Institutional compliance activities at each university during the three months ended June 30, 2012, are as follows:

<table>
<thead>
<tr>
<th>Activity</th>
<th>UH/UHS</th>
<th>UHCL</th>
<th>UHD</th>
<th>UHV</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk Assessments Completed</td>
<td>0</td>
<td>2</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Risk Assessments Updated</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>11</td>
</tr>
<tr>
<td>Compliance Audits Conducted</td>
<td>20</td>
<td>0</td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td>Compliance Committee Meetings Held</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Risk Mitigation Implemented:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Specific Control Activities (pol. &amp; proc.)</td>
<td>28</td>
<td>0</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>New Training Program / Activities</td>
<td>19</td>
<td>0</td>
<td>2</td>
<td>9</td>
</tr>
</tbody>
</table>

Hot-line Reports:
- Number Received during last 3 months: 7 1 3 6
- Reports Resolved during last 3 months: 4 0 8 2
- Unresolved Reports as of June 30, 2012: 5 1 0 6

**UHS:**
- A system-wide meeting of the Institutional Compliance officers was held on April 11, 2012, to discuss institutional compliance activities. Included on the meeting agenda were the following:
  - Open points from previous meeting
  - Review of reports to be presented to the Audit and Compliance Committee on May 16, 2012
  - Cooperative Problem Solving – Sharing of Ideas (discussion by all compliance officers of major concerns / accomplishments)
  - Presentation by Don Guyton, Chief Audit Executive – State Auditor’s Office NRUF Audit
  - Presentation by Lauri Ruiz, Assistant General Counsel - update on compliance with Senate Bill 1414
  - Presentation by Mike Glisson, Controller – New Vendor Setup Requirements
  - Presentation by Joan Nelson, Executive Director, Human Resources – Update on HR Hot Topics
  - Presentation by Kirstin Rochford, Director of Compliance, Division of Research – Update on Research Hot Topics:
Changes in laws and regulations:

SB1414

SB1414 modified the Texas Education Code to require operators for programs for minors held on campuses of institutions of higher education (e.g., athletic camps) to verify that employees who will be in contact with the campers have training in the recognition of victims of sexual abuse and child molestation. These changes were effective September 1, 2011.

In response to the modification of the Texas Education Code, Section 51.976, the University of Houston System (UHS) developed System Administrative Memorandum (SAM), 05.C.01, Campus Programs for Minors to guide component institution compliance with the statute. In April 2012, the responsibility for UHS compliance was assigned to the Vice Chancellor for Student Affairs who coordinated the implementation of the SAM at each UHS component institution. Each component institution identified a Coordinator of Campus Programs for Minors and the coordinators were trained on the requirements of the SAM and the process for implementation. In addition, an on-line training program regarding sexual abuse and child molestation identification and prevention was developed for all UHS employees and volunteers who sponsor or interface with campus programs for minors. Effective June 1, 2012, all UHS component institutions implemented the SAM requirements for program operators to provide verification that sexual abuse and child molestation identification and prevention training programs have been completed by their employees and volunteers.

The Coordinator of Campus Programs for Minors at each component institution also provides guidance to the third parties using university facilities, in making sure that they are in compliance of the System Administrative Memorandum (SAM), 05.C.01.

HB 300

HB 300 amended the Texas Medical Records Privacy (Texas Health and Safety Code, Chapter 181) to extend patient protections beyond those required by HIPAA and to require customized employee training (among other things) in the maintenance and protection of individually identifiable health information to anyone coming into possession of such health information. The Texas Medical Records Privacy Act specifically denotes governmental units, schools, health researchers, clinics, facilities, and providers as “covered entities.” The General Counsel’s office is conducting a survey to determine which departments are affected by this legislation in order to help ensure compliance.

UH:

Residential Life & Housing

By May 31, 2012, all departmental employees completed the UHS Child Protection Training (HH1205). Also, students who signed a Residence Halls Service Agreement during Q2 for AY 2012-2013 on-campus housing were alerted to comply with the bacterial meningitis requirements, Texas State law (SB 1107), through the departmental website, print materials, e-mail communications, and presentations.
Contracts Administration
The Office of Contract Administration has conducted several training meetings for the
College and Division Business Administrators regarding compliance with contracting
requirements.

Academic Affairs
1. Conducted a training session for college business administrators (CBAs) to review
   operational aspects of the new tuition and fee structure.
2. Held quarterly meetings with CBA’s to review compliance issues pertaining to space,
   facilities, cost center management, and human resources.
3. Payroll Department trained Academic Affairs CBA’s to preview logistics regarding
   the rollout of electronic timesheets for biweekly staff and absence management.
4. Presented a report to the CBA’s regarding past business process enhancement
   requests and discussed upcoming best practices training for colleges.
5. Provost Business Office conducted a travel audit of travelers in Academic Affairs
   who spent over $20,000 during FY11.
7. Demonstrated the next iteration of the financial summary tool used for Academic
   Affairs budgeting.
8. The Scholarship and Financial Aid Office completed their federal A-133 compliance
   audit for FY 2012. Representatives from the State Auditor’s Office were on site to
   conduct their financial aid fieldwork from June 18 – 29, 2012.

Environmental Health and Risk Management
Training
General Laboratory Safety
Biological Safety
Bloodborne Pathogens (5 Times)
Safety Awareness Training
Respiratory Protection
Hazard Communication
Radioactive Material Safety
X-ray Safety (2 times)
Chemical Standard Operating Procedures
Online Annual X-ray Safety Refresher
Online Annual Laser Safety Refresher
Online Radioactive Material Refresher
Online Bloodborne Pathogens Refresher
Online Indoor Air Quality and Mold
Radioactive Material Shipping Awareness for Postal & Print Services

New Programs/Activities
Received approval from Texas Commission on Environmental Quality (TCEQ) for
the Permit by Rule package for new crematory in Health and Biomedical building
Received confirmation from TCEQ that ERP solid waste registration is now
reactivated

08/15/12
AUDIT – 196
Regulatory Reports/Actions
Unannounced City of Houston limited trap inspection no violations noted
Submitted air emission stack test results to TCEQ from Health and Biomedical building
Submitted Annual Pollution Prevention Progress report
X-ray amendment request to State Radiation Agency
Notification of missing Class 3b and 4 lasers to Texas Department of State Health Services Radiation Control per 25 TAC 289.301

- University Information Technology (UIT)
  Sensitive Data Protection
  - Identity Finder Deployment – Work has continued with campus departments on deployment and remediation of sensitive data.
  - UIT is working with the UH Health Center on compliance requirements involving software and network configurations.
  - UIT worked with OGC to develop and distribute a Health Record Privacy Audit questionnaire to identify HIPAA compliance requirements across the System.
  - Information Security presentation given to all staff at SugarLand and Cinco Ranch.

- PCI Compliance
  - UIT and Treasury are continuing work with University Services to verify compliance for Micros systems.
  - UIT and Treasury are continuing working with Bank of America regarding migration of UH e-commerce merchants to new BOA processing systems.

- College/Division Technology Reviews – A comprehensive technology for the College of Optometry is in its final stages. Risk Assessments are being identified for other colleges and divisions.

- Information Security Officer Certifications; UIT Security held an Information Security Officer (ISO) Technical Manager (TM) Workshop for the assigned ISO’s and TM’s in the Division of Administration & Finance. UIT Security is continuing to sponsor training for UHS ISO’s leading to achievement of security certifications and enhanced protection of UH infrastructure. To date 22 UH campus ISOs have achieved certification.

- TAC Compliance
  - Update of UH IT SAM/MAPPs – The campus review process is continuing for updates to the Information Technology MAPPs and SAMs. Proposed revisions to SAM 07.A.04 and SAM 07.A.05 are under Executive Review. MAPP 10.03.01 was approved. Proposed revisions to MAPP 10.03.05 are being addressed with Admin & Finance.
  - Continuity of Operations – UIT held a tabletop drill of its continuity of operations plan on May 23rd.

- Red Flag Rule Notifications
Employees and students receive an automated email notification when their email address, physical address, W-4 withholding, or direct deposit information is changed in the system. Between April 1 and June 30, 2012, University of Houston IT Security received 8 inquiries about automated email messages related to email and physical address changes for UH. One inquiry for direct deposit changes and three inquiries for email and physical address changes were received for the UHCL campus. Two inquiries for email address changes were received for the UHD campus. Four inquiries for email address changes were received for the UHV campus. None of the inquiries were identified to be security incidents.

**Finance**

Finance sent the College/Division Administrators a list of current P-Card and Travel Card cardholders and business contacts so the administrators can verify that these employees should continue to use a university-issued credit card or assist cardholders to document their credit card transactions. Likewise, Finance sent the College/Division Administrators a list of current Finance System users, along with their access level, so the administrators can verify that their access is still appropriate for their job. These reviews are conducted at least once a year.

Finance conducted a Request for Proposal (RFP) to select a vendor to conduct an accounts payable recovery audit. The selected vendor will review payments processed through UH Accounts Payable from September 1, 2008, through February 29, 2012, to determine if there have been any overpayments. If any are found, the auditor will attempt to recover the overpaid amount from the vendor on behalf of the university. The auditor is only paid a percentage of any actual recovered overpayments. The auditor will also review the AP vendor file to determine if there are any errors that need to be corrected (duplicate vendors, incorrect taxpayer ID number, etc.) at no additional charge. In addition to finding overpayments and errors, the auditor may also recommend process improvements to help prevent future overpayments and errors.

**Division of Research**

**Education**

- Research Administration Certification Program—“Compliance Issues,” 4/10/2012
- Published June/July issue of Research Update newsletter [http://www.research.uh.edu/Home/Newsletter--Research-Update](http://www.research.uh.edu/Home/Newsletter--Research-Update)
- National Institutes of Health (NIH) Proposal Writing and Review Process, Dr. Alfonso Latoni, Deputy Chief of Review in the Scientific Review Branch of the National Institute on Aging, 4/20/2012
- New Faculty Seminar: “Want to be a PI? Strategies and Resources for Success”, 4/27/2012
- Research Administration Certification Program—“Effort Reporting and Ten Things a Research Administrator Should Know,” 5/8/2012
- Various trainings on RD2K and RAMP
- IACUC members/ACO leadership and staff – OLAW webinar: "IACUC Grants Policy and Congruence" 6/7/2012
- Research and Scholarship Committee of the Faculty Senate meetings, policy updates, centers/institute review, graduate student tuition, 4/13/2012, 5/4/2102
- Participated in a University Compliance Seminar and Discussion with the Emerging Technology Fund (ETF), 4/16/2012
- Attended the Federal Demonstration Partnership meeting, 5/13-5/15/2012, Administrative, Faculty and Technical representatives
- Effort Reporting Hands-on Training for all Department Business Administrators, 5/24/2012
- Research Directors retreat with Dr. Bose, 5/30/2012.
- Attendance at the Council on Governmental Relations (COGR) meeting 6/6/2012 – 6/8/2012

**Regulatory/Compliance Updates**
- COI Committee Meeting, 5/11/2012
- Re-established membership in Texas Society for Biomedical Research
- Updated UH Human and Animal Research Education Requirements went into effect 6/1/12
- Updating Award/Committee Approval Congruency Review Procedures
- Site Visit from Emerging Technology Fund (ETF) to audit acquired equipment, 6/7/2012
- Finalizing new NIH Financial Conflict of Interest regulatory updates and processes; multiple planning/implementation meetings throughout quarter
- Working with Tobacco Task force to certification of smoke-free campus (impacts CPRIT funding) by August deadline

**UHCL:**
- Based on goals for FY 2012, the committee decided on the following Risk Assessment assignments for FY 2012:
  1. **Financial Aid** – one time report – Billy Satterfield presented a compliance matrix of the risks and controls for financial aid disbursement. Financial aid is in the range of $45-50 million, with the majority being student loans. Key points are listed below.
     - Constant Audits – Annual external audits, last year’s follow-up audit to the prior year showed no findings.
     - Financial Aid verifications – applications are flagged by the federal government for verification by financial aid.
     - The US Department of Education will contact financial aid if a student applies for financial aid at more than one college or university since students are only able to get financial aid from one.
     - Review files for those who seem to need financial aid fast or urgently, to ensure they don’t drop classes right after receiving it.
• Financial Aid conducts random checks for accuracy and centralizes this to one person with the same method.
• Technical Audits are conducted to ensure PeopleSoft is doing what it's supposed to do.
• Manual update & review for FAFSA changes requested by students.
• Training is conducted one-on-one for new employees in the financial aid office.
• Monthly reconciliations done with Executive Director of Student Financial Aid and General Accounting.
• The possibility of identity theft was asked concerning the FAFSA form – Billy replied that there are several personal questions asked on the FAFSA form to help verify identity, such as demographics and finances, which are used to compare to other self-reported data such as tax returns.
• The question was asked how payment is distributed and if ID’s are checked. You can't apply for financial aid without being a student. ID’s are not checked, but students can choose how payments are distributed: directly into checking account, check mailed, or onto a Higher One credit card.

2. **Citibank P-card** – one time report – presented by Patti Bozeman

• Training: All new users are given training prior to receiving a card, and refresher training was conducted for all users with the change in providers recently.
• Procedures: were given during training and are available on the webpage.
• Audits: 100% of charges are audited each month. There are no incidents of non-compliance, but a few unintentional personal charges were identified which employees reimbursed. Purchases are audited for benefit to UHCL and online cost center reallocation in GCMS has been done. Audits are conducted by:
  o Business Coordinators
  o Accounts Payable
  o Administrators – spot check
  o General Accounting – random audits annually
• The question was asked what reduction in PO’s has there been with the introduction of P-cards? There is no definitive answer for this, but P-cards have been more convenient.
• There was discussion on approvals for increase of P-card monthly and per charge limits. Per charge limits have increased as of April 1st from $500 to $1,000, although this was not publicized much. The question was asked whether this would affect capital property purchasing on P-card. It should not because capital property is not allowed on P-cards, and items like computer purchases not made through UCT are also not allowed.

**UHD:**

- The quarterly UHD Compliance Committee Meeting was held on June 14, 2012. Items on the agenda included the following:
  - Opening comments from VP Administration and Finance.
  - FY12 Compliance Goals update by Compliance Officer (highlights only).
• Risk assessment updates by Subject Matter Experts.
• Institutional Level Risk Reports by Subject Matter Experts (exception reporting only). Risk assessment updates incorporated in reports by Subject Matter Experts
• Open conversations regarding compliance related issues and points of clarification.

■ Sponsored Programs Office restructured and new position of Assistance Vice President for Research and Sponsor Programs has been filled by Dr. Sandra Garcia.

■ Promoting Compliance and Ethics
• VP of Administration and Finance sponsored an April 2, 2012, NACUBO webcast entitled “Lab Accidents in the News: Institutional and Individual Risks, Roles and Responsibilities. Key referenced data/information made available to Dr. Morano (Natural Science Department Chair).

■ Information Technology Compliance Report for BOR – April through June 2012
• Risk Assessment and Management of High Level Risks Activities
  o Sensitive Data. No activity; On hold pending UHD hiring of IT Compliance employee.
• TAC 202 Security and Compliance Activities
  o IT Security Reporting. UHD IT continued to monitor university systems and electronic assets for security risks and events throughout the reporting period. Monthly security reports were prepared and submitted, as required by TAC 202, to the Department of Information Resources. A summary for the second fiscal quarter of FY12 was provided to the UHD Compliance Committee.
  o IT Risk Assessment. During the reporting period, the UHD IT Compliance Office staff began preparations for the annual high-risk system user access reviews by assessing the current rating for each information system in use at UHD to determine which systems require annual user access review for FY12.
  o IT Risk Management Plan Monitoring. During the reporting period, the UHD IT Compliance Office staff completed its third quarter update to the FY12 IT Risk Management Plan and has provided a copy to the UHD Compliance Committee.
  o Facilitate Update/Test of BCP (annual requirement). No activity during the reporting period; the BCP review will begin in the fourth fiscal quarter.
• Audit Report Activities/Requirements
  o NONE
• Audit Assistance
  o UHS Multiple Section Audit: Assisted in responding to UHS Audit questions regarding on-going department audits during the 3rd fiscal quarter. The areas in review were the President’s Office, Employment Services and Operations, Public Service, and Student Success and Enrollment Management. Some of the responses given by the departments indicated that UHD IT performs certain operations, so IT provided the appropriate clarification documenting responsibilities. Documentation provided included an Excel document outlining department, IT, and shared areas of responsibility and the other a MS Word document that departments could use to incorporate information into their own departmental policies and procedures documentation.
- **UHS Financial Aid Section Audit:** Assisted in providing access to UHS auditors to enable access to Financial Aid system to conduct a state mandated audit. Also provided data as requested by Financial Aid Director to support audit.

- **State Reporting**
  - **Information Technology Detail (ITD):** Began initiative to update and project Information Technology expenditures in support of the LAR process; ITD is due when the University LAR is due on August 16, 2012.

**UHV:**
Notable activities for the quarter included:

- Quarterly campus Compliance Committee Meeting was held on April 25th. Minutes to be posted online at [http://www.uhv.edu/Compliance/meetings.aspx](http://www.uhv.edu/Compliance/meetings.aspx)

- **Financial Aid** updated Risk Assessments in this quarter including:
  - Mismanagement of Federal and State Program Funds - FY12 Periods 1 and 2 and 3 Monthly reconciliations are verified by the accountant and reviewed by the Director.
  - Non-compliance with Cash Management Regulations - FY12 Periods 1 and 2 and 3 Monthly reconciliations are verified by the accountant and reviewed by the Director.
  - UHV Financial Aid Manual Section 21 (Fund Management & Reconciliation) has been updated.
  - Fraudulent activities by students or staff. – FY12 Periods 1 and 2 and 3 Monthly reconciliations are verified by the accountant and reviewed by the Director.
  - UHV Financial Aid Manual Section 18 (Disbursement of Financial Aid) has been updated.
  - Required State and Federal reports are not submitted in a timely and accurate manner – UHV Financial Aid Manual Section 12 (Participation in Financial Aid Programs) has been updated. The Texas College Work Study and TEXAS Grant Year End Reports were submitted in a timely manner. The Program Participation Agreement was approved for June 2012 - June 2018.
  - Default rate is above maximum allowable percentage - the spreadsheet with the compiled data and demographics of the defaulted students is located on the T: Drive/Default Rate Calculations - Cohort Default Rate 2009 student statistics were compiled and reviewed on 10/12/2011. Additional data elements were identified and will be added in the next quarter. The additional elements were added during the 3rd quarter. No abnormal or unusual statistics were identified.
  - Incorrect processing of Return of Title IV Funds – UHV Financial Aid Manual Section 19 (Return of Title IV Funds Policy) was reviewed and updated.
  - Incorrectly processing verifications or professional judgments, satisfactory academic progress, calculating student budgets, solving student file discrepancies - UHV Financial Aid Manual Section 7 (Student Budgets), Section 9 (Verification), Section 11 (Professional Judgment) and Section 20 (Satisfactory Academic Progress) were reviewed and updated.
  - Incorrectly processing student loans - FY12 Periods 1, 2 and 3 monthly reconciliations are verified by the accountant and reviewed by the Director.
  - The Financial Aid Manual for 2012-13 was reviewed and updated sections numbered 6-24.
■ **Information Technology** submitted the DIR Incidents Reports for March, April and May in accordance with TAC 202-Infomratin Security Standards.

■ **Business Services** submitted monthly (March, April and May) Open Records reports to the Texas Attorney General’s office; reported contracts over $14,000 to the LBB on (5/1, 5/3, 5/10, 5/23, 6/15, 5/21, and 6/27); and filed the delegated lease report with UH Contract Administration office.

■ **Safety & Risk Management** performed monthly (April, May and June) fire extinguisher and elevator inspections. Monthly (April, May & June) Incident Reports for the campus and residence hall were completed, posted to the Campus Safety website and email notification sent to employees. Business Continuity Plan was approved by Academic Council in June.

■ **Facilities Services** (13) employees attended various role based, mandatory and job related training for safety and job compliance.

This summary is taken from a more comprehensive campus report of compliance activities. To see the full report, go to: [http://www.uhv.edu/Compliance/manual/reports.aspx](http://www.uhv.edu/Compliance/manual/reports.aspx). (Scroll to UHV Campus Reports, click on Quarterly Report, Period Ending June 30, 2012)

**Annual Compliance Plan for FY 2013:**

**UH / UHS:**

■ UH/UHS FY 2013 Goals:
  1. Update all risk assessments
  2. Conduct quarterly compliance committee meetings
  3. Respond to and investigate all reports of non-compliance
  4. Respond to and investigate hotline reports of fraud or other compliance issues.
  5. Achieve a Mandatory Training completion rate of 95% or higher for all employees.

**UHCL:**

■ The UHCL Institutional Compliance Committee decided on the following goals for FY 2013:
  1. Theatre brought up to ADA code to allow handicapped seating – Informational
  2. Lab Action Items Follow-up and Capacities for the future – Lisa Coen & Kevin Barlow
  3. New Minors on Campus S.A.M. – Report from HR
  4. Study Abroad Assessment Continuation – Sameer Pande
  5. Review issues related to downward expansion, such as
     • Enhanced FERPA training
     • Space Allocations

**UHD:**

■ FY 2013 Goals:
  1. Meet quarterly with Compliance Committee and review reports on high level risks
2. Complete work initiated on high level risks identified in risks assessment, including the hiring of two new positions (Environmental Health and Safety Coordinator and IT Compliance employee)
3. Respond to/investigate all reports of non-compliance

- FY13 IT Compliance Plan:
  1. Conduct annual risks assessment updates for major IT systems
  2. Incorporate updates into Risk Management Plan
  3. Facilitate the university’s efforts in updating and testing the Business Continuity Plan on an annual basis

UHV:
- UHV Institutional Compliance (IC) goals for FY13 include the following activities:
  1. Conduct required campus compliance activities including scheduling of quarterly compliance meetings; compiling quarterly compliance activity reports; posting of meeting minutes and reports on compliance website; keeping UHV Administration informed of compliance related issues and activities.
  2. Continue Q&A updates to new Employee Standards of Conduct Guide.
  3. Respond to and investigate reports of fraud and other compliance issues on a timely basis.
  4. Departmental review and updating of external compliance activities on the Master Risk Matrix.
  5. Complete a departmental based self-assessment survey and signature acknowledgement regarding compliance with campus and system policy/procedures to promote awareness of compliance related responsibilities.
  6. Achieve a campus Mandatory Training completion rate of 95% or higher for employees.

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Don F. Guyton
System-wide Compliance Officer
July 12, 2012