles, television productions and similar works, even when such activities result in financial gain, consistent with intellectual property and UHS or university policies and guidelines. (However, prior approval is required if an employee will be paid by an outside entity to conduct research related to their area of expertise);

4.6.5. Serving as a committee member or an officer of a professional or scholarly organization; and

4.6.6. Serving on a grant review committee.

5. OTHER REQUIRED DISCLOSURES AND PRE-APPROVALS

5.1. Dual Employment. Employees who want to work for another state agency or for another UHS university while also maintaining their current university employment must request and receive prior written approval.

5.2. Potential Financial Conflict of Interest in Research. In addition to the obligation to disclose and receive pre-approval for outside activities imposed by Section 4 of this policy, faculty, staff, and students who meet the definition of "investigator" must follow the applicable university's research policy. This policy requires financial disclosures (1) at least annually, (2) at the time of submission for new funding, (3) at the time of submission of human or animal protocols if financial relationships related to the research exist, and (4) within 30 days of discovering or acquiring (e.g., through purchase, marriage, or inheritance) a new significant financial interest.

5.3. Potential Conflict of Interest with Private Vendor.

5.3.1. An employee who participates as a committee member on a formal competitive bid or formal solicitation must disclose to the applicable university purchasing or procurement office any potential conflict of interest that is known by the employee with respect to any private vendor's bid for the university's purchase of goods or services valued at more than $25,000. The disclosure must be made at any time during the procurement process (from the initial request for bids until the completed final delivery of the goods or services).

5.3.2. An employee involved in contract management must disclose to the applicable college, school, or division business administrator any potential conflict of interest that is known by the employee with respect to any contract with a private vendor for the university's purchase of goods or services valued at more than $25,000. The disclosure must be made during the term of the contract.

5.3.3. Notwithstanding the above, any employee involved in procurement or contracting activities at any dollar value who is aware that their participation in such activity may create a conflict of interest with a private vendor must (1) promptly report the potential conflict to their immediate supervisor, (2) refrain from such participation, and (3) recuse themself if necessary. See the conflict of interest provisions in SAM 02.A.29 – Ethical Conduct of Employees.

5.4. Nepotism Disclosure by Purchasing Personnel: All purchasing personnel working on formal solicitations or contracts valued at $1 million or more must disclose in writing to the University of Houston Purchasing Department, on the form available through the Purchasing Department's workflow, whether the employee or employee's relative is an employee, partner, major stockholder (i.e., directly or indirectly owns or controls more than a 10 percent interest or a pecuniary interest with a value exceeding $25,000 in a business entity), paid consultant with a contract of at least $25,000 with the business entity, or other owner of the business entity under consideration for an award of the contract.

5.4.1. For purposes of this disclosure, "purchasing personnel" is any employee who makes decisions on behalf of the university or recommendations regarding (1) contract terms or conditions, (2) who is to be awarded a contract (i.e., vendor selection), (3) preparation of a solicitation for a contract, or (4) evaluation of a bid or proposal.

5.4.2. For purposes of this disclosure, "relative" is defined as a person related to another within the third degree by consanguinity (i.e., parent, grandparent, great grandparent, brother, sister, half-brother, half-sister, child, grandchild, great grandchild, aunt, uncle, niece, nephew) or within the second degree by affinity (i.e., spouse as recognized under Texas law, spouse's parent, spouse's grandparent, spouse's sibling, spouse's child, spouse's grandchild, parent's spouse, grandparent's spouse, sibling's spouse, child's spouse, and grandchild's spouse).

5.5. Annual Disclosure by Athletics Department of Athletically-Related Income and Benefits: Each academic year, full-time and part-time employees of the department of intercollegiate athletics must provide a written detailed account to the athletics compliance office of all athletically-related income and benefits from sources outside the university. They are not required to report any cash or cash equivalent (as opposed to tangible items) if the total amount received is $600 or less. This information will be compiled and presented to the president or chancellor each year to comply with NCAA legislation, specifically NCAA Bylaw 11.2.2 – Athletically Related Income and Benefits.

5.6. Salary Supplement. Employees who want the university to accept a gift, grant, donation, or other consideration to be used as a salary supplement must receive prior written approval from the proposed recipient's immediate supervisor, the Dean or Vice President overseeing the college or division employing the proposed recipient, the Vice Chancellor for Legal Affairs/General Counsel, the President, and the Chief Audit Executive to comply with state mandated reporting requirements.

5.7. Annual Financial Statement. The Chancellor and presidents must submit an annual financial statement with the Texas Ethics Commission using the forms provided by the

commission.

6. NONCOMPLIANCE

Employees who do not submit disclosures as required by this policy, including those who do not seek and receive pre-approval prior to engaging in certain outside activities, will not have met their job expectations. Therefore, these employees will not be eligible for merit increases, their supervisors will be notified of their noncompliance, and they will be subject to disciplinary action, up to and including termination of employment.

7. REVIEW AND RESPONSIBILITY

Responsible Parties: Associate Vice Chancellor, Human Resources
System-wide Compliance Officer

Review: Every five years

8. APPROVAL

Approved: */Raymond Bartlett/* Senior Vice Chancellor for Administration and Finance

/Dona Cornell/ Vice Chancellor for Legal Affairs and General Counsel

/Renu Khator/
Chancellor

Date: July 14, 2025

9. REFERENCES AND RELATED STATUTES, POLICIES, OR REQUIREMENTS

Texas Education Code § 51.9337 – Purchasing Authority Conditional; Required Standards

Texas Family Code Chapter 2 – The Marriage Relationship

Texas Government Code § 572.021 – Financial Statement Required Texas Government Code § 573.002 – Degrees of Relationship
Texas Government Code § 659.0201 – Gifts, Grants, and Donations for Salary Supplement
Texas Government Code § 2261.252 – Disclosure of Potential Conflicts of Interest Certain Contracts
Texas Government Code § 2262.004 – Required Nepotism Disclosure Board Policy

57.01.2 – Code of Ethics

NCAA Bylaw 11.2.2 – Athletically Related Income and Benefits

UNIVERSITY OF HOUSTON SYSTEM POLICIES

SAM 02.A.29 – Ethical Conduct of Employees

Outside Activities Form
Outside Activities/Interests Disclosures: Frequently Asked Questions (FAQs)
Outside Activities/Interests Disclosures: Considerations for Supervisors Reviewing Forms

UNIVERSITY OF HOUSTON SYSTEM
ADMINISTRATIVE MEMORANDUM

SECTION: Human Resources **NUMBER: 02.A.29**

AREA: General

SUBJECT: Ethical Conduct of Employees

1. PURPOSE

University of Houston System employees have a responsibility to the public in the performance of their official duties. High institutional and personal standards of conduct must be maintained to fulfill that responsibility. This document sets forth standards of conduct for employees in accordance with Texas Education Code Section 51.9337, Texas Government Code Section 572.051, and Board of Regents Policies 57.01.2, 57.01.4, and 81.01. For purposes of this policy, the term "UHS" encompasses the University of Houston System and its universities, and the term "employee" refers to all employees of UHS and its universities.

2. POLICY

2.1. Employees shall avoid using their positions for purposes that are, or give the appearance of being, motivated by a desire for private gain for themselves or others, such as those with whom they have family, business, or other ties. Employees shall exercise the utmost good faith and honest dealing in all transactions, activities, and behaviors related to their duties to UHS and its property and resources.

2.2. Each employee is expected to obey all federal, state, and local laws and UHS and university policies, including this policy. Failure of an employee to comply with this policy or with applicable law shall constitute grounds for disciplinary action, up to and including termination of employment. An employee who violates any applicable federal or Texas law or rule may be subject to civil or criminal penalties in addition to any employment-related sanction.

3. DEFINITIONS

3.1. Benefit: Anything an independent third party observer might reasonably regard to provide a monetary gain or advantage. For the purposes of this policy, a Benefit would include, but is not limited to, monetary gifts, meals, travel, entertainment, employment, services, or other items of monetary gain or advantage.

3.2. Conflict of Commitment: A situation in which an employee's outside activities interfere with the employee's duties and responsibilities to UHS, including their commitment of time and intellectual energies.

3.3. Conflict of Interest: A situation in which an employee has a direct or indirect financial or other interest, engages in a business transaction or professional activity, or incurs any obligation that is in substantial conflict with the proper discharge of the employee's duties and responsibilities to UHS.

3.4. Financial Interest: For purposes of this policy, Financial Interest is defined as an interest in an individual or entity (other than a retirement plan, a blind trust, insurance coverage, or an ownership interest of less than one percent in a corporation) in which a person:

3.4.1. Owns or controls, directly or indirectly, an ownership interest of at least one percent, including the right to share in profits, proceeds, or capital gains; or

3.4.2. Could reasonably foresee that a UHS or university contract with the individual or entity could result in a financial Benefit to the person.

3.5. Foreign Adversary: A foreign government or foreign non-government person on the U.S. Department of Commerce's foreign adversaries list under 15 C.F.R. § 791.4, which currently lists China (including Hong Kong and Macau), Cuba, Iran, North Korea, Russia, and Venezuelan politician Nicolás Maduro. For purposes of this policy, Foreign Adversary includes Venezuela under the Nicolás Maduro regime.

3.6. Procurement Activity: Activities undertaken by an employee involving the following:

- approvals, disapprovals, or recommendations concerning a procurement transaction, or selection of a vendor;
- preparation of any part of procurement actions;
- influencing the content of any specification or procurement standard; or
- advising, investigating, or auditing any procurement transaction.

3.7. Relative: A person related to another within the second degree of affinity or the third degree of consanguinity and includes the following relations:

3.7.1. Parent, grandparent, great grandparent, brother, sister, half-brother, half-sister, child, grandchild, great grandchild, aunt, uncle, niece, nephew;

3.7.2. Persons married to: parent, grandparent, brother, sister, half-brother, half-sister, child, and grandchild;

3.7.3. Spouse (as recognized under Texas law) and spouse's: parent,

grandparent, brother, sister, half-brother, half-sister, child, and grandchild.

4. GENERAL STANDARDS OF CONDUCT

4.1. Improper Acceptance of Benefits, Privileges, or Exemptions

4.1.1. Use of Official Position to Secure Privileges or Exemptions. No employee shall use their position to secure special privileges or exemptions for themselves or others, except as is allowed by law.

4.1.2. Employment or Compensation That Could Impair Judgment. No employee shall accept other employment or compensation that could reasonably be expected to impair the employee's independence of judgment in the performance of the employee's official duties.

4.1.3. Benefits Given in Exchange for Official Action. No employee shall intentionally or knowingly solicit, accept, or agree to accept any Benefit for having exercised the employee's official powers or performed the employee's official duties in favor of another.

4.1.4. Benefits Given to Influence Decisions. No employee shall accept or solicit any gift, favor, or service that might reasonably tend to influence the employee in the discharge of official duties or that the employee knows or should know is being offered with the intent to influence the employee's official conduct.

4.1.5. Benefits Given by Vendor Who May Be Awarded Contract. No employee participating in a procurement activity shall solicit or accept any economic opportunity, employment, gift, loan, gratuity, special discount, trip, favor, or service from a person or entity to whom a contract may be awarded.

4.1.6. Benefits Given by Interested Party. Unless specifically allowed under Section 5 of this policy and applicable law, no employee who exercises discretion in connection with contracts, purchases, payments, claims, or other monetary transactions shall solicit, accept, or agree to accept any Benefit from a person or entity the employee knows is interested in or likely to become interested in such transactions.

4.1.7. Gifts Given by Foreign Adversary. No employee shall accept any gift regardless of value, including travel, from an entity associated with a Foreign Adversary. If an employee receives an offer of a gift from an entity associated with a Foreign Adversary, then the employee must promptly report the offer to their supervisor and the Export Control Office at exportcontrol@uh.edu.

4.1.8. Honorarium Given Because of Official Position or Duties. Unless specifically allowed under Section 5 of this policy and applicable law, no employee shall solicit, accept, or agree to accept an honorarium in

consideration for services that the employee would not have been asked to provide but for the employee's official position or duties. This prohibition includes a payment made to a third party in exchange for such services.

4.2. Conflict of Interest. No employee shall have a direct or indirect financial or other interest, shall engage in a business transaction or professional activity, or shall incur any obligation that is in substantial conflict with the proper discharge of the employee's duties and responsibilities to UHS. This includes, but is not limited to, the following:

4.2.1. Transacting UHS Business. No employee shall transact any business for UHS or any of its universities with any entity of which they are an officer, agent, employee, or member, or in which they have a direct or indirect financial or other interest.

4.2.2. Participating in Procurement Activity. No employee shall participate in a Procurement Activity if the employee has—or is aware that the employee's Relative has—an actual, potential, or perceived monetary interest in a procurement, including but not limited to, employment or prospective employment with an entity subject to the Procurement Activity.

4.2.3. Personal Investments. No employee shall make personal investments that could reasonably be expected to create a substantial conflict between the employee's private interest and UHS's interests.

4.2.4. Acting as an Agent. No employee shall act as an agent for another person in the negotiation of the terms of an agreement relating to the provision of money, services, or property to UHS or any of its universities.

4.2.5. Conducting Research. For federal and institutional requirements specific to potential financial conflicts of interest in research, see the applicable university's research policy.

4.3. Conflict of Commitment. No employee's activities outside UHS shall interfere with the employee's duties and responsibilities to UHS or to its programs, policies, and objectives. Outside obligations that represent actual or potential conflicts of commitment must be avoided.

4.4. Unauthorized Disclosure or Use of Confidential Information

4.4.1. No employee shall disclose without authorization confidential information gained by reason of their university position, nor shall they otherwise use such information for their personal gain or Benefit.

4.4.2. No employee shall accept other employment or engage in a business or professional activity that the employee might reasonably expect would require or induce the employee to disclose confidential information

acquired by reason of their university position.

4.5. Misuse of UHS Property or Resources. Unless specifically allowed under Section 5 of this policy and applicable law, no employee shall use UHS property or resources, including the name of UHS or its universities, for any purpose other than university purposes. See SAM 01.C.04 – Reporting/Investigating Fraudulent Acts.

5. SPECIFIC EMPLOYEE CONDUCT

5.1. Benefits Employees May Accept

5.1.1. Gifts from Friends, Relatives, and Associates. Employees may accept gifts or other Benefits from a friend, Relative, or business associate with whom they have a relationship independent of the employee's official status, as long as the gift is given on account of the personal relationship and not on account of the official status.

5.1.2. Non-cash Items of Less than $50 in Value. Employees may accept non-cash items of less than $50 in value, as long as such items (1) are not solicited and not offered or accepted in exchange for any action or inaction on the part of the employee and (2) are not to an employee participating in a Procurement Activity from a vendor who may be awarded a contract.

5.1.3. Other Benefits Allowed Under Texas Penal Code Section 36.10. Employees who exercise discretion in connection with contracts, purchases, payments, claims, or other monetary transactions may accept a Benefit from a person or entity the employee knows is interested in or likely to become interested in such transactions if the Benefit falls under an applicable exception under Texas Penal Code Section 36.10.

5.1.4. Honorarium. Employees may accept an honorarium in consideration for a non-recurring service for which a fee is not traditionally required—such as a speech, guest lecture, workshop, or seminar—if the service was requested for a reason unrelated to the employee's official position or duties. However, if the honorarium is offered for a service because of the employee's official position or duties, an honorarium may not be accepted.

Regardless of the reason for the service being requested, the employee can accept reimbursement for meals, transportation, or lodging in connection with the service as long as the service is more than merely perfunctory.

5.2. Outside Activities by Full-time Exempt Employees. Full-time exempt employees (both faculty and staff) who want to engage in the following activities must comply with the requirements in this Section, in addition to any other applicable provision in this policy or other university policy (e.g., SAM 02.D.07 – Expert Witness Services):

- Outside paid professional activity, such as consulting, for any company, organization, or individual where the work is for the same or similar types of activities or area of expertise for which the employee was hired by the university;

- Startup company activity (i.e., starting, or joining with others to start, a company) where the work is for the same or similar types of activities or area of expertise for which the employee was hired by the university;

- Outside board service as detailed in SAM 02.A.08;

- Any outside activity, regardless of compensation, that reasonably appears to create a Conflict of Interest or a Conflict of Commitment.

5.2.1. Prior Approval Required. The proposed activity must be disclosed and prior written approval obtained under the process outlined in SAM 02.A.08, unless it falls under the list of pre-approved outside activities in SAM 02.A.08.

5.2.2. Time Limitations. Except for the limited pre-approved outside activities outlined in Section 4.6 of SAM 02.A.08, the activity should generally be not more than 8 hours per calendar week, but in no event exceed a maximum of 32 hours per month.

5.2.3. Other University Obligations. The proposed activity must not interfere with an employee's university obligations, such as a faculty member's regularly scheduled classes.

5.2.4. Authorization for Absences. Authorizations for absences from an employee's official place of duty shall be requested and approved in accordance with university policy governing leave entitlements.

5.2.5. Affiliation with University. Employees may not represent themselves as acting in the capacity of UHS or university employees when engaging in the activity. UHS bears no responsibility for any actual or implied obligations or liabilities incurred by the employee resulting from the activity.

5.3. Governmental Appearances. Employees appearing in their official capacity on behalf of UHS or any of its universities before Congress or the Texas Legislature or their agencies, committees, or members to offer testimony, opinions, or commentary in regard to existing or potential laws, rules, or regulations must be expressly authorized do so by the Board of Regents or the Chancellor. Employees appearing in their individual capacity must clearly state in advance that they are appearing in their individual capacities and that their testimony, opinions and commentary are not authorized by and must not be construed as reflecting upon the position of UHS or any of its universities. See SAM 09.A.01 – Governmental

Relations Communications and Appearances.

5.4. Political Activities

5.4.1. Elective Office. Employees may run for local elective office and serve as elected members of the governing bodies of school districts, cities, towns, or other local governmental district, but may not receive a salary for serving as members of such governing bodies except as allowed under Article XVI, Section 40(b) of the Texas Constitution.

5.4.2. Political Campaigns. Employees may work on a political campaign as long as university funds, equipment, work time, or other resources are not used for the campaign, and the employee does not use the employee's official authority or influence to affect the result of any election or nomination of a candidate or to achieve any other political purpose. See SAM 02.A.39 – Political Aid and Legislative Influence.

5.5. UHS Employment

5.5.1. Dual Employment. Employees may work for another state agency or for another UHS university while maintaining their current employment only if they have received pre-approval. The work performed for the state agency or other UHS university must be non-regular, part-time appointment or temporary appointment as defined in SAM 02.A.34 – Types of Staff Employment. Compensation must be made through the university's payroll system and are subject to withholding and other payroll deductions, and benefits from the state must not exceed the benefits provided for one full-time employee.

5.5.2. Compensation from Sources Other Than State of Texas. Employees may receive compensation for services to UHS from sources other than the State of Texas only if allowed by law.

A. Salary Supplement from Donor. Employees shall not ask their university or agree on behalf of their university to accept a gift, grant, donation, or other consideration to be used as a salary supplement for themselves or for another employee without receiving prior written approval under the process outlined in SAM 02.A.08.

B. Expert Witness Fees. Compensation for expert witness services to an employee called to appear in their official capacity on behalf of UHS or any of its universities shall be subject to the provisions of SAM 02.D.07 – Expert Witness Services.

5.5.3. Additional Compensation. Pay for special projects performed for a university outside the employee's normal duties and normal work hours must serve institutional purposes, be consistent with university policies,

and comply with applicable law(s) with respect to employee compensation.

5.5.4. Nepotism. Employees shall not hire, appoint, reappoint, promote, or supervise their relative and shall not recommend, approve, or otherwise act with regard to the hiring, appointment, reappointment, salary, promotion, or supervision of their relative. Relatives shall not be employed in the supervisory-subordinate relationship even if it results from marriage after the employment relationship was formed. The requirements of nepotism statutes may be found in Board Policy 57.01.4 and SAM 02.A.21 – Nepotism.

5.6. Use of UHS Property and Resources

5.6.1. Incidental Use with No Direct Cost to University. UHS property or resources may be used for non-university purposes when such use is reasonable and incidental and does not result in any direct cost to UHS, such as use of telephones to make occasional local calls.

5.6.2. Financial Arrangement Prior to Use. UHS property or resources may be used for non-university purposes when an appropriate and equitable financial arrangement that adequately covers the university's costs has been concluded between the employee and the university prior to use. See SAM 01.B.06 – Facilities Reservation and Rental and SAM 03.A.05 – Contract Administration, for additional guidance.

6. PROCEDURES

6.1. Ethics Policy Distribution and Training. A copy of this policy and the Code of Ethics in Board of Regents Policy 57.01.2 shall be provided to employees annually and to each new employee within three (3) business days after the start of their employment. To acknowledge receipt and understanding of these laws and policies, all employees must annually complete Code of Ethics training.

6.2. Outside Activities/Interests Disclosures. Employees are responsible for disclosing outside activities and interests in accordance with SAM 02.A.08 – Outside Activities/Interests Disclosures.

6.3. Reporting Law and Policy Violations. Employees are responsible for reporting suspected violations of law and policy in accordance with SAM 01.C.04 – Reporting/Investigating Fraudulent Acts.

7. REVIEW AND RESPONSIBILITIES

Responsible Party: Associate Vice Chancellor, Human Resources
System-wide Compliance Officer

Review: Every five years

8. APPROVAL

Approved: */Raymond Bartlett/*
Senior Vice Chancellor for Administration and Finance

/Dona Cornell/
Vice Chancellor for Legal Affairs and General Counsel

/Renu Khator/
Chancellor

Date: July 14, 2025

9. REFERENCES AND RELATED STATUTES, POLICIES, OR REQUIREMENTS

Texas Constitution:

Article XVI, Section 40(b)

Texas Statutes:

Education Code § 51.9337 – Purchasing Authority Conditional; Required Standards
Government Code Chapter 554 – Protection for Reporting Violations of Law
Government Code § 552.352 – Distribution or Misuse of Confidential Information
Government Code § 556.004 –Prohibited Acts of Agencies and Individuals
Government Code § 659.0201 – Gifts, Grants, and Donations for Salary Supplement
Government Code § 572.051 – Standards of Conduct; State Agency Ethics Policy
Government Code § 2113.014 – Employee Standards of Conduct
Government Code § 2155.003 – Conflict of Interest
Government Code § 2261.252 – Disclosure of Potential Conflicts of Interest; Certain Contracts Prohibited
Family Code Chapter 2 – The Marriage Relationship
Penal Code Chapter 36 – Bribery and Corrupt Influence
Penal Code §39.06 – Misuse of Official Information

Texas Administrative Code:

1 Texas Administrative Code § 45.3 (interpreting Texas Government Code § 2155.003)

Texas Executive Orders:
GA-48 (2024)

UNIVERSITY OF HOUSTON SYSTEM POLICIES

System Board of Regents Policies:

57.01.2 Code of Ethics
57.01.4 Nepotism
81.01 Governmental Appearances

System Administrative Memoranda:

01.B.06 Facilities Reservation and Rental
01.C.04 Reporting/Investigating Fraudulent Acts
01.D.06 Protection of Confidential Information
02.A.21 Nepotism
02.A.34 Types of Staff Employment
02.A.39 Political Aid and Legislative Influence
02.D.07 Expert Witness Services
03.A.05 Contract Administration
09.A.01 Governmental Relations Communications and Appearances

Other Agency Guides:

State of Texas Procurement and Contract Management Guide
Texas Ethics Commission Guide to Ethics Laws for State Officers and Employees

UNIVERSITY OF HOUSTON SYSTEM
ADMINISTRATIVE MEMORANDUM

SECTION: Human Resources **NUMBER: 02.A.21**

AREA: General

SUBJECT: Nepotism

1. PURPOSE

This document sets forth the University of Houston System's policy on nepotism, and requires compliance with State of Texas statutes, Board of Regents Policy 57.01.4, and regulations regarding unfair employment practices due to nepotism. This administrative memorandum applies to all positions, full and part-time, regular and temporary, in all university programs, regardless of funding source.

2. POLICY

2.1. Members of the Board of Regents shall not appoint, confirm the appointment of, or vote for the appointment or confirmation of their relative or another Board member's relative to a position with the System unless the individual was continuously employed in the position for at least 30 days immediately before the appointment of the Board member to whom the individual is related. If this exception applies, the Board member to whom the individual is related may not participate in any deliberation or voting on the appointment, reappointment, confirmation, employment, reemployment, change in status, compensation, or dismissal of the individual if that action applies only to the individual.

2.2. System employees shall not hire, appoint, reappoint, promote, or supervise their relative and shall not recommend, approve, or otherwise act with regard to the hiring, appointment, reappointment, salary, promotion, or supervision of their relative. Relatives shall not be employed in the supervisory-subordinate relationship even if it results from marriage after the employment relationship was formed.

2.3. The provisions of this policy apply to all System programs, regardless of funding source.

3. DEFINITIONS

3.1. Nepotism: Favoritism in employment shown to a relative.

3.2. Relative: For this administrative memorandum, the term "relative" is defined as anyone related to the Board member or employee within the third degree of consanguinity (i.e., parent, grandparent, great grandparent, brother, sister, half brothers and sisters, child, grandchild, great grandchild, aunt, uncle, niece, and nephew) and within the second degree of

affinity (i.e., spouse, spouse's parent, spouse's grandparent, spouse's sibling, spouse's child, spouse's grandchild, parent's spouse, grandparent's spouse, sibling's spouse, child's spouse, and grandchild's spouse).

4. PENALTIES

Violation of the nepotism statutes is a misdemeanor involving official misconduct; employees violating the statute are subject to a fine and dismissal from employment. An employee who violates this administrative memorandum—as an employee knowingly approving the hiring of a relative, as the currently employed relative, or as the relative being hired—is subject to reassignment and/or to disciplinary action, up to and including dismissal.

5. REVIEW AND RESPONSIBILITY

Responsible Party: Associate Vice Chancellor for Human Resources Review:

Every five years

6. APPROVAL

Approved: _____*/Raymond Bartlett/*_____ Senior Vice Chancellor for Administration and Finance

_____*/Renu Khator/*_____
Chancellor

Date: _____November 27, 2023_____

UNIVERSITY OF HOUSTON SYSTEM
ADMINISTRATIVE MEMORANDUM

SECTION: General Administration **NUMBER: 01.G.03**

AREA: Research

SUBJECT: Financial Conflict of Interest in Research

1. PURPOSE

The University of Houston System ("System") is committed to maintaining a Research environment that adheres to the highest ethical standards for Research. This commitment includes compliance with regulatory requirements set forth by the Public Health Service (PHS) agencies (including the National Institutes of Health (NIH)), the National Science Foundation (NSF), the Department of Energy (DOE), the National Aeronautics and Space Administration (NASA), and other regulatory bodies. It is the responsibility of the System to promote objectivity in Research through the establishment of a conflict-of- interest policy for both individual researchers as well as the System as a whole.

The purpose of this policy is to protect the credibility and integrity of System researchers and staff, as well as the universities and agencies themselves, so the public trust and confidence in their Research activities are maintained.

2. POLICY

2.1. Individuals have a responsibility to identify and manage, reduce, or eliminate Financial Conflicts of Interest that may arise due to their role as Research Investigators. Therefore, the System requires all individuals meeting the definition of Investigator, as defined in this policy, to disclose certain financial interests related to their Institutional Responsibilities.

2.2. All Significant Financial Interests held by Investigators and their spouse and dependent children, as well as certain travel paid by a third party and certain procurement activities, must be disclosed under the procedures described in this policy.

2.3. Universities within the System may establish additional disclosure guidelines, consistent with this policy.

3. DEFINITIONS

3.1. Designated Official (DO): The individual at each University responsible for the solicitation and review of disclosures of Significant Financial Interests from each Investigator who is participating in or is planning on participating in Research.

3.2. Entity: Any domestic or foreign, public or private, organization (excluding a federal agency).

3.3. Financial Conflict of Interest (FCOI): A Significant Financial Interest that could directly and significantly affect the design, conduct, or reporting of Research. Similarly, a Significant Financial Interest that would reasonably appear to be affected by the Research, or that is in an Entity whose financial interests would reasonably appear to be affected by the Research.

3.4. Institutional Responsibilities: Investigators' professional responsibilities on behalf of the University, including but not limited to, activities such as Research, Research consultation, teaching, professional practice, institutional committee memberships, and service on institutional panels. All expectations, duties and responsibilities referred to in the University Faculty Handbook are considered Institutional Responsibilities.

3.5. Investigator: The project director or principal Investigator, and any other persons, regardless of title or position, who are responsible for the design, conduct, or reporting of Research or educational activities funded or proposed for funding. This may include, but is not limited to, faculty, staff, students, adjunct faculty, or sub- recipients (collaborators, consultants, contractors, or subcontractors). With respect to Research funded by the DOE, this also includes any person who participates in the purpose, design, conduct, or reporting of the project.
In addition, any Research team member who indicates a financial interest related to the submission of a human or animal Research protocol will be asked to complete a certification.

3.6. Management Plan: A written agreement that may impose conditions and prescribe actions necessary to manage an FCOI, to ensure that the design, conduct, or reporting of the Research is free from bias or the appearance of bias, including an action reducing or eliminating the FCOI.

3.7. Research: A systematic investigation, study, or experiment designed to develop or contribute to generalizable knowledge.

3.8. Significant Financial Interest (SFI): Anything of monetary value, whether the value is readily ascertainable, that 1) is related to the Investigator's Institutional Responsibilities; and 2) belongs to the Investigator or the Investigator's spouse or dependent children. This includes:

- Remuneration in excess of $5,000 from a publicly-traded Entity during the preceding 12 months. For purposes of this definition, remuneration includes salary and any payment for services not otherwise identified as salary (e.g., consulting fees, honoraria, paid authorship);
- Equity interest (stock, stock options, private equity or other ownership interest) in a publicly traded Entity valued in excess of $5,000 at the time of certification;
- Any combination of the above two items (equity and income) that exceeds $5,000 during the preceding 12 months;
- Venture or other capital financing;
- Any amount of equity (stock, stock options, or other ownership interest) in a non-publicly traded Entity, including a start-up company;
- Remuneration that exceeds $5,000 from a non-publicly traded Entity in the past 12 months; or
- Intellectual property rights and interests (e.g. patents and copyrights), upon receipt of such income related to such rights and interests, if in excess of $5,000 paid by any source other than the Investigator's current institution.

Significant Financial Interest does NOT include:

- Salary, royalties or other remuneration paid by the institution to the Investigator, if the Investigator is currently employed or otherwise appointed by the institution;
- Income from seminars, lectures, or teaching engagements sponsored by a federal, state or local government agency within the United States[1], U.S. institution of higher education as defined at 20 U.S.C. § 1001(a), U.S. academic teaching hospital, U.S. medical center, or U.S. Research institute that is affiliated with a U.S. institution of higher education;
- Income from investment vehicles, such as mutual funds and retirement accounts, as long as the Investigator does not directly control the investment decisions made in these vehicles;
- Income from service on advisory committees or review panels for a federal, state or local government agency within the United States[1], U.S. institution of higher education as defined at 20 U.S.C. § 1001(a), U.S. academic teaching hospital, U.S. medical center, or U.S. Research institute that is affiliated with a U.S. institution of higher education; or
- Intellectual property rights assigned to the institution and agreements to share in royalties related to such rights.

4. PROCEDURE

4.1. All Investigators must certify their knowledge of and compliance with this policy by completing a Conflict of Interest Certification at least annually. A current Conflict of Interest Certification must be on file prior to the submission of a new proposal. In the event an Investigator is added after the time of application for an award, the Investigator must make such disclosures prior to participating in the project. Certifications and associated disclosures must also be actively updated or confirmed to be accurate:

- Prior to expenditure of any funds for a new award;
- If unrelated to proposals for funding, at the time of submission of human or animal protocols if financial relationships related to the Research exist; and/or
- Within 30 days of discovering or acquiring (e.g., through purchase, marriage, or inheritance) a new SFI.

4.2. A disclosure MUST include:

- The Investigator's current or pending relationship with the outside enterprise or Entity in which an SFI exists,
- The relationship of the Research (or NSF-funded educational activity) to the enterprise or Entity,
- The means by which the Investigator proposes to address actual or potential conflicts of interest that arise from the Investigator's Institutional Responsibilities and financial interests (or spouse's or dependent children's financial interests), and
- The dollar amount of the financial interest in specified ranges.

[1] Investigators, including subrecipient Investigators, must disclose all financial interests received from a foreign institution of higher education or the government of another country (which includes local, provincial, or equivalent governments of another country) as detailed here: https://grants.nih.gov/grants/guide/notice-files/NOT-OD-18-160.html.

4.3. Disclosures of Foreign Significant Financial Interest: Investigators, including subrecipients, must disclose all foreign SFIs (which includes income from seminars, lectures, or teaching engagements, income from service on advisory committees or review panels, and reimbursed or sponsored travel) received from any foreign Entity, including foreign institutions of higher education or foreign governments (which includes local, provincial, or equivalent governments of another country) when such interests meets the threshold for disclosure (e.g., income in excess of
$5,000).

4.4. Travel:
With some exceptions, federally funded Investigators must disclose reimbursed or sponsored travel paid for by a third-party Entity, including non-profit organizations, as well as foreign entities, foreign government, and foreign institutions of higher education. Disclosure is not required for travel sponsored by or reimbursed by a
U.S. government agency, a U.S. institution of higher education or a Research institute affiliated with such, a U.S. medical center, or a U.S. academic teaching hospital.
Travel disclosures must include, at a minimum: the purpose of the trip, the identity of the sponsor/organizer, the destination, and the duration.

4.5. Procurement:
In accordance with Texas Government Code Section 2261.252 and SAM 02.A.08, all institutional employees who are involved in procurement or contract management must disclose any potential conflict of interest with a private vendor. For example, a potential conflict of interest exists if the employee plans to purchase, or recommend or approve the purchase of, goods or services for the University from an Entity with which they or a family member have a direct or indirect financial or other interest.

5. RESPONSIBILITIES

5.1. Institutional Responsibilities

The DO is responsible for the solicitation and review of disclosures of SFIs from each Investigator at the institution. The DO may delegate this solicitation/review responsibility to another individual or a committee.

The DO or delegate will determine whether an Investigator's submitted SFI could directly and significantly affect the Research or is in an Entity whose financial interest could be affected by the Research. If it is determined that either of these conditions is valid, an FCOI exists. In the case of an FCOI, and prior to the expenditure of any Research funds, the DO or delegate will work with the Investigator, Chair, and Dean to develop a Management Plan to manage or eliminate the conflict, and to ensure to the extent possible that the Research is free of bias or the appearance of bias.

Additional Institutional Responsibilities:

- Maintenance of an up-to-date, written, enforced System Research FCOI policy and if

applicable, University Research FCOI policy, made available through the publicly accessible website.

- Notification to Investigators of new regulations and revised institutional policy/Investigator responsibilities.
- Reporting all required information regarding FCOI to federal sponsors.
- Responding to public information requests for information concerning SFIs.
- Maintenance/retention of all required FCOI records per funding agency requirements.

5.2. Investigator

- Being familiar with and abiding by federal regulations, the System Research FCOI policy, and if applicable, the University Research FCOI Policy.
- Ensuring that FCOI training is completed prior to utilizing Research funds and at least once every four years.
- Filing an FCOI Certification and disclosure (if appropriate) to the institution annually and updating it (if appropriate) within the timelines required by this policy.
- Confirming agreement to and complying with any Management Plan issued by the institution; retaining documentation that demonstrates compliance with the Management Plan, such as but not limited to: notices to journal editors or conference audiences, consent forms from human subjects Research, and notices to laboratory personnel.

5.3. College Deans, Department Chairs, and Center Directors

- Ensuring that Investigators submit and update annual certifications and disclosures.
- Ensuring that the assigned Management Plan monitor adheres to the monitor reporting timeline as determined by the DO or delegate.
  As acknowledgers of the Investigator's disclosures and signatories to the Management Plan, College Deans, Department Chairs, and Center Directors are encouraged to provide input with regard to additional factual information, concerns, or any conditions or restrictions that might be imposed by the institution to manage, reduce, or eliminate such conflict of interest.
- Ensuring that required Management Plans are carried out and monitored until the completion of the Research.

6. AWARDEES AND SUBRECIPIENTS

When the University is the primary awardee of a collaborative PHS, NSF, NASA, or DOE funded project, it must assure that the financial interests of all subrecipients are reviewed and eliminated or managed properly. During the proposal stage and during the negotiation of a subaward, all subrecipients/potential subrecipients of PHS, NSF, NASA, or DOE funding will be required to certify the following in writing via a Letter of Compliance:

- The subrecipient institution has a policy in place to review and manage SFIs that meets regulatory requirements. For DOE awards, the subrecipient institution shall make such policy available via a publicly accessible website or, if the subrecipient does not have a public website, it shall make its written policy available to any requestor within five business days of a request.
- The subrecipient's policy applies to the sub-awarded portion of the Research project, and
- The subrecipient agrees that the identification and Management Plan of any FCOI identified will be submitted to the awardee University for required reporting purposes.

If the sub-awardee institution does not have a compliant FCOI program in place, the agreement must indicate that the subrecipient will follow the University FCOI policy, including the pre-award and annual submission of a Certification (and disclosure, if applicable) to the University DO (or delegate) within 30 days of the submission of the proposal. In the event a non-federal Entity seeks to add an Investigator after the time of application, the non-federal Entity must require the Investigator make such disclosures prior to participating in a project funded under a DOE award.

7. RECORD RETENTION

Each University is responsible for the maintenance and retention of all financial disclosure documentation and of all actions taken to resolve conflicts of interest for the longer of three years from the date of the last expenditure submitted in the case of sponsored Research, until the resolution of any funding agency action involving those records, or as required by applicable federal law, e.g., 45 CFR 74.53(b) and 92.42 (b).

8. PUBLIC ACCESSIBILITY

When an FCOI in PHS-funded Research has been identified, the following will be made available within five business days of a public information request:

- Investigator's name;
- Investigator's title and role with respect to the Research project;
- Name of the Entity in which the SFI is held;
- Nature of the SFI that constitutes an FCOI; and
- Approximate value of the SFI by range or, if the dollar value cannot be determined by reference to public prices or other reasonable measures of fair market value, a statement to that effect.

9. COMPLIANCE

There will be no expenditure of sponsored Research funds by an Investigator unless the DO or delegate has determined that no FCOI exists or that any identified FCOI is manageable under the terms of a Management Plan that has been adopted and implemented.

Failure of any Investigator to comply with this policy shall constitute grounds for disciplinary action. Disciplinary action may vary upon the severity of the violation. A range of examples includes, but is not limited to, the requirement for additional training/monitoring for minor violations up to the imposition of restrictions on an Investigator's participation in sponsored Research for severe or continuing violations.

10. REVIEW AND RESPONSIBILITY

Responsible Party: Interim Vice Chancellor for Research

Review: Every five years

11. APPROVAL

Approved: */Claudia Neuhauser/*
Interim Vice Chancellor for Research

/Renu Khator/
Chancellor

Date: January 22, 2024

12. REFERENCES AND RELATED STATUTES, POLICIES, OR REQUIREMENTS

Texas Government Code § 572.051 – Standards of Conduct and Conflict of Interest Provisions
Texas Government Code § 2261.252 – Disclosure of Potential Conflicts of Interest; Certain Contracts Prohibited

SAM 01.G.01 – Sponsored Research Activities
SAM 02.A.08 – Outside Activities/Interests Disclosures SAM 02.A.29 – Ethical Conduct of Employees

Department of Energy (FAL 2022-02)
Department of Health and Human Services Code of Federal Regulations:
42 CFR Part 50; 45 CFR Part 94 - Responsibility of Applicants for Promoting Objectivity in Research for which Public Health Service Funding is Sought and Responsible Prospective Contractors
21 CFR Part 54 - Financial Disclosure By Clinical Investigators National Institutes of Health (NIHGPS FY2023: 4.1.10)
National Science Foundation Proposal & Award Policies & Procedures Guide (NSF 23-1: Chapter IX-Recipient Standards)
National Aeronautics and Space Administration (GIC 23-07)

UNIVERSITY OF HOUSTON RESEARCH

POLICY ON CONFLICT OF INTEREST IN RESEARCH

"The cornerstone for managing conflicts of interest is transparency, and that begins with the Investigator's disclosure of Significant Financial Interests to the Institution." (CITI)

I. INTRODUCTION

The University of Houston is committed to maintaining a research environment that promotes attention to the highest ethical standards for research. This commitment includes compliance with regulatory requirements set forth by the Public Health Service (PHS),[1,2] the National Science Foundation (NSF), and other regulatory and ethical bodies. It is the responsibility of the University to promote objectivity in research through the establishment of a Conflict of Interest Policy.

A conflict of interest might take various forms, but includes any circumstance where personal, professional, financial, or other private interests of a person or institution compromise or have the potential to compromise the exercise of professional judgment or obligations, or may be perceived as doing so. It is important to note that a conflict of interest depends on the situation and how it can be perceived, not necessarily on the character or the actions of the individual.

Conflicts of interest can arise from the fact that a mission of the University is to promote public good by fostering the transfer of knowledge gained through University research and scholarship to the private sector. Two important means of accomplishing this mission include consulting and the commercialization of technologies derived from University research. It is appropriate that individuals be rewarded for their participation in these activities through consulting fees, sharing in royalties arising from the commercialization of their work, ownership and/or other associations with start-up companies. It is wrong, however, for an individual's actions or decisions, made in the course of his or her University activities, to be guided by considerations of personal financial gain. Such behavior calls into question the professional objectivity and ethics of the individual and reflects negatively on both the Institution and the external sponsor of the research activity. Members of the academic community should conduct their affairs so as to avoid or minimize conflicts of interest, and must respond appropriately when apparent conflicts of interest arise.

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[1] **Agencies within the Public Health Service**: Administration for Children and Families (ACF), Administration for Community Living/Administration on Aging, Agency for Health Care Research & Quality (AHRQ), Agency for Toxic Substances and Disease Registry (ATSDR), Centers for Disease Control & Prevention (CDC), Food and Drug Administration (FDA), Health Resources and Services Administration (HRSA), Indian Health Service (HIS), National Institutes of Health (NIH), Substance Abuse and Mental Health Services Administration (SAMHSA), Office of Global Affairs, Office of the Assistant Secretary for Health (OASH), Office of the Assistant Secretary for Preparedness and Response (ASPR)

[2] Many non-Public Health Service Agencies are now requiring compliance with Public Health Service Conflict of Interest Standards and Thresholds; for example: Alliance for Lupus Research (ALS), American Asthma Foundation (AAF), American Cancer Society (ACS), American Heart Association (AHA), American Lung Association (ALA), Arthritis Foundation (AF), Juvenile Diabetes Research Foundation International (JDRF), Lupus Foundation of America (LFA), Susan G. Komen Breast Cancer Foundation. ***These are updated continuously.***

The purpose of this policy is to educate individuals about situations that generate research-related financial conflicts of interest, and to provide means for faculty, staff, students, and the University to identify, manage, reduce, and/or eliminate actual or potential conflicts of interest. Every member of the academic community has an obligation to become familiar with, and abide by, the provisions of this policy.

II. KEY DEFINITIONS

- **Investigator** – This policy applies to all individuals who meet the definition of Investigator. Specifically:

  The project director or principal Investigator, and any other persons, regardless of title or position, who are responsible for the design, conduct, or reporting of research or educational activities funded[3] or proposed for funding. In addition, any research team member who indicates a financial interest related to the submission of a human or animal research protocol will be asked to complete a certification.

  This policy, therefore, can apply to collaborators, consultants, post-doctoral fellows, graduate students, and others who meet the threshold for responsibility.

  At a minimum, all individuals listed as an investigator or key personnel on a research project must file a certification. It is the responsibility of the Principal Investigator (PI) to determine if other research team members meet this threshold based on their role in the research. See Compliance Guidance here.

- **Research** - An activity is considered research if it meets the definition of research provided by the agency funding the project, or any agencies that oversee the project.[4] If unfunded or not otherwise defined, the following definitions apply:
  - A systematic investigation, including research development, testing and evaluation, designed to develop or contribute to generalizable knowledge. Activities which meet this definition constitute research for purposes of this policy, whether or not they are conducted or supported under a program which is considered research for other purposes.[5]
  - Systematic study directed toward fuller scientific knowledge or understanding of the subject studied. Research is classified as either basic or applied according to the objectives of the sponsoring agency[6]

- **Certification/Disclosure Process** – All individuals who meet the definition of Investigator as defined above must provide certification of their knowledge of and compliance with this policy on an annual basis. The certification process involves either a certification that no significant financial interests exist, or the disclosure of existing significant financial interests to the Institution. In addition to the annual requirement, the acquisition or discovery of new

[3] For the purpose of this policy, any *gifts* to a college or department with the intent of funding a research project are treated as a research award.
[4] For example, the U.S. Food and Drug Administration (FDA), in cases of clinical investigations under 21 CFR 46.102 (c)
[5] 45 CFR 46.102(d): For example, some demonstration and service programs may include research activities.
[6] https://www.nsf.gov/statistics/fedfunds/glossary/def.htm

financial interests requires disclosure within 30 days. All disclosures are reviewed by the University of Houston's Conflict of Interest Committee (COIC).

- **Significant Financial Interest (SFI)** – Anything of monetary value, whether the value is readily ascertainable, that 1) is related to the Investigator's professional responsibilities on behalf of the Institution; and 2) belongs to the Investigator or the Investigator's spouse or dependent children. Additional details regarding what constitutes a Significant Financial Interest are specified in Section III.
- **Financial Conflict of Interest (FCOI)** – A significant financial interest that could directly and significantly affect the design, conduct, or reporting of research.[7] Similarly, if a significant financial interest could reasonably appear to be affected by the research,[8] or the interest is in entities whose financial interests would reasonably appear to be affected by the research,[3,9] review and elimination or management of the conflict is required.
- **Institutional Responsibilities** – Investigators' professional responsibilities on behalf of the Institution including, but not limited to, activities such as research, research consultation, teaching, professional practice, Institutional committee memberships, and service on panels such as Institutional Review Boards and Data Safety Monitoring Boards. All duties referred to in the University of Houston Faculty Handbook are considered Institutional Responsibilities.
- **Designated Official** – the individual at the Institution responsible for the solicitation and review of disclosures of significant financial interests from each Investigator who is participating in, or is planning on participating in, research. The Designated Official for the University of Houston is the Vice Chancellor/Vice President for Research and Technology Transfer.

III. CERTIFICATION OF COMPLIANCE

All individuals meeting the definition of Investigator as defined in this policy must certify their knowledge of and compliance with this policy by completing a Conflict of Interest Certification at least annually. Certifications and associated disclosures must also be actively updated:

- At the time of submission for new funding
- If unrelated to proposals for funding, at the time of submission of human or animal protocols if financial relationships related to the research exist
- Within 30 days of discovering or acquiring (e.g., through purchase, marriage, or inheritance) a new significant financial interest.

All significant financial interests held by investigators and their immediate family members[10] must be disclosed. A **Significant Financial Interest (SFI)** is a financial interest that falls into

[7] PHS definition
[8] Also applies to NSF-funded educational activities [NSF Grant Policy Manual, Chapter V, 510]
[9] NSF definition, also applies to NSF-funded educational activities
[10] Spouse and dependent children

one of the following categories and is reasonably related to any of an investigator's institutional duties:

- Remuneration in excess of $5,000 from a publicly-traded entity[11] during the preceding 12 months. For purposes of this definition, remuneration includes salary and any payment for services not otherwise identified as salary (e.g., consulting fees, honoraria, paid authorship);
- Equity interest (stock, stock options, or other ownership interest) in a publicly traded company valued in excess of $5,000 at the time of certification;
- Any combination of the above two items (equity and income) that exceeds $5,000 during the preceding 12 months;
- Any amount of equity (stock, stock options, or other ownership interest) in a non-publicly traded entity, including a start-up company;
- Remuneration that exceeds $5,000 from a non-publicly traded entity in the past 12 months, or
- Intellectual property rights and interests (e.g. patents and copyrights), upon receipt of such income related to such rights and interests Income related to intellectual property rights in excess of $5,000 paid by any source other than the Investigator's current Institution[12].

All disclosed significant financial interests that have a potential relationship to the discloser's engagement in research on behalf of the University of Houston are reviewed by the Conflict of Interest Committee (COIC) to determine if these interests conflict, or appear to conflict, with the research.

The following DO NOT require disclosure:

- Salary royalties, or other remuneration paid by the Institution to the Investigator if the Investigator is currently employed or otherwise appointed by the Institution,
- Income from seminars, lectures, or teaching engagements sponsored by a federal, state or local government agency, or an Institution of higher education within the United States [13] as defined at 20 U.S.C. 1001(a), an academic teaching hospital, a medical center, or a research institute that is affiliated with an Institution of higher education,
- Income from investment vehicles, such as mutual funds and retirement accounts, as long as the Investigator does not directly control the investment decisions made in these vehicles;
- Income from service on advisory committees or review panels for a federal, state or local government agency, or Institution of higher education within the United States [14]as defined at

[11] A company whose stock is available for purchase by the general public

[12] Unlicensed intellectual property that does not generate income is also excluded from the definition of Significant Financial Interest. Nonetheless, such interests have the potential to become significant and generate income, at which point they would become subject to the regulation

[13] Investigators, including subrecipient Investigators, must disclose all financial interests received from a foreign Institution of higher education or the government of another country (which includes local, provincial, or equivalent governments of another country as detailed here: https://grants.nih.gov/grants/guide/notice-files/NOT-OD-18-160.html

[14] Investigators, including subrecipient Investigators, must disclose all financial interests received from a foreign Institution of higher education or the government of another country (which includes local, provincial, or equivalent governments of another country as detailed here: https://grants.nih.gov/grants/guide/notice-files/NOT-OD-18-160.html

20 U.S.C. 1001(a), an academic teaching hospital, a medical center, or a research institute that is affiliated with an Institution of higher education, or

- Intellectual Property Rights assigned to the Institution and agreements to share in royalties related to such rights

A disclosure MUST include:

- The investigator's current or pending relationship with the outside enterprise or entity in which a significant financial interest exists;
- The relationship of the research[15] to the enterprise or entity,
- The means by which the investigator proposes to address actual or potential conflicts of interest that arise from his/her (or immediate family members) dual University and enterprise or entity roles, and
- The dollar amount of the financial interest in specified ranges.

Common sense must prevail in the interpretation of these provisions. That is, if a reasonable, disinterested person would question the relationship, it should be disclosed and approval sought for the proposed arrangement.

All investigator certifications and associated disclosures are submitted through and maintained within the university's Integrated Compliance Online Network (ICON).
Certifications ***with disclosures meeting threshold*** require additional online acknowledgment as follows:

Primary Appointment	Required Signatory if Significant Financial Interest is Disclosed
Tenure track academic faculty appointments	Department Chair
Non-tenure track research faculty appointments	Department Chair
Staff & students employed by an academic department or college	Department Chair
Staff & students employed by a Division of Research Center	Department Chair
Tenure track academic faculty appointments affiliated with a Division of Research Center	Department Chair
Non-tenure track research faculty appointments with a Division of Research Center	Center Director
Department Chair	College Dean
Division of Research Center Directors	Department Chair
College Dean	Provost
Provost, VP for Research	President

[15] or NSF-funded educational activity

	Department Chair (if applicable)
President	Board of Regents
Exceptions: - College of Social Work - College of Architecture - College of Law - College of Hotel/Restaurant Mgmt - College of Optometry - College of Nursing - Academic Affairs (without department/college affiliation) - College of Business (Small Business Development Center only)	 Assoc. Dean for Research Assoc. Dean for Research Assoc. Dean for Research Assoc. Dean for Research Assoc. Dean for Research Assoc. Dean Provost Sr. Assoc. Dean for Faculty

Those faculty appointments with dual assignments require review by their primary appointment and are the responsibility of that college/department. Updated for clarification re: responsibility for review/management for faculty with dual appointment (10/2018)

Those required to acknowledge the Disclosure are encouraged to provide input with regard to additional factual information, concerns, or any conditions or restrictions that might be imposed by the Institution to manage, reduce, or eliminate such conflict of interest. This information will be made available to the COIC for consideration. The Division of Research reserves the discretion to add additional acknowledgers as deemed appropriate.

TRAVEL

With some exceptions, PHS-funded investigators must disclose reimbursed or sponsored travel paid for by a third-party entity, including non-profit organizations. Disclosure is *not* required for travel sponsored by or reimbursed by a government agency, a U.S. Institution of higher education or a research institute affiliated with such, a U.S. medical center, or a U.S. academic teaching hospital. When a travel request submitted through Concur indicates that an employee's travel is sponsored or reimbursed by a third party and the traveler is listed on a PHS award, the Conflict of Interest (COI) office in the Division of Research will receive an automated notification to review the Travel Request. *This does not slow down the approval process as the COI office is not involved in approving the Travel Request.* The COI Office will notify the traveler if further disclosure of the travel and reimbursement information is required.

Travel disclosures must include, at a minimum: the purpose of the trip, the identity of the sponsor/organizer, the destination, and the duration. The COIC will determine if further information is required, including a determination or disclosure of monetary value, in order to determine whether the travel constitutes an FCOI with PHS-funded research.

PROCUREMENT

In accordance with Texas Government Code 2261.252 and University policy, all institutional employees who are involved in procurement or contract management must disclose if they plan to purchase, or recommend or approve the purchase of, goods or services for the University of

Houston from an entity with which they or a family member have a direct or indirect financial or other interest.[16] In cases where a financial interest disclosed to the COIC may lead to the procurement of goods or services for the university (including university research), the University of Houston Division of Administration and Finance will be notified and the disclosure will be forwarded for their review; this review may result in additional management requirements. For questions regarding Texas Government Code 2261.252, please contact the Division of Administration and Finance.

IV. DISCLOSURE REVIEW PROCESS

All disclosures indicating a significant financial interest will be reviewed by the University of Houston's Conflict of Interest Committee, who shall advise the Vice Chancellor/Vice President for Research and Technology Transfer. This review will take into consideration any comments or concerns provided by the signatory.

An actual or potential conflict of interest exists when the Committee reasonably determines that the significant financial interest could directly and significantly affect the design, conduct, or reporting of research[17] conducted on behalf of the University of Houston. Additional information may be required by the Committee to make this determination.

The policy does not apply to **Phase I** Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) applications/awards. However as the policy does apply to **Phase II** SBIR/STTR applications and awards, it is highly recommended that such interests are discussed with the COI office as a best practice, to ensure minimal delays in progressing to Phase II awards and beyond.

MANAGEMENT PLANS

If it is determined that a conflict exists, a final written agreement to manage the conflict is established by the COIC[18]. The investigator is required to accept the plan within the ICON system. A specific individual[19] is assigned to monitor adherence to this plan and report to the COIC on a routine basis until the conflict is established within ICON to no longer exist.

Examples of conditions or restrictions that might be imposed to manage, reduce, or eliminate actual or potential conflicts of interest can include, but are not limited to:

- Public disclosure of the conflict in publications and presentations

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[16] Family members include the following relatives of the employee: child, parent, spouse, sister, brother, grandchild, grandparent, mother-in-law, father-in-law, son-in-law, daughter-in-law, stepson, stepdaughter, stepmother, stepfather, brother-in-law, sister-in-law, spouse's grandparent, spouse's grandchild, grandchild's spouse, or the spouse of a grandparent.

[17] or NSF-funded educational activities

[18] As delegated by the Institutional Official

[19] The assigned monitor is, by default, the signatory on the disclosure unless otherwise delegated.

- Disclosure to human subjects participating in the research[20]
- Disclosure to other research team members
- Appointment of an independent third party to monitor the research
- Modification of the research plan, with approval by the sponsor
- Change of personnel or personnel roles so that the individual in conflict does not participate in the part of the research that could be affected
- Reducing or eliminating the financial interest (e.g., sale of an equity interest)
- Severance of relationships that create financial conflicts

The institution may also request active monitoring of relationships that are determined not to represent direct and significant conflicts of interest if there is a reasonable potential for a conflict to develop in the future, based on the direction of the research and/or the relationship with the financial interest.

Departments, Colleges, and Center Directors are responsible for ensuring that required management plans are carried out and monitored until the completion of the research. All parties responsible for ensuring compliance with the management plan, including the monitor, will receive notification of the plan as follows:

Position	Parties Copied on Management Plan (*in addition* to the Signatory, plan monitor, and VP for Research/Tech Transfer)
Tenure track academic faculty appointments	College Dean
Non-tenure track research faculty appointments	College Dean
Staff & students employed by an academic department or college	College Dean
Staff & students employed by a Division of Research (DOR) Center	Center Director
Tenure track academic faculty appointments affiliated with a DOR Center	College Dean
Non-tenure track research faculty appointments with a DOR Center	N/A
Department Chair	Provost

[20] The U.S. Food and Drug Administration (FDA), in 21 CFR 54, sets forth additional regulatory requirements for financial disclosures by clinical investigators. If a University of Houston investigator holds the IND or IDE for FDA-regulated research, they are considered sponsor-investigators and are responsible for collecting and maintaining financial disclosures and related management plans. Please contact the COIC at COI@Central.uh.edu if you are a sponsor-investigator.

Division of Research Center Directors	N/A
College Dean	N/A
Provost, VP for Research	College Dean (if applicable)
President	N/A
Exceptions: - College of Social Work - College of Architecture - College of Law - College of Hotel/Restaurant Mgmt - College of Optometry - College of Nursing - Academic Affairs (without department/college affiliation) - College of Business (Small Business Development Center only)	 College Dean College Dean College Dean College Dean College Dean College Dean College Dean

Should an investigator wish to appeal a decision made by the COIC, he or she may present the appeal in writing to the Committee through the following email address: coi@central.uh.edu. The Institutional Official will be made aware of all appeals.

V. TRAINING

All individuals meeting the definition of Investigator in Section II must take an Institutionally-recognized FCOI training course before utilizing research funds and at least once every four years[21]. The University of Houston recognizes the FCOI modules 1 and 2 provided through the Collaborative Institutional Training Initiative (CITI), of which UH is a member. Additional training may be required more often under certain circumstances (e.g., failure to disclose significant financial interests, noncompliance with approved management plan).

VI. RESPONSIBILITIES

A. Institution

1. Designated Official (DO)

   The University of Houston Designated Official, for purposes of this policy, is the Vice Chancellor/Vice President for Research and Technology Transfer. The Designated Official is responsible for the solicitation and review of disclosures of significant financial interests from each Investigator at the Institution. The DO has delegated the solicitation/review responsibility to the University of Houston's Conflict of Interest Committee (COIC). The DO is provided all plans for the management of financial conflicts of interest, and works closely with the Committee to provide input as necessary.

2. The Conflict of Interest Committee (COIC)

[21] Once the initial training has been completed, CITI offers a refresher course for every subsequent 4 years.

The University of Houston's Conflict of Interest Committee reports to the Vice Chancellor/Vice President for Research and Technology Transfer. The COIC is comprised of a minimum of 5 COIC members, which includes a Chairperson. As necessary, ex-officio members[22] (including regular ex-officio representation from UH General Counsel) and a non-affiliated member[23] may be included. Members will be chosen to best represent the expertise and interests of the research being conducted at the University of Houston. COIC members will meet on a monthly basis as needed to review the disclosures and annual certifications that have been submitted through the ICON system to the Division of Research.

The COIC will determine[24] whether an Investigator's submitted SFI could directly and significantly affect the research or is in an entity whose financial interest could be affected by the research. If it is determined that either of these conditions is valid, a Financial Conflict of Interest exists. In the case of a Financial Conflict of Interest and prior to the expenditure of any research funds, the COIC will work with the Investigator, Chair, Dean, and DO to develop a plan to manage or eliminate the conflict, and to ensure to the extent possible that the research is free of bias.

COIC members will serve for a term of three years, at which time membership services and representation of the University's research interests will be reviewed. Members can serve consecutive terms with the concurrence of the DO. The COIC Chair and/or DO reserves the right to replace any committee member for non-performance or reasons related to ethical concerns.

3. Additional Division of Research (DOR) Responsibilities
   - Maintenance of an up-to-date, written, enforced policy on research FCOI, made available through the publicly accessible University of Houston Division of Research website.
   - Notification to Investigators of new regulations and revised Institutional policy/Investigator responsibilities.
   - Reporting all required information regarding Financial Conflicts of Interest to federal sponsors.
   - Making information regarding FCOIs of senior/key personnel on PHS funded projects publicly available.
   - Maintenance/retention of all required FCOI records per funding agency requirements.

B. Investigator

- Being familiar with and abiding by federal regulations and UH Policy regarding FCOI.
- Ensuring that FCOI training is complete prior to utilizing research funds and at least once every four years, as outlined in section V.

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[22] Ex-Officio (non-voting) member: An ex-officio member will be chosen to provide additional information and assistance relevant to the COIC dealings, but will not be a voting member.
[23] Non-Affiliated Member: A non-affiliated member with no direct family or University ties.
[24] Within 60 days for PHS-funded research.

- Filing an FCOI Certification and disclosure (if appropriate) to the Institution annually and within 30 days of discovering or acquiring a new significant financial interest.
- Confirming agreement to and complying with any management plan issued by the Institution; retaining documentation that demonstrates compliance with the management plan, such as but not limited to: notices to journal editors or conference audiences, consent forms from human subjects research, and notices to laboratory personnel.

C. Colleges, Departments, and Center Directors

- Colleges, Departments, and Center Directors are responsible for ensuring that investigators submit annual certifications and disclosures.
- Ensuring that the assigned plan monitor adheres to the monitor reporting timeline as determined by the COIC.
- As indicated in Section III, signatories are encouraged to provide input with regard to additional factual information, concerns, or any conditions or restrictions that might be imposed by the Institution to manage, reduce, or eliminate such conflict of interest. Acknowledgers will also be actively involved in the final monitoring of plans to manage or eliminate conflicts.
- **Departments, Colleges, and Center Directors are responsible for ensuring that required management plans are carried out and monitored until the completion of the research.**

VII. AWARDEES AND SUBRECIPIENTS

When the University of Houston is the primary awardee of a collaborative PHS- or NSF-funded project, it must assure that the financial interests of all subrecipients are reviewed and eliminated or managed properly. During the proposal stage and during the negotiation of a subaward, all subrecipients/potential subrecipients of PHS funding will be required to certify the following in writing via a Letter of Compliance:

- The subrecipient Institution has a policy in place to review and manage Significant Financial Conflicts of Interest that meets regulatory requirements.
- The subrecipient's policy applies to the subawarded portion of the research project, and
- The subrecipient must agree that the identification of and management plan of any FCOI identified will be submitted to the awardee Institution for required reporting purposes.

If the subawardee Institution does not have a compliant FCOI program in place, the agreement must indicate that the subrecipient will follow UH FCOI policy, including the pre-award and annual submission of a Certification (and disclosure, if applicable) to the UH COIC **within 30 days of the submission of the proposal**.

VIII. REPORTING

The Division of Research is responsible for reporting Financial Conflicts of Interest to funding agencies, as applicable:

Public Health Service (PHS)-Funded Projects

Initial Report

- Prior to the expenditure of funds under a PHS-funded research project, the University of Houston must report any Investigator Significant Financial Interests that are determined by the COIC, or a subrecipient Institution, to constitute a Financial Conflict of Interest.

Interim Reports

- The Institution must submit an FCOI report within sixty (60) days after its determination that an FCOI exists for an Investigator who is newly participating in the project or for an existing Investigator who discloses a new Significant Financial Interest to the Institution during the period of award.
- A FCOI report is required in cases of noncompliance (when an Investigator does not disclose a previously existing Significant Financial Interest in a timely fashion or the Institution fails to review a previously existing Significant Financial Interest during an ongoing NIH-funded project).

Annual Reports

- For any Financial Conflict of Interest previously reported by the Institution, the Institution shall provide an annual FCOI report that addresses the status of the financial interest and any changes to the management plan. Annual FCOI reports must specify whether the Financial Conflict of Interest is still being managed or explain why the Financial Conflict of Interest no longer exists. Annual FCOI reports must be submitted to the NIH for the duration of the project period (including extensions with or without funds) at the same time the Institution is required to submit the annual progress report, but through an alternative mechanism.

National Science Foundation (NSF)-Funded Projects

The University of Houston must notify NSF's Office of the General Counsel if it determines that it is unable to manage a Conflict of Interest related to an NSF-funded project satisfactorily. If the University of Houston determines a financial conflict with NSF research to be unmanageable (i.e. imposing conditions or restrictions would be either ineffective or inequitable, and the potential negative impacts that may arise from a significant financial interest are outweighed by the interests of scientific progress, technology transfer, or the public health and welfare), the NSF Office of the General Counsel will be notified electronically. UH and awardees will cooperate with the OGC's review of the institutional conflict of interest policy, actions taken by the institution with respect to the unmanageable conflict, and NSF requests for confirmation that proposed actions have been accomplished.

Other Funding Agencies

The University of Houston will make other required FCOI reports based on applicable funding agency requirements.

IX. FCOI RECORD RETENTION

The Division of Research is responsible for the maintenance and retention of all financial disclosure documentation and of all actions taken to resolve conflicts of interest for at least three years beyond the date of submission of the final expenditures report of the grant to which they relate, or until the resolution of any funding agency action involving those records, whichever is longer. Additional retention might be required under 45 CFR 74.53(b) and 92.42 (b) for different situations.

X. NONCOMPLIANCE

Failure of any investigator to comply with this policy shall constitute grounds for disciplinary action. Disciplinary action is based upon a reasonable investigation of the noncompliance and is consistent with the severity of the violation. A range of examples includes, but is not limited to, the requirement for additional training/monitoring for minor violations up to the imposition of restrictions on an academic staff member's participation in sponsored research for severe or continuing violations.

Additional PHS Requirements

- If an investigator fails to disclose a SFI in a timely manner or if for any reason the Institution fails to review a SFI, the Institution must, within 60 days, determine whether the SFI is related to the research, and whether it rises to the level of a FCOI. If found to be an FCOI, a management plan, even if interim, must be implemented. A FCOI report must be made to PHS at this time.
- In addition, where it is discovered that an the University of Houston has failed to manage a FCOI or where a researcher has failed to comply with a management plan, the Institution must, within 120 days, complete a retrospective review of research to determine whether the research conducted during the period of noncompliance was biased in the design, conduct, or reporting of the research. If bias is identified, a mitigation report must be developed that outlines a plan of action to eliminate or mitigate the effect of the bias. The results of that determination and the mitigation report must be submitted to PHS.

XI. PUBLIC ACCESSIBILITY

The Institution is required to make its policy on Financial Conflict of Interest publicly accessible via its website. In addition, responses to public information requests for information concerning Significant Financial Interests must be disclosed within five business days in writing. Disclosures must meet the following criteria:

- The significant financial interest was disclosed and is still held by the senior/key personnel as related to the PHS-funded project,
- The Institution determines that the Significant Financial Interest is related to the PHS-funded research, and

- The Institution determines that the Significant Financial Interest is a Financial Conflict of Interest.

The information that must be disclosed includes the following:

- Investigator's name;
- Investigator's title and role with respect to the research project;
- Name of the entity in which the Significant Financial Interest is held;
- Nature of the Significant Financial Interest; and
- Approximate dollar value of the Significant Financial Interest (dollar ranges are permissible: $0-$4,999; $5,000-$9,999; $10,000-$19,999; amounts between $20,000-$100,000 by increments of $20,000; amounts above $100,000 in increments of $50,000) or a statement that the interest is one for which the value cannot be readily determined through reference to public prices or other reasonable measures of fair market value.

Written Requests for information may be made through:

- UH's public-facing Conflict of Interest website: http://www.uh.edu/research/compliance/coi/contact-us/
- Via email at coi@central.uh.edu.

XII. RELATED RESOURCES

Department of Health and Human Services Code of Federal Regulations:
42 CFR Part 50; 45 CFR Part 94
21 CFR Part 54
Conflict of Interest FAQs
National Science Foundation Award and Administration Guide. Chapter IV
University of Houston Manual of Administrative Policies and Procedures (MAPP 08.01.01)
University of Houston System Administrative Memorandum (SAM 01.G.01)
UH Division of Administration and Finance Travel Request
UH Faculty Handbook

Effective Date: August 24, 2012
Revisions: 07/2013
05/2014
12/2014
01/2016
04/2016
05/2018

06.A.03 Standards of Conduct in Government-Sponsored Research:

Memo to: All UH-Downtown/PS Holders

From: Dr. Deborah E. Bordelon, Interim President

UH-Downtown/PS 06.A.03
Issue No. 3
Effective date: 8/10/26
Page 1 of 4

Subject: Standards of Conduct in Government-Sponsored Research

1. PURPOSE

This PS outlines the standards of procedure and conduct in Government-sponsored research adhered to by the University of Houston-Downtown (UHD). These standards are part of a joint statement of The Council of the American Association of University Professors and The American Council on Education. All University employees must abide by the procedures outlined herein to prevent conflicts of interest with outside parties, including government agencies.

2. DEFINITIONS

There are no definitions for this policy.

3. POLICY

3.1 Favoring of Outside Interests and Conflicts of Interest are covered more thoroughly in UH SAM 02.A.09, UHD PS 05.A.07, and UHD PS 06.A.09. When a University employee involved in government-sponsored work has a significant financial interest in, or a consulting arrangement with, a private business concern, actual or apparent conflicts of interest must be avoided between his/her government-sponsored University research obligations and his/her outside interests and other obligations. Situations in or from which conflicts of interest may arise are:

3.1.1 Undertaking or orientation of the employee's University research to serve the research or other needs of the private firm without disclosure of these activities to the University and to the sponsoring agency;

3.1.2 Purchase of major equipment, instruments, materials, or other items for University research from the private firm in which the employee has the interest without disclosure of such interest;

3.1.3 Use for personal gain or to benefit a private entity of Government-sponsored work products, results, materials, records, or information that are not made generally available (This would not necessarily preclude appropriate licensing arrangements for inventions, or consulting on the basis of Government-sponsored research results where there is significant additional work by the employee independent of the Government-sponsored research);

3.1.4 Use for personal interest or other unauthorized use of privileged information acquired in connection with the employee's Government-sponsored activities. Privileged information includes, but is not limited to, medical, personnel or security records of individuals; anticipated material requirements of price actions; possible new sites for government operations; and knowledge of forthcoming programs or selection of contractors/ subcontractors in advance of official notice.

3.1.5 Negotiation or influence upon the negotiation of contracts relating to the employee's Government-sponsored research between the University and private organizations with which the employee has consulting or other significant influence.

3.1.6 Acceptance of gratuities or special favors from private organizations with which the University does or may conduct business in connection with a Government-sponsored research project, or extension of gratuities or special favors to employees of the sponsoring Government agency, under circumstances which might reasonably be interpreted as an attempt to influence the recipients in the conduct of their duties.

3.2 Distribution of Effort is covered more thoroughly in UHD PS 06.A.06 and UHD PS 06.A.07. There should be a clear understanding, by all concerned parties, of the amount of time and responsibilities for which an employee is accountable, when involved in Government-sponsored research. A demonstrable relationship between the effort or responsibility proposed in the research agreement and the actual extent of the employee's involvement is expected in order to avoid any misconceptions of the amount of intellectual effort being devoted to the research in question.

3.3 Consulting for Government Agencies or their Contractors. When the University employee engaged in Government-sponsored research also serves as a consultant to a Federal agency, his/her conduct is subject to the provisions of the Conflict of Interest Statutes (18 U.S.C. 202-209 as amended). If the employee consults for one or more Government contractors, or prospective contractors, in the same technical field as his/her research project, care must be taken to avoid giving advice that may be of questionable objectivity because of its possible bearing on his/her other interests. In undertaking and performing consulting services, the employee shall make full disclosure of such interests to the University and to the contractor insofar as they may appear to relate to the work at the University for the contractor.

3.4 University Responsibilities. UHD recognizes that disclosure and consultation are the obligations assumed by the University when it accepts government funds for research. UHD will herein implement organizational and administrative actions to prevent conflicts of interest in Government-sponsored research.

3.4.1 The Senior Vice-President, Academic Affairs and Provost and the Principal Investigator will insure that all Government funds are expended for the purposes for which they are intended and that all services which are required in return for these funds are supplied.

3.4.2 Any UHD employee involved in Government-sponsored research must consult with the appropriate vice president before accepting any outside professional work to insure there will not be any real or perceived conflicts of interest with the research.

3.4.3 The Senior Vice President, Academic Affairs and Provost or designee will serve as an informed source of advice and guidance for consultation on problems that may or do develop as a result of University employees' outside financial or consulting interests, as they relate to their participation in any Government-sponsored research.

3.4.4 All University employees participating in Government-sponsored research must abide by the standards outlined herein as well as those delineated in all Grant Administration policies (PS 06.A.07 Misconduct in Research, Scholarly, Creative, and Government-Sponsored Activities).

4. PROCEDURES

4.1 Any UHD employee involved in government-sponsored research must consult with the appropriate vice president before accepting any outside professional work to insure there will not be any real or perceived conflicts of interest with the research.

4.2 The Senior Vice President, Academic Affairs and Provost or designee will serve as an informed source of advice and guidance for consultation on problems that may or do develop as a result of University employees' outside financial or consulting interests, as they relate to their participation in any Government-sponsored research.

4.2.1 All University employees participating in government-sponsored research must abide by the standards outlined herein as well as those delineated in all Grant Administration policies (PS 06.A.07 Misconduct in Research, Scholarly, Creative, and Government-Sponsored Activities).

5. REVIEW PROCESS

Responsible Party (Reviewer): Senior Vice President Academic Affairs and Provost

Review Period: Every three years on or before May 1st.

Signed Original on File.

Approved by Dr. Deborah E. Bordelon, Interim President on: 08/10/2026

6. POLICY HISTORY

Issue #1: 05/02/2001
Issue #2: 11/30/2021
Issue #3: 08/10/2026 (current issue)

7. REFERENCES

PS 06.A.06 Guidelines for the Administration of Sponsored Programs by the Office of Research and Sponsored Programs (ORSP)
PS 06.A.07 Misconduct in Research, Scholarly, Creative, and Government Sponsored Activities
06.A.09 Financial Conflicts of Interest in Research and Scholarship
18 U.S.C. 202-209 Conflicts of Interest
SAM 02.A.29 Ethical Conduct of Employees

8. EXHIBITS

There are no exhibits associated with this PS.

06.A.07 Ethical Conduct in Research and Government-Sponsored Activities

Memo to: All UH-Downtown/PS Holders

From: Dr. Deborah E. Bordelon, Interim President

Subject: Misconduct in Research, Scholarly, Creative, and Government Sponsored Activities

1. PURPOSE

1.1 All members of the university community are expected to follow standards for conduct of scientific, scholarly, creative, and research activities, including but not limited to, faithful representation of data, accepting responsibility for the integrity of all work undertaken and reported individually or collectively, and accurate disclosure of all facts pertaining to all education and research and scholarly/creative activities.

1.2 This PS states the University of Houston-Downtown (UHD) policy and procedures for promoting ethical behavior in all research, scholarly and creative activities, and government-sponsored activities, and outlines how to handle allegations of misconduct in scientific, scholarly, creative, and research activities.

1.3 This policy applies to the body of research, scholarly, or creative activity done during an individual's period of employment at the university; this policy operates independently from all other relevant review processes (including annual reviews and promotion and tenure). Misconduct committed prior to the date of this policy will be subject to the definition of misconduct in policy at the time of the misconduct, though procedure will operate under the current policy version.

1.4 Given the serious nature and implications of any allegations of misconduct, the university expects any individual(s) involved in any part of the reporting, inquiry, or investigation of alleged misconduct to act in good faith and maintain confidentiality.

2. DEFINITIONS

2.1 Author someone who has significantly contributed to the publication.

2.2 Conflict of Interest as defined in UH SAM 02.A.29 Ethical Conduct of Employees.

2.3 Misconduct is defined as fabrication, falsification, plagiarism, or other material deviation from practices commonly accepted in the academic and scientific communities for proposing, conducting, or reporting results from education, research, and scholarly or creative activities. Misconduct also refers to retaliation against a person who, acting in good faith, reports or provides information about suspected or alleged misconduct. Misconduct compromises the integrity of the individual, colleagues, and/or organization. All levels of misconduct, whether intentional or unintentional, are subject to disciplinary action as described in this policy.

2.3.1 Self-plagiarism, otherwise known as text recycling or text reuse, "Reusing one's own previous writing without being transparent about this or appropriately referencing/quoting from the original." (Committee on Publication Ethics, 2024)

2.3.2 Fabrication is making up data or results that are recorded and/or reported as authentic.

2.3.3 Falsification is the manipulating of research materials, equipment, processes to misrepresent data or findings, or omitting data or results such that the research and its results are not accurately represented.

2.3.4 A ghost author is someone "who is omitted from an authorship list despite qualifying for authorship." (Committee on Publication Ethics, 2013)

2.3.5 Non-Contributing Author is someone who is listed as an author despite not qualitatively fulfilling recognized authorship criteria, including the requirement to make a meaningful intellectual or scholarly contribution as defined by applicable authorship standards. (Committee on Publication Ethics, 2024)

2.3.6 Material deviations from practices that are commonly accepted in the academic and scientific communities include unethical authorship practices (gift authorship, ghost authorship, or omitting authors who have made a substantive/bona fide (see section 3.3) contribution to the work in question) in all forums and venues, falsifying time and effort reports associated with sponsored programs, forging of authorizing signatures associated with the work, misrepresenting an individual's qualifications, failure to obtain prior approval for human subjects research or animal research intended for publication or presentation, and deviation from other practices commonly agreed upon within the disciplines. [See section 3.3 for role of disciplinary faculty in identifying discipline-specific expectations.].

2.3.7 Artificial Intelligence (AI) System means an engineered or machine-based system or functionality that is designed, for a given set of objectives, to generate outputs such as text, images, predictions, or to make recommendations or decisions influencing human action, or real or virtual environments. AI Systems are also designed to operate with varying levels of autonomy.

2.4 Inquiry is defined as a stage of preliminary information-gathering and initial fact-finding to determine whether an allegation or apparent instance of misconduct warrants an investigation. All inquiry interviews will be digitally recorded.

2.5 Investigation is a formal examination and evaluation of relevant facts to determine whether misconduct has taken place or, if misconduct has already been confirmed, to assess its extent and consequences and/or to determine appropriate action. All investigation hearings will be digitally recorded.

2.6 Relevant Parties is defined as the person(s) against whom the allegations were made, the person making the allegations, and the funding agency (if a government-sponsored activity).

2.7 Retaliation includes, but is not limited to, any adverse employment or educational action taken for making a report of misconduct or otherwise participating under this Policy.

3. POLICY

3.1 All members of the University community have the responsibility to report those activities which they believe constitute misconduct, either directly to the Senior Vice President for Academic and Student Affairs and Provost (SVPASA) or through the UH System anonymous fraud system. Such individuals reporting in good faith may not be subject to retaliation, and, as per the SAM 01.C.04, are protected by the Texas Whistleblower Act. As part of the protection of these individuals, the Senior Vice President for Academic and Student Affairs and Provost (SVPASA) may choose to notify the individual's chair and dean to be watchful (without providing specifics of the allegation).

Any actual or threatened retaliation or any act of intimidation to prevent or otherwise obstruct the reporting of academic misconduct or violation of this policy or the participation in proceedings relating to academic misconduct may be considered a separate violation of this or other UHD Policies.

3.2 All research and government-sponsored activities in which members of the University community engage shall be conducted according to the standards recognized in the academy for collegiate education, research, and scholarly/creative activities.

3.3 As part of the review of Annual Evaluation and Rank and Tenure criteria, all tenured and tenure-track faculty in each department must articulate expectations and definitions of what constitutes a "bona fide" role in scholarly work that would warrant authorship or similar credit, as well as identify any other expectations particular to the discipline(s) housed within the department. Each discipline within a department may develop and submit separate expectations and definitions; all expectations and definitions should be reviewed and voted on by all tenured and tenure-track faculty within the discipline or department. Faculty may consult or reference external professional organizations or resources as part of this task.

3.4 The Department Chair should ensure that the faculty undertake this task each year. All expectations and definitions must be reviewed annually and included with the Rank and Tenure Criteria, submitted no later than December 15 to the college dean and SVPASA as per PS 10.A.01 Rank and Tenure System..

3.5 All allegations of misconduct involving any sponsored program must be reported to the appropriate sponsoring agency as per the agency's guidelines, including science and/or engineering activities funded by the Public Health Service, the National Institutes of Health, and/or the National Science Foundation, must be reported according to the steps delineated in the procedures of these organizations.

3.6 If at any point during the inquiry or investigation phase the number of allegations and/or respondents expands beyond the capacity for executing the procedures of this policy as defined below, the Inquiry Team or the Investigating Committee (IC) may request that the SVPASA, in consultation with the President, expand timelines, resources, and personnel to accommodate the expanded scope.

3.7 Faculty are expected to use artificial intelligence (AI) tools in a manner that upholds the highest standards of academic integrity, transparency, and responsibility. When incorporating

AI into teaching or research, faculty must clearly disclose its use, ensure that all outputs are critically evaluated for accuracy and bias, and avoid delegating tasks that compromise scholarly rigor or misrepresent authorship. Faculty should model ethical AI practices for students, safeguard sensitive or confidential data, and comply with all institutional, legal, and disciplinary guidelines governing AI-assisted work. The use of AI must ultimately support—not replace—human expertise, judgment, and accountability.

4. PROCEDURES

4.1 Allegations of misconduct must be reported in writing to the SVPASA or through the UH System anonymous fraud reporting system for review and action. If the SVPASA has a possible conflict of interest, the allegation must be reported to the President. In such instances, duties assigned to the SVPASA in implementing this policy will be implemented by the President.

4.2 Interim administrative action may be taken by the university and/or the awarding agency upon receipt of allegations of misconduct scientific, scholarly, creative, and research activities. The SVPASA will authorize an inquiry into the suspected or alleged misconduct and determine whether the allegations warrant further investigation as violations of University policy. Within five working days of the receipt of a misconduct allegation, the SVPASA must appoint an Inquiry Team and give the team a timeline for completion and reporting (see section 4.3). The Inquiry Team will include the a representative from the Provost's Office who carries faculty rank along with two faculty members chosen from a pool of four faculty; the pool of four will consist of one elected tenured faculty member from each college, elected by Faculty Senate procedures for two-year terms.

4.3 The duration of the inquiry period will be 60 to 90 working days determined by the SVPASA at the beginning of the inquiry, depending on the complexity of the case. The inquiry timeline should be as timely as possible while allowing for due process and labor of individuals involved. The inquiry must include a meeting with the subject(s) of the allegation within 10 days after the Inquiry Team has been appointed. At that meeting, the Inquiry Team will inform the subject(s) about the timeline for this phase and provide a brief overview of this policy and process.

4.4 The inquiry should provide information sufficient to make a recommendation but need not provide exhaustive coverage of the allegation. This inquiry will result in the Inquiry Report minimally containing the following information:

4.4.1 Date inquiry was initiated and date completed;

4.4.2 Name and title of the person(s) against whom the allegations were made;

4.4.3 General nature of the allegations;

4.4.4 The application/grant number (if a government-funded activity);

4.4.5 Evidence reviewed and persons interviewed; and

4.4.6 Conclusions. (A recommendation to dismiss, expand, or amend the allegation(s) or proceed with a formal investigation.)

4.5 Within 10 working days of receiving the Inquiry Report, the SVPASA will notify in writing relevant parties of the decision—either to dismiss the allegations or to move to an investigation. At this time, the SVPASA will provide a copy of the Inquiry Report to the subject(s) of the allegation(s). All evidence and materials related to the inquiry shall be maintained by the Office of SVPASA for seven years after termination of the inquiry.

4.6 Within 30 working days after the SVPASA makes a decision to initiate a formal investigation, the SVPASA will appoint an IC. The SVPASA will make available to the IC the inquiry report along with all supporting materials collected during the inquiry. The members of the IC will be appointed by the SVPASA in consultation with the Chief Integrity Officer or a similar member of the Provost's Office who carries faculty rank and the President of the Faculty Senate (or Senate President-elect in cases of conflict of interest or availability). The IC will consist of at least two tenured faculty representatives from each of the four academic colleges as well as the Chief Integrity Officer or other representative from the Provost's Office who carries faculty rank as an ex officio member.

4.7 The IC will meet within 10 working days of being appointed. At its first meeting, the IC will elect a chair from the appointed faculty members to handle procedural and administrative matters, as well as communicate the membership of the IC to the subject(s) of the investigation. The IC will also receive an orientation from the Provost and General Counsel regarding all relevant department, college, and university policies and documents. The investigative phase will begin at the meeting of the IC. The length of the investigative phase will be commensurate with the complexity of the allegations, number of subjects and witnesses in the investigation, and amount of evidence to be reviewed. The length of the investigative phase will be documented in the charge to the IC with justification by the Provost, with a maximum of 120 days.

4.8 In the course of the investigation, the IC will investigate and address all allegations of misconduct identified in the original allegation(s), and those that arise as a result of the inquiry and investigative process. The IC may conduct interviews, seek advice, request materials, or seek testimony material to the case.

4.9 The IC shall insure confidentiality of all related proceedings to the extent possible and shall undertake diligent efforts to protect the position, anonymity, and reputation of all parties in the investigation.

4.10 As part of its process, the IC must invite the subject(s) of the allegation to appear before the IC. If the subject(s) chooses to meet with the IC, he/she/they will be given sufficient time to present his/her/their case, which may include documents, written arguments, witnesses, and/or statements from external parties (which must be verifiable by the IC). The IC may ask questions of the subject(s) and any witnesses during this meeting. At this meeting, the subject(s) may have legal counsel or an advisor but must speak for himself/herself/themself. Written notification of the presence of legal counsel or an advisor by either the IC or the subject(s) must be provided to all parties at least one week in advance of the planned meeting. The subject(s) of the allegation will has/have access to all evidence available to the IC, including recordings of interviews with other parties. The subject(s) may also submit information to the IC at any point during the investigation phase. The subject(s) of the

investigation may communicate with the elected IC chair or the Chief Integrity Officer or other provost's office IC representative regarding questions or concerns about the process, or contact the UHD Faculty Ombuds. If those individuals cannot address the questions or concerns, they will suggest an alternate source.

4.11 A record of the proceedings and all related documentation shall be maintained by the IC chair throughout the investigative process. All interviews conducted as part of the investigation will be recorded. Breach of confidentiality by relevant parties may be grounds action under existing university policy or procedure.

4.12 Within the given timeframe for the investigation, the IC will conclude its work, and issue a formal report summarizing its findings and conclusions with respect to all allegations of misconduct, which may include a majority and minority report. The formal IC report is an advisory document for the SVPASA, who will consider the report along with other policy violations, or findings of misconduct for each subject. The formal IC report, the record of the proceedings and all related documentation will be forwarded to the SVPASA. Within 10 working days of receiving the IC report, the SVPASA will forward copies of the report to the relevant parties.

4.13 All documentation related to the inquiry and investigation proceedings shall be retained for seven years in the Office of the Senior Vice President for Academic and Student Affairs and Provost.

4.14 Penalties and Appeals

4.14.1 Within 20 working days of receipt of the report, the SVPASA shall weigh the collected evidence, testimony, and findings of the inquiry and investigation to determine whether research misconduct has occurred. The SVPASA may consult with IC as part of this review. Consonant with the seriousness and intentionality of the offense, if the SVPASA determines that misconduct has occurred, the SVPASA may impose disciplinary measures which include, but are not limited to, a written notice to the employee, withholding of pay raises for a period of time, notification of the offense to pertinent organizations and publishers, or initiating dismissal procedures within the regulations of the University. The sanctions must be communicated in writing to the subject(s) of the investigation. If misconduct occurs related to any sponsored program, the SVPASA will notify the sponsoring agency as per the agency's guidelines. The SVPASA will notify the IC and parties whose decisions may need to consider such information including Rank and Tenure Committees, Department Chair, and Dean, of any sanctions.

4.14.2 Sanctions imposed by the funding agency, if misconduct occurs in a government-sponsored activity, range from minimal restrictions to suspension or termination of an active award, loss of funding and/or debarment or suspension of an individual, a department, or the University from participating in government-sponsored programs.

4.14.3 The subject of the investigation may appeal the sanctions imposed to the President. This written appeal must occur within 30 working days of the receipt of the

sanctions. The President has 30 working days to render a written decision on the appeal. The President's decision will be final and binding.

5. REVIEW PROCESS

Responsible Party (Reviewer): Senior Vice President, Academic Affairs and Provost

Review Period: Every five years on or before May 1st.

Signed Original on File.

Approved by Dr. Deborah E. Bordelon, Interim President on: 07/29/2026

6. POLICY HISTORY

Issue #1: 10/16/95
Issue #2: 08/17/15
Issue #3: 02/12/20
Issue#4: 07/29/26 (current issue)

7. REFERENCES

Committee on Publication Ethics. (n.d.) *Handling text recycling*
Committee on Publication Ethics (2024) Ghost, guest, or gift authorship
SAM 02.A.29 Ethical Conduct of Employees
SAM 01.C.04 Reporting/Investigating Fraudulent Acts
PS 03.A.23 Protection of Human Subjects
PS 10.A.01 Rank and Tenure System
PS 10.A.05 Tenured/Tenure-Track Faculty Performance Evaluations

8. EXHIBITS

There are no exhibits associated with this PS.

UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS AGENDA

COMMITTEE: Audit and Compliance

ITEM: Report on University of Houston System, Annual Fraud Prevention and Awareness Report, Fiscal Year 2026

DATE PREVIOUSLY SUBMITTED:

SUMMARY:

The Audit and Compliance Committee Planner, item number 5.05, requires the Audit and Compliance Committee to evaluate management's identification of fraud risks, the implementation of anti-fraud 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. Each of the universities conducted fraud risk assessments and other activities to enhance their fraud prevention and awareness programs.

Key activities from each University are included in their report:

- University of Houston and UH System Administration
- University of Houston-Clear Lake
- University of Houston-Downtown

SUPPORTING DOCUMENTATION: Annual Fraud Prevention and Awareness Report, Fiscal Year 2026

FISCAL NOTE:

RECOMMENDATION/ ACTION REQUESTED: Information

COMPONENT: University of Houston System

INTERIM SYSTEM-WIDE COMPLIANCE OFFICER	Jeff Palmer	10/21/2026 **DATE**
CHANCELLOR	Renu Khator	11/9/2026 **DATE**

University of Houston System
Annual Fraud Prevention and Awareness Report
Fiscal Year 2026

Jeffrey D. Palmer
System-Wide Interim Chief Compliance Officer
October 31, 2026

University of Houston System
Annual Fraud Prevention and Awareness Report
FY 2026

The Audit Committee Planner, Item No. 5.05, requires the Committee to evaluate management's identification of fraud risks, the implementation of fraud 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. Listed below are the reports from each university.

University of Houston and UH System Administration

The annual online Department Fraud Risk Assessment Survey was completed by UH and UHSA departments in October 2026 to identify internal controls needing enhancement for fraud prevention and detection. In addition, an Institutional Fraud Risk Survey was completed by processing units and key offices that significantly affect campus operations to identify procedures within their units that may need improvement. Key offices included: Treasury, Accounts Payable, Accounting Services, Financial Computing, Human Resources, Procurement, Payroll-Tax, and Information Technology. To ensure ongoing vigilance in fraud prevention and detection, annual fraud risk surveys are deployed to confirm and reaffirm the responsibilities of administrators and unit heads.

All UHS employees are required to complete the online Ethics, Compliance, and Fraud training during October-November 2026. This mandatory training is designed to raise awareness of appropriate and inappropriate behavior, encourage compliance, and facilitate the prevention, detection, and reporting of suspected non-compliance and fraudulent activity.

The Jaggaer e-Procurement system has now been fully implemented. The system provides several key benefits: real-time monitoring of procurement transactions and spend analysis, comprehensive audit trails with automated workflows, and segregation of duties achieved by defining roles and setting up permissions based on the type of purchases. Existing processes for Concur, P/T Cards, and PaymentWorks remain unchanged.

UH Finance maintains a link to Fraud and Institutional Compliance frequently asked questions on the Finance home page (www.uh.edu/office-of-finance), which includes instructions for reporting suspected fraud and non-compliance through the telephone hotline or web link.

University of Houston – Clear Lake

The University of Houston – Clear Lake ("UHCL") continues to strengthen its fraud prevention and awareness initiatives through comprehensive risk assessment, enhanced monitoring controls, and mandatory training programs.

UHCL conducted a comprehensive FY2026 Fraud Risk Survey to assist colleges and divisions in evaluating internal controls and assessing fraud risk. Each unit head was required to certify completion of the annual survey, reinforcing accountability for fraud prevention and detection.

Processing departments—including Accounts Payable, General Accounting, Procurement and Contracts, Human Resources, and Payroll—identify and mitigate risk through systematic review processes designed to detect and prevent fraud. Accounts Payable audits all payment vouchers and travel expense reports for accuracy, while Procurement Card ("P-Card") and Travel Card ("T-Card") transactions are reviewed to ensure appropriateness and proper documentation. Questionable transactions receive additional scrutiny, and any cardholder violations are reported to department management in accordance with UHS and UHCL policies. To support compliance, Business Operations has developed quick-reference guides for P-Cards, T-Cards, and voucher processing.

Mandatory and role-based training remains a critical component of UHCL's fraud mitigation efforts. All employees complete Compliance and Ethical Conduct training during October and November 2026. Faculty and staff who initiate, recommend, or approve purchases or contracts are required to complete Conflict of Interest and Procurement training. P-Card and T-Card applicants must successfully pass a criminal history investigation, complete initial training prior to card issuance, and participate in annual refresher training to maintain compliance.

University of Houston – Downtown

The University of Houston – Downtown ("UHD") continues to strengthen its fraud prevention and awareness initiatives through comprehensive risk assessment, enhanced monitoring controls, and mandatory training programs.

UHD conducted a comprehensive FY2026 Fraud Risk Survey to assist colleges and divisions in evaluating internal controls and assessing fraud risk. The survey is designed to identify internal controls within each department that may need to be strengthened prevent and detect fraud, and to remind administrators and department heads of their responsibility to remain vigilant in fraud prevention and detection. Each unit head was required to certify completion of the annual survey, reinforcing accountability for fraud prevention and detection.

Survey completion responsibilities are distributed across key administrative roles. The Executive Director for Administration and Finance oversee business functions for Administration and Finance, Human Resources, the Office of the President, Student Success and Student Life, and Advancement and University Relations. The Executive Director of Provost Business Operations for Academic Affairs is responsible for the administrative components of Academic Affairs, including the Office of the Provost and Continuing Education (excluding colleges). Directors of Operations for Enrollment Management and each of the colleges are responsible for completing the surveys for their respective areas.

The Accounts Payable (AP) department audits every voucher to ensure that the amounts paid were legitimate and correct. The payments must be made in accordance with appropriate contracts and purchase orders which comply with State, UHD, and UHS policies. AP analysts who perform audits receive specialized training to detect potentially fraudulent, incorrect, or inappropriate transactions. These findings are reported to AP department management for further review.

To ensure continued compliance and improve effectiveness, the Concur system which is used for University travel, is actively monitored by AP and the Travel office within the Administration and Finance division. Built-in UHD specific internal rules within Concur help enforce policy compliance for travelers and are overseen by the purchasing department within Administration and Finance division. Designated UHD Concur Administrators within the AP and Travel office play a critical role in mitigating submission errors and workflow disruptions, as well as providing ongoing support and oversight to maintain system integrity.

UHD has specifically designated positions in its Purchasing Department that are responsible for oversight of the P-Card program. Anomalous P-Card charges are subject to review by multiple levels of management. Based upon the severity or repetition of the violation, disciplinary action may include: e-mail or verbal warning to the cardholder and respective supervisor, mandated cardholder retraining and card suspension, card cancellation, reimbursement of P-Card charges from the cardholder, and/or termination of employment from the University.

Upon an employee's separation from the University, the Executive Director of University Services (Purchasing) is notified to initiate the return of the P-Card as part of the clearance process. The Accounting Department, within the division of Administration and Finance, is also notified. The University Property Manager is a designated signer on the Employee Separation Clearance Form, ensuring that all University property assigned to the departing employee, such as equipment loans during their tenure, is returned prior to their departure.

UNIVERSITY OF HOUSTON SYSTEM

BOARD OF REGENTS AGENDA

COMMITTEE: Audit and Compliance

ITEM: Report on University of Houston System, Identity Theft Prevention Program – Executive Summary, Fiscal Year 2026

DATE PREVIOUSLY SUBMITTED:

SUMMARY:

An executive summary of all activities of the Identity Theft Prevention Programs of the system-wide universities (Audit and Compliance Committee Planner, item number 5.06) must be provided annually to the Audit and Compliance Committee.

For all universities the following occurs:

- Employees/students receive an automated e-mail whenever there is a change to their information in the University database.
- All employees in positions that manage "covered accounts" that could be subject to identity theft complete mandatory annual training.

The summary reports are included for each University:

- University of Houston and UH System Administration
- University of Houston-Clear Lake
- University of Houston-Downtown

SUPPORTING DOCUMENTATION: Identity Theft Prevention Program – Executive Summary, Fiscal Year 2026

FISCAL NOTE:

RECOMMENDATION/ ACTION REQUESTED: Information

COMPONENT: University of Houston System

INTERIM SYSTEM-WIDE COMPLIANCE OFFICER	Jeff Palmer	10/21/2026 **DATE**
CHANCELLOR	Renu Khator	**DATE**

University of Houston System
Identity Theft Prevention Program
Fiscal Year 2026

Jeffrey D. Palmer
System-Wide Interim Chief Compliance Officer
October 31, 2026

University of Houston System
Identity Theft Prevention Program
Executive Summary
Fiscal Year 2026

Board of Regents Policy 42.02, Identity Theft Prevention Program, requires the System-Wide Chief Compliance Officer to annually prepare an executive summary of all activities of the Identity Theft Prevention Programs of the component institutions (Audit and Compliance Committee Planner, Item No. 5.06). Listed below are the reports from each university.

University of Houston and UH System Administration

All UH and UHS Administration employees and students receive automated e-mail messages whenever there is a change in the University database to their bank account information, e-mail address, home address, or W-4 withholding. The e-mail instructs the recipient to contact UHS Information Security if they did not initiate this change. UHS Information Security investigates all reports.

The University of Houston entered into a multi-year contract with JBC Inc. d/b/a Skelton Business Equipment ("Skelton"), which is an authorized Sharp distributor, for copier service, following the University's RFP process. Skelton has configured all UH copiers to immediately erase images on the hard drive after each job

In Fiscal Year 2026, UHS credit card merchants (i.e., UHS departments that accept credit cards) completed the required Payment Card Industry ("PCI") compliance surveys and all were compliant based on the standards set by the credit card payment industry. The major thrust of PCI standards is the protection of personal identifying information and prevention of fraud for merchants that accept credit cards. UHS merchant employees are required to complete annual training to refresh their knowledge of PCI standards so that credit card information is protected

UHS Information Security maintains standards for UHS e-mail distribution, so that e-mail recipients can more easily distinguish between legitimate e-mail and illegitimate (phishing) e-mail that is designed to obtain personal information. UHS Information Security uses enhanced e-mail technology solutions designed to detect and block malicious e-mails including phishing and impersonation messages. E-mail encryption is available to all UHS users to protect Level 1 data.

All UHS universities use multi-factor authentication for all faculty, staff, and students.

During Fiscal Year 2026, all UH departments with "covered accounts," as defined by the Federal Trade Commission's Red Flag Rules, completed their annual web training to provide appropriate department personnel with an overview of the requirements for securing personal identifying information. Each of these departments developed identity theft prevention procedures tailored to their operation.

University of Houston – Clear Lake

All University of Houston – Clear Lake ("UHCL") employees and students receive automated e-mail messages whenever there is a change in the University database to their bank account information, e-mail address, home address, or W-4 withholding. The e-mail instructs the recipient to contact UHS Information Security if they did not initiate this change. UHS Information Security investigates all reports.

UHS Information Security maintains standards for UHCL e-mail distribution, so that e-mail recipients can more easily distinguish between legitimate e-mail and illegitimate (phishing) e-mail that is designed to obtain personal information. UHS Information Security uses enhanced email technology solutions designed to detect and block malicious e-mails including phishing and impersonation messages. E-mail encryption is available to all UHCL users to protect Level 1 data.

UHCL also mandates using multi-factor authentication for critical University services accessed by faculty, staff, and students. This additional layer of authentication significantly reduces the risk of unauthorized access and helps ensure that sensitive institutional and personal data remain protected against cybersecurity threats.

University of Houston-Downtown (UHD)

All University of Houston – Downtown ("UHD") employees and students receive automated e-mail messages whenever there is a change in the University database to their bank account information, e-mail address, home address, or W-4 withholding. The e-mail instructs the recipient to contact UHS Information Security if they did not initiate this change. UHS Information Security investigates all reports.

During Fiscal Year 2026, UHD reconfirmed it is in compliance with PCI standards. The primary purpose of PCI standards is the protection of personal identifying information and the prevention of fraud for merchants that accept credit cards. UHD reported compliance with the PCI standards.

Throughout the year, the Student Business Services department performs spot checks of the protocols that are in place to ensure employees do not inadvertently disclose a student's personal information. These protocols include actions such as shielding computer screens so no one can see them except the user and prohibiting the discussion of student account information without positive identification of the student.

UHS Information Security maintains standards for UHD e-mail distribution so that e-mail recipients can more easily distinguish between legitimate e-mail and illegitimate (phishing) e-mail that is designed to obtain personal information. UHS Information Security uses enhanced email technology solutions designed to detect and block malicious e-mails including phishing and impersonation messages. E-mail encryption is available to all UHD users to protect Level 1 data.

UHD uses multi-factor authentication for all faculty, staff, and students.

During the Fiscal Year 2026 annual training period, UHD employees working in departments that manage "covered accounts" that could be subject to identity theft, completed their annual web training. Additionally, many of these same employees must take and pass training courses in Family Educational Rights and Privacy Act ("FERPA"), Fraud Awareness and Credit Card Information Security. The purpose of this training is to provide appropriate department personnel with an overview of the requirements for securing personally identifiable information.

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:

SUMMARY:

The Fiscal Year 2027 Internal Audit Activity as of November 11, 2026, and Internal Audit Reports issued since the August 20, 2026, Audit and 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:

RECOMMENDATION/ ACTION REQUESTED: Information

COMPONENT: University of Houston System

Phillip W. Hurd

10-29-26

CHIEF AUDIT EXECUTIVE Phillip W. Hurd **DATE**

Renu Khator

11/9/2026

CHANCELLOR Renu Khator **DATE**

Report to the Audit and Compliance Committee of the University of Houston System Board of Regents November 11, 2026

UNIVERSITY OF HOUSTON SYSTEM INTERNAL AUDITING DEPARTMENT

FISCAL YEAR 2027 INTERNAL AUDIT ACTIVITY SINCE AUGUST 20, 2026

and

INTERNAL AUDIT REPORTS

AR2027-01 Contracts Requiring UHS Board of Regents Approval

AR2027-02 UHS Board of Regents' Travel and Entertainment, FY2026

AR2027-03 UHS/UH Chancellor/President's Travel and Entertainment, FY2026

AR2027-04 UHCL President's Travel and Entertainment, FY 2026

AR2027-05 UHD President's Travel and Entertainment, FY 2026

AR2027-06 Compliance with Texas Education Code § 51.9337

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.

FY27 UHS Internal Audit Activity

Since August 20, 2026 Board of Regents Audit and Compliance Committee Meeting

Audits Completed

- **AR2027-01** Contracts Requiring Board of Regents Approval (1st Quarter)
- **AR2027-02** Board of Regents Travel & Entertainment, FY26
- **AR2027-03** UH/UHS Chancellor/President's Travel & Entertainment, FY26
- **AR2027-04** UHCL President's Travel & Entertainment, FY26
- **AR2027-05** UHD President's Travel & Entertainment, FY26
- **AR2027-06** Compliance with Education Code § 51.9337

Special Projects Completed

- **UHS Institutional Compliance Fraud and Non- Compliance Hotline (Reports≈66)**

Audits in Progress

- **Board of Regents Travel and Entertainment FY27**
- **President's Travel and Entertainment, FY27 (UHS, UH, UHCL, and UHD)**
- **Contracts Requiring Board of Regents Approval (UHS)**
- **Procurement Card Management (UH)**
- **Laboratory Safety (UH)**
- **Protected Health Information (UH, UHCL, UHD)**
- **UHS TAC 477**
- **UHS Continuous Control Monitoring**
- **Donor Agreement Expenditures (Houston Cougars Foundation, Houston Public Medica Foundation, UH Alumni Association Foundation, Foundation for Education and Research in Vision)**
- **UH Education Research Center**

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**
- **UHD Construction Vendor Selection/Project Management**

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
AR2027-01

November 2026



Dining Commons from Cougar Village 2 - Photo courtesy of University of Houston Information Technology Service Webcams

Contents

Executive Summary 1
Background 1
Objective 1
Scope of Work 1
Audit Procedures 2
Conclusion 2
Appendices 2

Executive Summary

The Internal Auditing Department (IAD) reviewed the solicitation/purchasing process surrounding contracts that required UHS Board of Regents approval from July 1, 2026, through September 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 Auditing 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 July 1, 2026, through September 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
July 1, 2026 through September 30, 2026

Project or Contract Description	Solicitation Type/Number	($ Millions) Amount	BOR Approval
Construction Projects $10 Million and Over			
(None this quarter)			
Construction Projects Over $1 Million and Under $10 Million			
New Office Space for Enviromental and Health Services EHS in Melcher Building (Award)	RFPCSP-730-UofH-3143	$2.0	8/20/2026
UH Fine Arts Roof Replacement FY26 (Award)	RFPCSP-730-UofH-3116	$2.0	11/21/2024
UH Fine Arts Classroom Renovation FY26 (Award)	RFPCSP-730-UofH-3117	$1.7	5/21/2026
Cullen Performance Hall Roof Replacement (Award)	RFPCSP-730-UofH-3133	$1.5	11/21/2024
Non-Construction Contracts Over $1 Million			
Hilton Food Service FY26 (Award)	RFP-730-UofH-3124	$15.7	8/20/2026
Campus Network Infrastructure FY26 (Award)	RFP-730-UofH-3115	$15.0	8/20/2026
Electronic Medical Record FY26 (Award)	RFP-730-UofH-3074	$1.5	PENDING
Dust Mop Rental & Laundry Services FY26 (Award)	RFP-730-UofH-3128	$1.2	PENDING

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
July 1, 2026 through September 30, 2026

Project Category	Project or Contract Description	Solicitation Type/Number	
Construction Projects Over $1 Million and Under $10 Million	UH Fine Arts Roof Replacement FY26 (Award)	RFPCSP-730-UofH-3116	$2,000,000
	New Office Space for Enviromental and Health Services EHS in Melcher Building (Award)	RFPCSP-730-UofH-3143	$2,000,000
	UH Fine Arts Classroom Renovation FY26 (Award)	RFPCSP-730-UofH-3117	$1,700,000
	Cullen Performance Hall Roof Replacement (Award)	RFPCSP-730-UofH-3133	$1,500,000
Non-Construction Contracts Over $1 Million	Hilton Food Service FY26 (Award)	RFP-730-UofH-3124	$15,700,000
	Campus Network Infrastructure FY26 (Award)	RFP-730-UofH-3115	$15,000,000
	Electronic Medical Record FY26 (Award)	RFP-730-UofH-3074	$1,500,000
	Dust Mop Rental & Laundry Services FY26 (Award)	RFP-730-UofH-3128	$1,200,000
Grand Total			$40,600,000

Contracts Requiring Board of Regents Approval
Internal Audit Activity
January 1, 2026 through September 30, 2026

Project Category	Project or Contract Description	Solicitation Type/Number	
Construction Projects $10 Million and Over	Job Order Contracting Services FY26 (Award)	RFP-730-UofH-3064	$50,000,000
	Architectural Design Services FY26 (Award)	RFQ-783-UofH-3079	$15,000,000
Construction Projects Over $1 Million and Under $10 Million	MEP Engineering Design Services FY26 (Award)	RFQ-783-UofH-3078	$7,000,000
	Cougar Village 1 - Roof Superstructure (Award)	RFPCSP-730-UofH-3085	$3,300,000
	UH Technology Bridge Building 1 HVAC Replacement (Award)	RFPCSP-730-UofH-3099	$3,000,000
	Agrawal 310 Science Lab Build Out FY26 (Award)	RFP-730-UofH-3077	$2,600,000
	UH Fine Arts Roof Replacement FY26 (Award)	RFPCSP-730-UofH-3116	$2,000,000
	UH Clear Lake Delta Building Roof Replacement (Award)	RFPCSP-730-UofH-3113	$2,000,000
	New Office Space for Enviromental and Health Services EHS i..	RFPCSP-730-UofH-3143	$2,000,000
	UH Fine Arts Classroom Renovation FY26 (Award)	RFPCSP-730-UofH-3117	$1,700,000
	Cullen Performance Hall Roof Replacement (Award)	RFPCSP-730-UofH-3133	$1,500,000
	UHD Elevator Maintenance (Award)	RFPCSP-730-UofH-3101	$1,000,000
Non-Construction Contracts Over $1 Million	Hilton Food Service FY26 (Award)	RFP-730-UofH-3124	$15,700,000
	Campus Network Infrastructure FY26 (Award)	RFP-730-UofH-3115	$15,000,000
	Security Guard Services for Athletics and CPH (Award)	RFP-730-UofH-3103	$6,700,000
	Executive Search Firm (Award)	RFP-783-UofH-3107	$5,000,000
	Photocopy Machines and Services FY26 (Award)	RFP-730-UofH-3071	$4,500,000
	UH Parking Elevator Preventative Maintenance (Award)	RFP-730-UofH-3084	$1,500,000
	Travel Management System FY25 (Award)	RFP-783-UofH-3050	$1,500,000
	Electronic Medical Record FY26 (Award)	RFP-730-UofH-3074	$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
	Dust Mop Rental & Laundry Services FY26 (Award)	RFP-730-UofH-3128	$1,200,000
Grand Total			$146,150,000

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,

Phillip Hurd

UHS Internal Auditing Department Chief Audit Executive
Phillip Hurd, CIA, CCEP
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Associate Chief Audit Executive
Brandee O'Neal, CIA, CFE, CCEP

Audit Team
Jake Normand, CPA, CFE, Director of Audit
Stephanie Duron, Auditor I
Charlotte Giesler, Auditor I

Internal Audit Department

University of Houston System
Board of Regents' Travel and Entertainment, FY 2026

Report to the Audit and Compliance Committee of the UHS Board of Regents
AR2027-02

November 2026



Photo courtesy of University of Houston

Contents

Contents 2
Objective....2
Background....2
What We Found....2
Methodology and Scope....5
Audit Standards....5

Objective

To determine whether the University of Houston System (UHS) Board of Regents' travel and entertainment expenditures were properly documented and compliant with system and board policies.

Background

At the request of the UHS Board of Regents (BOR), the UHS Department of Internal Auditing conducts annual reviews of the travel and entertainment expenditures of the UHS Board of Regents' members. The expenditures reviewed were funded by accounts from the BOR Office. Any travel and entertainment expenses funded by accounts outside of the BOR Office or by external organizations were not included in our review.

What We Found

Summary

Expenditures related to travel and entertainment for the period of September 1, 2025 through August 31, 2026 were properly documented and in compliance with system and university policies.

Methodology and Scope

The methodology used to conduct this audit included:

- Reviewing UHS, UH, and Board policies.
- Obtaining and reviewing travel and entertainment expenditure documentation from PeopleSoft Finance.
- Obtaining and reviewing travel expenditure documentation from Concur Travel.

The scope of this review was limited to September 1, 2025, through August 31, 2026. These expenditures were funded by accounts from the UHS BOR Office. Any travel and entertainment expenses funded by accounts outside of the UHS BOR Office or by external organizations were not included in our review.

Audit Standards

The Internal Auditing Department conducted this audit in accordance with Generally Accepted Government Auditing Standards and the IIA's Global Audit Standards. These standards require that the audit be planned and performed to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives.

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 Board of Regents created the University of Houston System Internal Auditing Department 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. The Internal Auditing Department conducts compliance and performance audits to review aspects of the University System operations and procedures to help ensure compliance and establish accountability, improve System operations, and provide recommendations for improvement.

The UHS Internal Auditing Department would like to thank the Board of Regents' Office for their cooperation and assistance during this audit process.

Sincerely,

Phillip Hurd

UHS Internal Auditing Department
Chief Audit Executive
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Associate Chief Audit Executive
Brandee O'Neal, CIA, CFE, CCEP

Audit Team
Eric Porter, CFE – Director of Audit
Jake Normand, CPA – Director of Audit
Jackie Martinez, CFE – Auditor II
Charlotte Giesler – Auditor I

Internal Audit Department

University of Houston System
UHS/UH Chancellor/President's Travel and Entertainment, FY 2026

Report to the Audit and Compliance Committee of the UHS Board of Regents
AR2027-03

November 2026



Photo courtesy of University of Houston

Contents

Contents 2
Objective.....2
Background.....2
What We Found.....2
Methodology and Scope.....5
Audit Standards.....5

Objective

To determine whether the University of Houston System (UHS) Chancellor/University of Houston (UH) President and spouse travel and entertainment expenditures were properly documented and compliant with system and university policies.

Background

At the request of the UHS Board of Regents (BOR), the UHS Department of Internal Auditing conducts annual reviews of the travel and entertainment expenditures of the UHS Chancellor/UH President and spouse. The expenditures reviewed were funded by accounts from the UH President's Office. Any travel and entertainment expenses funded by accounts outside of the UH President's Office or by external organizations were not included in our review.

What We Found

Summary

Expenditures related to travel and entertainment for the period of September 1, 2025 through August 31, 2026 were properly documented and in compliance with system and university policies.

Methodology and Scope

The methodology used to conduct this audit included:

- Reviewing UHS, and UH policies.
- Obtaining and reviewing travel and entertainment expenditure documentation from PeopleSoft Finance.
- Obtaining and reviewing travel expenditure documentation from Concur Travel.

The scope of this review was limited to September 1, 2025, through August 31, 2026. These expenditures were funded by accounts from the UH President's Office. Any travel and entertainment expenses funded by accounts outside of the President's Office or by external organizations were not included in our review.

Audit Standards

The Internal Auditing Department conducted this audit in accordance with Generally Accepted Government Auditing Standards and the IIA's Global Audit Standards. These standards require that the audit be planned and performed to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives.

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 Board of Regents created the University of Houston System Internal Auditing Department 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. The Internal Auditing Department conducts compliance and performance audits to review aspects of the University System operations and procedures to help ensure compliance and establish accountability, improve System operations, and provide recommendations for improvement.

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

Sincerely,

Phillip Hurd

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

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

Audit Team
Eric Porter, CFE – Director of Audit
Jake Normand, CPA – Director of Audit
Jackie Martinez, CFE – Auditor II
Charlotte Giesler – Auditor I

Internal Audit Department

University of Houston-Clear Lake
President's Travel and Entertainment, FY 2026

Report to the Audit and Compliance Committee of the UHS Board of Regents
AR2027-04

November 2026



Photo courtesy of 2025 | University of Houston-Clear Lake

Contents

Contents 2
Objective.....2
Background.....2
What We Found.....2
Methodology and Scope.....5
Audit Standards.....5

Objective

To determine whether the University of Houston-Clear Lake (UHCL) President and spouse travel and entertainment expenditures were properly documented and compliant with system and university policies.

Background

At the request of the UHS Board of Regents (BOR), the UHS Department of Internal Auditing conducts annual reviews of the travel and entertainment expenditures of the UHCL President and spouse. The expenditures reviewed were funded by accounts from the UHCL President's Office. Any travel and entertainment expenses funded by accounts outside of the UHCL President's Office or by external organizations were not included in our review.

What We Found Summary

Expenditures related to travel and entertainment for the period of September 1, 2025 through August 31, 2026 were properly documented and in compliance with system and university policies.

Methodology and Scope

The methodology used to conduct this audit included:

- Reviewing UHS and UHCL policies.
- Obtaining and reviewing travel and entertainment expenditure documentation from PeopleSoft Finance.
- Obtaining and reviewing travel expenditure documentation from Concur Travel.

The scope of this review was limited to September 1, 2025, through August 31, 2026. These expenditures were funded by accounts from the UHCL President's Office. Any travel and entertainment expenses funded by accounts outside of the UHCL President's Office or by external organizations were not included in our review.

Audit Standards

The Internal Auditing Department conducted this audit in accordance with Generally Accepted Government Auditing Standards and the IIA's Global Internal Audit Standards. These standards require that the audit be planned and performed to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives.

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 Board of Regents created the University of Houston System Internal Auditing Department 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. The Internal Auditing Department conducts compliance and performance audits to review aspects of the University System operations and procedures to help ensure compliance and establish accountability, improve System operations, and provide recommendations for improvement.

The UHS Internal Auditing Department would like to thank the UHCL President's Office for their cooperation and assistance during this audit process.

Sincerely,

Phillip Hurd

UHS Internal Auditing Department
Chief Audit Executive
Phillip Hurd, CIA, CCEP
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Associate Chief Audit Executive
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Eric Porter, CFE – Director of Audit
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Jackie Martinez, CFE – Auditor II
Charlotte Giesler – Auditor I

Internal Audit Department

University of Houston-Downtown
President's Travel and Entertainment, FY 2026

Report to the Audit and Compliance Committee of the UHS Board of Regents
AR2027-05

November 2026



Photo courtesy of 2025 | University of Houston-Downtown

Contents

Contents 2
Objective....2
Background....2
What We Found....2
Methodology and Scope....5
Audit Standards....5

Objective

To determine whether the University of Houston-Downtown (UHD) President and spouse travel and entertainment expenditures were properly documented and compliant with system and university policies.

Background

At the request of the UHS Board of Regents (BOR), the UHS Department of Internal Auditing conducts annual reviews of the travel and entertainment expenditures of the UHD President and spouse. The expenditures reviewed were funded by accounts from the UHD President's Office. Any travel and entertainment expenses funded by accounts outside of the UHD President's Office or by external organizations were not included in our review.

What We Found

Summary

Expenditures related to travel and entertainment for the period of September 1, 2025 through August 31, 2026 were properly documented and in compliance with system and university policies.

Methodology and Scope

The methodology used to conduct this audit included:

- Reviewing UHS and UHD policies.
- Obtaining and reviewing travel and entertainment expenditure documentation from PeopleSoft Finance.
- Obtaining and reviewing travel expenditure documentation from Concur Travel.

The scope of this review was limited to September 1, 2025, through August 31, 2026. These expenditures were funded by accounts from the UHD President's Office. Any travel and entertainment expenses funded by accounts outside of the UHD President's Office or by external organizations were not included in our review.

Audit Standards

The Internal Auditing Department conducted this audit in accordance with Generally Accepted Government Auditing Standards and the IIA's Global Internal Audit Standards. These standards require that the audit be planned and performed to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives.

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 Board of Regents created the University of Houston System Internal Auditing Department 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. The Internal Auditing Department conducts compliance and performance audits to review aspects of the University System operations and procedures to help ensure compliance and establish accountability, improve System operations, and provide recommendations for improvement.

The UHS Internal Auditing Department would like to thank the UHD President's Office for their cooperation and assistance during this audit process.

Sincerely,

Phillip Hurd

UHS Internal Auditing Department
Chief Audit Executive
Phillip Hurd, CIA, CCEP
Phone: (713) 743-8000
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Associate Chief Audit Executive
Brandee O'Neal, CIA, CFE, CCEP

Audit Team
Eric Porter, CFE – Director of Audit
Jake Normand, CPA – Director of Audit
Jackie Martinez, CFE – Auditor II
Charlotte Giesler – Auditor I

Internal Auditing Department

University of Houston System
Compliance with Texas Education Code § 51.9337

Report to the Audit and Compliance Committee of the UHS Board of Regents
AR2027-06

November 2026



Photo courtesy of University of Houston - University of Houston System (uhsystem.edu)

Contents

Objective 2
What We Found 2
Background 2
Methodology and Scope 2
Audit Standards 2

Objective

To assess whether the institution has adopted the rules and policies required by Texas Education Code § 51.9337. Texas Education Code §51.9337 was added with the passing of Senate Bill 20 during the Texas 84th Legislature and became effective September 1, 2015.

Background

Texas Education Code §51.9337 requires the chief auditor of an institution of higher education to annually assess whether the institution has adopted the rules and policies required by this section and shall submit a report of findings to the state auditor. This code requires the System to establish policies and procedures for:

- Code of ethics
- Code of conduct
- Conflict of interest
- Investigations
- Purchasing requirements and guidelines
- Contracting requirements and guidelines
- Standards for conducting audits

What We Found

Summary

The University of Houston System has established policies and procedures that comply with Texas Education Code §51.9337.

Methodology and Scope

The methodology used to conduct this audit included a review of current policies and procedures.

Audit Standards

The Internal Auditing Department conducted this audit in accordance with Generally Accepted Government Auditing Standards and the IIA's Global Internal Audit Standards. These standards require that the audit be planned and performed to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives.

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 Board of Regents created the University of Houston System Internal Auditing Department 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. The Internal Auditing Department conducts compliance and performance audits to review aspects of the University System operations and procedures to help ensure compliance and establish accountability, improve System operations, and provide recommendations for improvement.

Sincerely,

Phillip Hurd

UHS Internal Auditing Department
Chief Audit Executive
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Associate Chief Audit Executive
Brandee O'Neal, CIA, CFE, CCEP

Audit Team
Eric Porter, CFE – Director of Audit
Aiden Ho, CIA – Auditor II

UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS AGENDA

COMMITTEE: Audit and Compliance

ITEM: Report on University of Houston System, Internal Auditing Department – Annual Report, Fiscal Year 2026

DATE PREVIOUSLY SUBMITTED:

SUMMARY:

The Texas Government Code, Sec. 2102, requires the Internal Auditors to submit an annual report on the activities of the Internal Auditing Department in the format prescribed by the State Auditor's Office to the members of the Board of Regents; the Chancellor; the Governor's Office of Budget, Planning, and Policy; the Legislative Budget Board; and the State Auditor's Office.

SUPPORTING DOCUMENTATION: University of Houston System, Internal Auditing Department – Annual Report, Fiscal Year 2026

FISCAL NOTE:

RECOMMENDATION/ ACTION REQUESTED: Information

COMPONENT: University of Houston System

Phillip W. Hurd

10-22-26

CHIEF AUDIT EXECUTIVE Phillip W. Hurd **DATE**

Renu Khator

11/9/2026

CHANCELLOR Renu Khator **DATE**

UNIVERSITY of HOUSTON SYSTEM

INTERNAL AUDITING DEPARTMENT

Internal Audit Annual Report

Fiscal Year Ended August 31, 2026

UNIVERSITY OF HOUSTON SYSTEM
Internal Auditing Department
Houston, Texas 77204-0930
(713) 743-8000

October 5, 2026

Fisher Reynolds
Governor's Office – Budget and Policy Division

Internal Audit Coordinator
State Auditor's Office

Christopher Mattson
Legislative Budget Board

The Texas Internal Auditing Act (Act), Texas Government Code, Sec. 2102, as amended requires the Internal Auditor to submit the attached report of the activities of the Internal Auditing Department for fiscal year 2026. This report contains the information requested in the format prescribed by the State Auditor's Office, as required by the Act.

Please do not hesitate to contact me should you have any questions about the contents of this report.

Sincerely,

Phillip Hurd

Phillip W. Hurd
Chief Audit Executive

Attachments

TABLE OF CONTENTS

I. Compliance with Posting Requirements

II. Internal Audit Plan for Fiscal Year 2026

III. Consulting Services and Other Activities

IV. External Audit Services

V. External Quality Assurance Review (Peer Review)

VI. Internal Audit Plan for Fiscal Year 2027

VII. Reporting Suspected Fraud and Abuse

I. Compliance with Posting Requirements

To comply with Texas Government Code 2102.015 requirements for posting the Internal Audit Plan and Internal Audit Annual Report, and other information on the internet, the University of Houston System Internal Auditing Department posts its Annual Audit Plan (including any approved updates), the Internal Audit Annual Report, and Internal/External Audit Reports (including weaknesses, deficiencies, etc.) on the UHS Internal Auditing Department's website within the required timeframe at https://uhsystem.edu/internal-audit/.

II. Internal Audit Plan for Fiscal Year 2026

Internal auditing continues to integrate additional analytics, computer assisted auditing techniques (CAAT), robotic process automation (RPA), and artificial intelligence (AI.).

For the fiscal year 2026 audit plan, the internal auditing department obtained input from various resources, including senior leadership, risk owners/stakeholders in various areas, and a completed compliance risk assessment to create a risk inventory. We employed an industry standard methodology considering likelihood and velocity of occurrence; elevation of owner; reputational, financial, and operational impact; and indicators of emerging risk as scoring factors to develop an audit plan. The audit plan employs a near-term and mid-term scheduling methodology for the plan, re-examining both risks and the plan on a bi-annual basis.

The audit plan consisted of specific audits scheduled with 20% of available talent hours reserved for Management/Board requests and investigations. However, considerable time spent on requests and investigations caused the need to readjust the audit plan by not carrying certain audits forward to the next fiscal year, as indicated in the audit plan below.

Audits Carried Forward from Previous Years' Audit Plans (Report Title)	**Report Number/Status of Audit**	**Date Reported to Board**
Procurement Card Management (UH, UHD)	In progress (UH) AR2026-06 (UHD)	N/A 05/21/2026
UHS Board of Regents' Travel & Entertainment Expenditures, FY25	AR2026-02	11/21/2026
UHS/UH Chancellor/President Travel & Entertainment Expenditures, FY25	AR2026-03	11/21/2026
University of Houston-Clear Lake President's Travel & Entertainment Expenditures, FY25	AR2026-04	11/21/2026
University of Houston-Downtown President's Travel & Entertainment Expenditures, FY25	AR2026-05	11/21/2026
Contracts Requiring Board Approval	AR2026-01	11/21/2026
Information Technology Risk Assessment	Completed	N/A
UH Foundation Donor Agreement Expenditures	AR2026-07	11/21/2025
Protected Health Information	In progress	N/A
Research Lab Safety (UH)	In Progress (UH)	N/A
UH Education Research Center	AR2026-09	03/12/2026
Special Projects/Investigations	Confidential Reporting	N/A
FY26 Scheduled Audits (Title of Report)		
Annual Procurement Report, FY 2025	AR2025-15	03/12/2026
Board of Regents Travel & Entertainment, FY26	In progress	N/A
Chancellor/President's Travel & Entertainment, FY26	In progress	N/A
Contracts Requiring Board of Regents Approval	AR2026-13 AR2026-16 AR2026-17	03/12/2026 05/21/2026 08/20/2026
Compliance with Education Code 51.9337	AR2026-08	11/21/2025
Compliance with Education Code 51.3525	AR2026-18	08/20/2026
Joint Admission Medical Program - UH and UH College of Medicine	AR2026-11 AR2026-12	03/12/2026 03/12/2026
Education Research Center	In Progress	N/A
Travel Management and Expenditures	Cancelled	N/A
Information Technology Audit – Compliance with Texas Administrative Code (TAC) 477 (formerly TAC 202)	In progress	N/A
Information Technology Audit - Scope to be determined based on risk assessment in progress	Cancelled	N/A
Continuous Control Monitoring	Continuous	N/A
Audits Added to Plan After Approval – Mandatory Audits (Title of Report)		
UHD Joint Admission Medical Program	AR2026-10	03/12/2026

Deviations from the audit plan resulted from audit requests received from external departments and agencies after the plan was developed. Audit Report AR2026-14 was not issued in fiscal year 2026. The audit is still being finalized and will be issued in fiscal year 2027 with a fiscal year audit report number.

The higher education institution assessment required by Texas Education Code Section 51.9337(h) was issued as Report AR2026-08 and presented to the Audit and Compliance Committee of the UHS Board of Regents on November 21, 2025. The audit concluded that the University of Houston System complied with the statutory requirements.

III. Consulting (Advisory) Services and Non-audit Services Completed

The UHS Internal Auditing Department conducted one consulting (advisory) engagement during fiscal year 2026 related to policies and procedures for foundations. A formal report was not issued.

IV. External Audit Services Procured

External Audit Services procured are listed in the table below upon audit completion and report issuance. These audit reports can be found on the UHS Internal Auditing Department website at Internal Audit: External Audit Reports - University of Houston System (uhsystem.edu).

Procured External Audit Services in Fiscal Year 2026	
Audit Area	**Services Provided**
University of Houston-Downtown (UHD)	Financial and student financial assistance audit of UHD for accreditation review.
Athletics	Annual agreed-upon procedures engagement of Intercollegiate Athletics Department
Cancer Prevention and Research Institute of Texas	Annual agreed-upon procedures engagement of the Cancer Prevention and Research Institute of Texas
Endowment Fund	Annual financial audit of the University of Houston System Endowment Fund
Houston Public Media	Annual financial audit of Houston Public Media
Annual Audits on IAD Audit Plan	Assistance with performing audits on the UHS IAD annual audit plan (reporting through internal audit reports/UHS Board reporting process).

V. External Quality Assurance Review (Peer Review)

The University of Houston System's Internal Auditing Department's most recent peer review found the department to Generally Conform to IIA Standards. The Executive Summary from the Report on the Results of the Quality Assessment Review (QAR) of the University of Houston System Internal Audit, 2023 dated May 12, 2023, is in Attachment A.

VI. Internal Audit Plan for Fiscal Year 2027

The internal auditing department obtained input from various resources, including senior leadership and risk owners/stakeholders. We employed an industry standard methodology considering likelihood and velocity of occurrence; elevation of owner; reputational, financial, and operational impact; and indicators of emerging risk as scoring factors to develop an audit plan. The audit plan employs a near-term and mid-term scheduling methodology for the plan, re-examining both risks and the plan on a bi-annual basis.

Our audit planning approach is designed to provide flexible and continuous coverage of high-risk areas by embedding related elements into broader audit engagements or scheduling them for inclusion

in future audit cycles. This methodology allows for efficient allocation of resources while maintaining comprehensive oversight of high-risk operations and emerging risks across the University of Houston System.

Efficiency improvements that result in additional talent hours will be applied to near-term audits first then to mid-term audits. The Internal Auditing 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 University of Houston System Internal Auditing department schedules audits based on targeted dates rather than specified budgeted hours. All non-mandatory audits included in the audit plan are high risk.

Previous audits performed on benefits proportionality identified no significant risks or control lapses. Therefore, a benefits proportionality audit was excluded from the audit plan.

The State Auditor's Office identified the University of Houston System as one of the twenty-five largest state entities for the purposes of Texas Government Code Section 2261.258. The State Auditor's Office has performed audit work covering aspects of fiscal years 2025 and 2026 regarding this statute. Findings from the audit work indicated "no additional monitoring warranted." In addition, the UHS Internal Auditing Department performs regular reviews of the process surrounding contracts over $1 million (presented at each UHS Board of Regents Audit and Compliance Committee Meeting).

The University of Houston System Internal Auditing department developed a UH IT risk assessment and has begun implementing these findings into our annual audit plan. Additionally, an audit specific to compliance with Title l, Texas Administrative Code, Chapter 202 (Information Security Standards) is in process.

Please see Attachment B for the Fiscal Year 2027 Audit Plan.

VII. Reporting Suspected Fraud and Abuse

Actions taken to implement the requirements of:

- *Section 7.09. Fraud Reporting, Page IX-41, the General Appropriations Act (89th Legislature).*
- *Texas Government Code, Section 321.022, Coordination of Investigations.*

1) In accordance with Section 7.09. Fraud Reporting, Page IX-41, the General Appropriations Act (89th Legislature):
   a) The home page of each UHS university's website contains a link which directs the user to the State Auditor's fraud reporting hotline website.
   b) The home page of each UHS university's website contains a link which directs the user to each institutions' vendor supported anonymous reporting hotline.

c) UHS Administrative Memorandum, 01.C.04., Reporting/Investigating Fraudulent Acts, contains instructions for employees to make anonymous reports of fraud to the State Auditor's office.

2) UHS Administrative Memorandum, 01.C.04., Reporting/Investigating Fraudulent Acts, requires the Chief Audit Executive to notify the State Auditor's office of suspected incidents of fraud in accordance with Texas Government Code, Section 321.022, Coordination of Investigations. The University of Houston System Internal Auditing department is responsible for reviewing allegations of fraud. The University of Houston System Internal Auditing department reports incidences that the department believes involve fraud, misappropriation, or misuse of funds received by the Internal Auditing department to the State Auditor's Office.

Attachment A

Report on the Results of the Quality Assessment Review (QAR) of the University of Houston System Internal Audit, 2023

Reviewers:
Robert Clark, Jr., CCEP, CIA, CBM
Mary Krauss, CISA, CRISC, GCIH

Submitted to: Mr. Phillip Hurd, CIA, CCEP
Chief Audit Executive
The University of Houston System

May 12, 2023

Mr. Phillip Hurd, Chief Audit Executive
The University of Houston System
Technology Bridge
5000 Gulf Freeway, Bldg. 3, Room 280
Houston, TX 77204-0930

Dear Mr. Hurd:

We have completed an Independent Full External Quality Assessment Review (QAR) of the University of Houston System Internal Audit Program as required every three years by the Texas Internal Auditing Act (2102) and every five years by the Institute of Internal Auditors *International Standards for the Professional Practice of Internal Auditing* (*Standards*). The objectives of the QAR were to:

1. Assess conformance with the IIA *Standards*;
2. Assess the effectiveness and efficiency of the Internal Audit activity in providing services to the Board of Regents and management of the University of Houston System; and
3. Identify opportunities for enhancing the Internal Audit Program at the University of Houston System.

We are pleased to report that it is our opinion that the **University of Houston System Internal Audit Department generally conforms to the IIA *Standards***, the highest rating available. We commend you for your leadership and progressive approach over the Internal Audit Department. We noted several areas of strength and two opportunities for enhancement that could improve the efficiency and effectiveness of the Internal Audit program. These are described in this report.

Sincerely,

Robert Clark, Jr., CCEP, CIA, CBM
Chief Audit & Compliance Officer
Office of Audit & Compliance
Howard University
Washington DC

Mary Krauss, CISA, CRISC, GCIH
IT Audit Manager
Office of Audit, Compliance & Privacy
Auburn University
Auburn AL

Table of Contents

Executive Summary 1

Background and Scope 2

Opinion of Independent Review Team 4

Strengths, Opportunities for Enhancement, and Management Response 5

Appendices 11

Executive Summary

An Independent Review Team made up of professionals from Howard University and Auburn University conducted an independent full external Quality Assessment Review (QAR) of the University of Houston System (UHS) Internal Auditing Department. The work was conducted in accordance with the requirements of both the *International Standards for the Professional Practice of Internal Auditing* (the Standards), and the *Generally Accepted Government Auditing Standards* (GAGAS).

The UHS Internal Auditing Department and the independent review team assessed the organization using the Institute of Internal Auditors (IIA) Quality Assessment Manual, 2017 Edition. The primary purpose of a Quality Assessment Review is to determine the internal audit function's conformance with the Standards and GAGAS.

The Texas Internal Auditing Act §2102.0011, Internal Audit Standards, requires the internal audit program to conform to the Standards and the IIA's Code of Ethics contained in the Professional Practices Framework, and GAGAS. GAGAS requires an external peer review, performed by reviewers independent of the audit organization, to occur at least once every three years. Our review meets the GAGAS requirement.

The UHS Internal Audit Program was determined to **Generally Conform** to IIA *Standards and GAGAS*, the highest rating available. We noted several areas of strength within the Internal Auditing Department which we feel compelled to acknowledge:

- **Well-Established Governance Tone**
- **Board of Regents and Senior Management Support and Interaction**
- **Incorporation of Data Analytics and Artificial Intelligence into Audit Activities**
- **Professional Development of the Internal Auditing Staff**

Additionally, during the course of our work, we noted a few opportunities for enhancement within the UHS Internal Auditing Department that had already been identified by the CAE. Our encouragement would be for those efforts to continue:

- **Continue to update and enhance internal policies and procedures for coverage of newly incorporated activities of data analytics**
- **Augmentation of Internal Auditing staff to include IT Audit, Healthcare Audit & Compliance, Research Audit & Compliance, and Athletic Audit & Compliance professionals**

Both of these opportunities are further enumerated within this report along with UHS Internal Auditing's management response.

Overall, we want to thank the University of Houston System for their hospitality, professionalism, and commitment to maintaining a quality and high performing Internal Audit function.

Background and Scope

Background

The University of Houston System (UHS) provides, through the complementary missions of its four universities, access to comprehensive higher education programs and services to the diverse community of students in the Houston metropolitan area and beyond. The Internal Auditing Department conducts independent and objective reviews of university operations and procedures and reports findings and recommendations to the UHS Board of Regents, Chancellor and other executive officers.

UHS Internal Auditing Department

Organizationally, the internal audit function reports directly to the Board of Regents which includes the chief audit executive (CAE) reporting directly to the chair of the Board of Regents Audit and Compliance Committee. The Internal Auditing Department (IAD) includes the CAE, 7 professional staff, a Computer Support Analyst, and an Executive Administrative Assistant. The current CAE has been in place since 2020.

The CAE is a highly respected leader in internal auditing in higher education. The UHS IAD is regarded among its higher education peers as being on the leading edge of progressive internal auditing practices, especially in the use of data analytics. The reporting relationship and communication with the Audit and Compliance Committee and UHS' executive management team is a model that other institutions would do well to follow.

IIA Standards – Full External Quality Assessment

This External Quality Assessment of the UHS IAD was performed in accordance with The Institute of Internal Auditors (IIA) *International Standards for the Professional Practice of Internal Auditing* (the Standards) utilizing the IIA's Quality Assessment Manual, 2017 Edition. The primary purpose of a Quality Assessment is to determine the internal audit function's conformance with the Standards. There are three possible outcomes of the QAR: the internal audit program generally conforms, partially conforms or does not conform with the Standards.

Conformance with IIA Standards

Generally Conforms means that IAD has a charter, policies and processes that are judged to meet the spirit and intent of the IIA *Standards* with some potential opportunities for improvement.

Partially Conforms means deficiencies in practice are noted that are judged to deviate from the spirit and intent of IIA *Standards*, but these deficiencies did not preclude IA from performing its responsibilities in an acceptable manner.

Does Not Conform means deficiencies in practice are judged to be so significant as to seriously impair or preclude IA from performing adequately in all or in significant areas of its responsibilities.

Additionally, the Texas Internal Auditing Act §2102.0011, Internal Audit Standards, requires the internal audit program to conform to the Standards and the IIA's Code of Ethics contained in the Professional Practices Framework, and Generally Accepted Government Auditing Standards (GAGAS). GAGAS requires an external peer review, performed by reviewers independent of the audit organization, to occur at least once every three years. Our review meets that GAGAS requirement.

Scope

We conducted the external quality assessment during the month of April 2023. The UHS Internal Auditing Department supplied the review team with the materials noted below in early April and we then conducted on-site procedures from April 3-6, 2023.

Engagement Methodology

Our procedures included review of the following documents:

- Audit Charter and other background/organizational materials regarding UHS and the internal audit program
- The charter for the UHS Board of Regents (BOR) Committee on Audit and Compliance
- UHS BOR Section V-Audit and Compliance, Policies 41.01-41.01.04
- Texas Government Code, Chapter 2101.001-*Texas Internal Auditing Act*
- System Administrative Memoranda (SAMs) 04.A.02-Audits by Internal Auditing
- QAR advanced preparation materials providing background on the internal auditing program and practices
- The annual audit plan and risk assessment process
- Selected internal audit project workpapers and reports
- Staff training histories
- Audit follow-up practices and reporting

The on-site procedures included:

- Interview with the Chairperson of the UHS BOR Audit and Compliance Committee
- Interview with the UHS Chancellor
- Interviews with UHS Internal Auditing Department staff and UHS officials (see Appendix I for the list of individuals interviewed)
- Analysis of the information reviewed and an assessment of compliance with the Standards

Opinion of Independent Review Team

Overall, **the UHS Internal Auditing Department was judged to Generally Conform to IIA *Standards*, the highest rating available.** While opportunities for enhancement remain in various areas, they did not preclude this assessment. We concluded the following individual standards Generally Conform to the IIA *Standards*:

1000—Purpose, Authority and Responsibility
1100—Independence and Objectivity
1200—Proficiency and Due Professional Care
1300—Quality Assurance and Improvement Program
2000—Managing the Internal Audit Activity
2100—Nature of Work
2200—Engagement Planning
2300—Performing the Engagement
2400—Communicating Results
2500—Monitoring Progress
2600—Communicating the Acceptance of Risks

Strengths, Opportunities for Enhancement, and Management Response

UHS Internal Audit Program Strengths

- **Governance**—The IIA Standards, **1110 – Organizational Independence**, states, "The chief audit executive must report to a level within the organization that allows the internal audit activity to fulfill its responsibilities. The chief audit executive must confirm to the board, at least annually, the organizational independence of the internal audit activity."

  We noted that the UHS CAE reports to the BOR Chair of the Audit and Compliance Committee and that executive sessions are held between the committee and the CAE, which evidences organizational independence. Additionally, the CAE meets monthly with the Chair as well as the Chancellor/President and senior leaders throughout the System to discuss internal audit operations. These activities demonstrate a best practice which all peer reviewers would recommend to their own institutions.

- **Board of Regents and Senior Management Support and Interaction**—Beyond just the formal reporting relationship, our interviews conveyed a high level of support for the IAD from the BOR of the UHS and senior management. The Internal Audit program is well respected and seen as collaborative and not a "gotcha" function. There is a high level of support for the CAE's vision of incorporating more data analytics into their audit engagements. It was clear to us that management feels comfortable seeking their opinion of problematic situations. One of the senior leaders indicated appreciation that the Internal Audit function is now not just looking at past transactions and events, but, as this leader said, "Mr. Hurd is looking at what's around the corner," and having a proactive risk identification and mitigation posture. Another leader indicated that, "If I am in a ditch, I know I can call on Mr. Hurd because he'll help pull me out." It is evident to us that the CAE and the Internal Auditing Department at UHS is seen as a "trusted advisor."

- **Incorporation of Data Analytics and Artificial Intelligence**—Our work identified that the Internal Auditing Program had established, since the last QAR, the use of data analytics and artificial intelligence to improve the effectiveness of audits and identify trends and items that may otherwise have been easily overlooked using the previous traditional sampling methodology. The tools being used, and the training that is being provided for the Internal Audit team, appears to have already led to demonstrable improvements in the identification of areas of risk that had previously not been assessed as comprehensively (e.g., P-Card audit). Our perspective is that this is a leading-edge practice in the profession of internal auditing in higher education. This is also expected to be emphasized in the updated IIA Standards that should be forthcoming in the next year. We believe this will add significant value to the BOR and leadership of the UHS and that the University of Houston Internal Audit function will be recognized as proactive industry leaders in this space.

- **Professional Development of the Internal Auditing Staff** – The IIA Standards 1230 – Continuing Professional Development, states, "Internal auditors must enhance their knowledge, skills, and other competencies through continuing professional development."

  The CAE has put in place a robust skills assessment and professional development framework for the IAD. It is well-structured and comprehensive and has led to detailed professional development plans

for each member of the team. There was highly positive feedback about this process from the IAD staff and each member indicated their enthusiasm for the intentional approach and personally-designed plans to enhance their skills, knowledge and competencies. We were also impressed with the CAE's vision for professional development extended past just traditional internal auditing skills, but includes leadership, management and effective communication skills training. The development of these soft skills will, in our opinion, help to further enhance the perception of the entire IAD team being "trusted advisors" in carrying out their responsibilities.

Opportunities for Enhancement—Internal Auditing Department

- **Update and Enhance Policies and Procedures to Address New Methodologies of Data Analytics**

With the incorporation of the use of data analytical tools and migrating away from some of the internal auditing processes that were identified as being not as valuable, the CAE has identified the need for a significant overhaul of the IAD's internal policies and procedures. The fact that this was identified by the CAE and the IAD team prior to our engagement demonstrates the IAD's adherence to the IIA Standards **1300 – Quality Assurance and Improvement Program (QAIP)** which states, "The chief audit executive must develop and maintain a quality assurance and improvement program that covers all aspects of the internal audit activity."

It was evident from our review that the IAD team is actively undertaking this initiative and they are being thorough in their documentation of some of these brand-new processes. Our encouragement would be that they continue with these efforts and set target dates for completion as well as establishing a cadence of annually reviewing the documentation to update where necessary.

It should be noted that this should **not** be seen as a "deficiency," but rather an encouragement to continue on the path they are already on to document some of these best-practice methodologies. This will also be helpful in the onboarding and training of additional Internal Audit staff.

- **INTERNAL AUDITING DEPARTMENT'S RESPONSE:**

The Internal Auditing Department (IAD) appreciates the external review team's feedback and concurs with the assessment regarding the enhancement of our policies and procedures to address new methodologies of data analytics. We acknowledge the importance of this evolution in our approach, not only for the optimization of our audit processes but also for the overall quality assurance and improvement of our department's activities. We are committed to this undertaking, recognizing it as an opportunity to incorporate best-practice methodologies, further develop our data analytics capabilities, and continuously improve the effectiveness of our audits. Your encouragement reinforces our resolve to stay on this path, and we will strive to meet set target dates for completion while maintaining a cycle of annual reviews for necessary updates. We look forward to the benefits this will bring, including the enhanced onboarding and training of our Internal Audit staff.

We will address the first opportunity for improvement by:

1. The IAD will harness the power of AI to develop a comprehensive project plan for this overhaul, which will include specific target completion dates for each crucial task. This plan will be augmented by AI-driven project management tools that can facilitate progress tracking and enhance collaboration across the team.

2. This AI-enhanced plan will be communicated across the team, ensuring everyone is clear on their role in accomplishing these objectives.

3. The IAD will implement a recurring annual review of our policies and procedures, using AI to identify areas of potential improvement and maintain their relevance and effectiveness.

4. Thorough documentation of new processes will be a priority, facilitated by AI-powered document management systems. These systems will ensure that documents are easily created, updated, and accessible to all team members.

5. Lastly, the IAD is committed to leveraging AI technology to enhance our onboarding and training programs. We will develop AI-powered training modules that provide immersive and personalized learning experiences. These modules will focus on the latest Internal Audit Standards from both the IIA and GAGAS, ensuring our staff is well-equipped to carry out their tasks effectively. AI will allow us to update training materials in real-time, reflecting the most recent changes and best practices in the industry.

- **Augmentation of Internal Auditing Staff**

The IIA Standards, **1210 – Proficiency (b)** states, "The internal audit activity collectively must possess or obtain the knowledge, skills, and other competencies needed to perform its responsibilities."

As part of the CAE's **Quality Assurance and Improvement Program,** the CAE has identified areas in which the IAD does not have the existing knowledge, skills or competencies to adequately address the operational needs of the UHS. Our peer review assessment independently confirmed the CAE's identified need for the IAD team to be enhanced to include:

- **IT Audit** – While there is one person on the IAD team, besides CAE Hurd, with IT Audit experience, one IT Auditor does not appear to be sufficient to address the needs of the organization. While there is a concerted effort to develop the IT audit skills of the IAD team, our recommendation would be to augment the IAD team with an additional IT Auditor(s) to ensure the IAD is able to address the increasing demands on information technology and cybersecurity throughout the UHS. This should include professionals with the proven experience in auditing cybersecurity, Cybersecurity Maturity Model Certification (CMMC), network security, identity access management (IAM), PCI data security, HIPAA/HITRUST, and other applicable areas of IT risk.

- **Healthcare Audit** – As the lead on this QAR, and being from a University with a College of Medicine, Faculty Practice Plan, multiple medical clinics, and a fully operational teaching hospital, I can speak to the importance of making sure the IAD has the specialized skills, knowledge and competencies to provide internal audit oversight over the growing healthcare components of UHS. Adding a resource that has the depth of experience in healthcare auditing and compliance will help to ensure the critical areas of risk are identified and monitored by the IAD. This should include professionals with proven experience in auditing and monitoring billing and coding, HIPAA Privacy Rules, revenue cycle, security of Protected Health Information (PHI), provider exclusions and sanctions monitoring [against Health and Human Services – Office of Inspector General (HHS-OIG) and General Services Administration System for Award Management (GSA-SAM.gov) which maintains the List of Excluded Individuals and Entities (LEIE)], and other applicable areas of healthcare risks.

- **Research Audit** – With UHS's remarkable growth and move to R1 status, there is an opportunity to enhance the IAD with individuals who are steeped in their knowledge of Uniform Guidance, Pre- and Post-Award administration, effort certification, grants and contracts accounting, CMMC, and other areas germane to this specialized area.

- **Athletics Audit** – With UH joining the Power 5 conference, and the dramatically increased revenue anticipated, there will be an increased level of scrutiny that UH will receive. To ensure the IAD is able to serve as "trusted advisors" in this process and regularly monitor the activities in the Athletic program, it would be prudent for the UHS leadership to augment the resources of the IAD to ensure there are individuals with the applicable skills, knowledge and competencies to address these strategic areas.

While it is the plan of the CAE to expand the professional development of each existing IAD team member to be more aware of the nuances of these areas above, it is our opinion that, to effectively address the unique areas of inherent risk, augmenting the IAD team with individuals who have these

specialized skills and expertise would help serve the UHS well.

- **INTERNAL AUDITING DEPARTMENT'S RESPONSE:**

IT AUDIT:

The IAD recognizes the need to strengthen our proficiency in IT and Research Security auditing. To address this, we will recruit a seasoned auditor with extensive experience in these areas. However, we also acknowledge the wealth of knowledge and expertise available within the University of Houston's own community.

To capitalize on this internal resource, we plan to introduce a job rotation program involving employees from the Information Technology department. This initiative will provide cross-functional exposure, enhancing the collective skill set of the IAD team while fostering a deeper understanding of our operational intricacies.

Further, in an effort to nurture future talent, the IAD will establish an internship program in collaboration with our Information Technology teaching areas. We believe this integration will not only offer valuable real-world experience for our students but also infuse fresh perspectives into our audit processes.

We are confident that these strategies will enable us to meet the increasing demands of information technology and cybersecurity throughout the UHS, aligning our capabilities with the standards set by the IIA.

HEALTHCARE AUDIT

In light of the rapid growth of the University over the past two decades, the IAD acknowledges the increasing complexity and diversity of our healthcare operations. To ensure our audit activities adequately cover all relevant areas, we will embark on an extensive "inventory" exercise as part of our next annual audit plan. This undertaking will allow us to identify all areas handling Protected Health Information (PHI) and assess the adequacy of safeguards in place.

Recognizing the potential of AI to enhance our audit capabilities, we will explore various applications of this technology in healthcare auditing. This includes AI-driven risk identification and assessment, regulatory compliance monitoring, predictive analytics for proactive risk management, automation of certain auditing processes, and continuous real-time monitoring of potential issues.

Upon the completion of our inventory, the IAD will use the insights gained, including those from AI analyses, to develop a comprehensive audit plan tailored to the unique needs and risks associated with each identified area. We acknowledge that an effective approach may involve a combination of strategies.

These could involve recruiting additional healthcare auditors to our team, co-sourcing or outsourcing auditing services to leverage industry-specific expertise where needed, and making optimal use of existing resources, including AI tools, within the UHS. We also welcome suggestions for innovative approaches to strengthen our healthcare auditing capabilities.

The IAD is committed to providing robust audit oversight over the growing healthcare components of the UHS, ensuring that critical risk areas are identified, monitored, and managed effectively.

RESEARCH AUDIT

The IAD acknowledges the close interplay between IT Security auditing and Research auditing,

particularly with respect to NIST-171 and the CMMC. Consequently, we intend to leverage our strategies and resources in IT auditing to enhance our capabilities in Research auditing.

A key element of this approach will be upskilling our team on research auditing, utilizing the expertise of our IT auditor. To further bolster our efforts, we plan to employ AI, machine learning, and Robotic Process Automation (RPA) technologies.

These advanced tools will allow us to streamline the audit process, identify patterns and anomalies, predict potential risks, and ensure continuous real-time monitoring of research activities. With these strategies, we aim to provide robust oversight over UHS's growing research operations, ensuring the integrity, efficiency, and compliance of these critical activities.

NCAA AUDIT

The IAD recognizes the unique challenges and complexities associated with auditing athletics, particularly in relation to NCAA compliance. To this end, we intend to assign a dedicated auditor to oversee athletics auditing.

Recognizing the role of continuous learning in effectively addressing these challenges, we plan to invest in the upskilling of this auditor, focusing on NCAA compliance and rules. This training will provide the auditor with the necessary knowledge and skills to effectively oversee this critical area.

Moreover, to further enhance our auditing capabilities, we will explore the integration of AI, RPA, and machine learning technologies into our audit process. These advanced tools will provide a range of benefits including improved data analysis and pattern recognition, continuous compliance monitoring, predictive analytics for proactive risk management, and automation of routine auditing tasks.

We also see potential in leveraging AI for personalized training and education for athletes, coaches, and staff about NCAA rules and regulations. This could play a vital role in preventing unintentional violations and fostering a culture of compliance.

With this multi-faceted approach, the IAD aims to provide robust and effective oversight of athletics and NCAA compliance. We believe that by combining human expertise with advanced technology, we can ensure a high level of integrity, efficiency, and compliance in our athletics operations, in line with the IIA Standards.

The Internal Auditing Department (IAD) extends our sincere gratitude to the peer review team for their diligent and insightful assessment of our department. Your expert recommendations provide valuable guidance as we strive to enhance our auditing capabilities and better serve the University of Houston System (UHS). The IAD acknowledges the necessity of continually aligning our staff positions with the evolving risk landscape of the UHS. We are committed to regularly evaluating our team composition, skills, and competencies to ensure they are tailored to address the unique and diverse areas of inherent risk within our system effectively. This process will be integral to our ongoing efforts to uphold the IIA Standards, meet the operational needs of the UHS, and contribute to the overall integrity, efficiency, and resilience of our university system. We look forward to the continued growth and improvement of our department with these actions.

Appendices

Appendix I

Interviews Conducted:

Board of Regents
Mr. Jack Moore, Vice Chairman, UH System Board of Regents and Chair of the Audit and Compliance Committee

Senior UHS Management
Dr. Renu Khator, Chancellor/ President
Mr. Raymond Bartlett, Sr. VP for Administration and Finance
Dr. Robert Glenn, President, UHV
Dr. Loren Blanchard, President, UHD
Mr. Mark Denny, VP for Administration and Finance
Ms. Dona Cornell, Vice Chancellor for Legal Affairs and General Council
Ms. Karin Livingston, Associate Vice Chancellor and Associate VP for Finance
Ms. Susan Koch, Chief Compliance Officer
Dr. Dennis Fouty, Associate Vice Chancellor and Chief Information Officer

UHS Internal Auditing Department
Mr. Phillip Hurd, Chief Audit Executive
Ms. Brandee O'Neal, Director, Operational and Financial Audits
Mr. Tony Moreno, Senior Auditor
Ms. Kim Gerry, Senior Auditor
Ms. Connie Applebach, Auditor III
Mr. Eric Porter, Staff Auditor III
Ms. Emily Tran, Staff Auditor II
Mr. Elias McClellan, Staff Auditor II
Mr. Johnnie Bouy, Computer Support Analyst
Ms. Barbara White, Executive Administrative Assistant

Attachment B

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	Assurance	Compliance	140 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	Assurance	Information Technology	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.