

UT Southwestern

Medical Center

Texas Education Code §51.9337 Compliance and Procurement Policies Assessment

Internal Audit Report 21:43

December 20th, 2021

Executive Summary

Background

The Texas Education Code ("TEC") section 51.9335 authorizes higher education institutions to procure goods and services "by the method that provides the best value to the institution." TEC Sec. §51.9337 further defines the conditions upon which this authority is granted, including policy requirements that a Board of Regents must establish. *Senate Bill 20 of the 84th Legislative Session (SB 20)* made several modifications to existing requirements and added new requirements for state agencies and institutions of higher education related to purchasing and contracting. These requirements were written into the Texas Government Code and the Texas Education Code and were effective September 1, 2015. TEC Sec. §51.9337 requires that, "*The chief auditor of an institution of higher education shall 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.*"

Scope and Objectives

The Office of Internal Audit has completed its annual review and assessment of the Texas Education Code for fiscal year 2021. This was a required audit and part of the fiscal year 2021 Audit Plan. The primary objective of this review was to assist UT Southwestern management in assuring compliance with the TEC regulations. This audit included gaining an understanding of the TEC Sec. §51.9337 requirements, evaluating processes and controls and reviewing documentation relating to codes of ethics and conduct; conflicts of interest and outside commitment; fraud policies; and contract management, delegation, and training.

The UTSW Purchasing Department complied with Texas Education Code §51.9337, specifically:

- A Contract Management Handbook (CMH) with consistent guidance on contract review procedures and risk analysis procedures exists.
- Delegation of contracting authority is clear in the CMH.
- Training for purchasing and contracting staff has occurred.
- UTSW has a code of ethics and standards of conduct.
- UTSW has policies on conflict of interest, conflicts of commitment, outside activities, and the use of institutional resources and training.
- Fraud investigation policies and internal audit risk assessment processes exist.

We conducted our examination according to guidelines set forth by the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing.

Executive Summary

Conclusion

Based on the review of current institutional policy and the UT System Board of Regents' Rules and Regulations, UT Southwestern Medical Center has adopted the rules and policies required by TEC 51.9337. These rules and policies will continue to be assessed annually to ensure continued compliance with TEC 51.9337.

We appreciate the assistance and support received throughout the audit from the Supply Chain Management department.

Sincerely,

Valla F. Wilson, Vice President and Chief Audit Executive, Office of Internal Audit Services

Audit Team:

Elias Dib, Senior Internal Auditor
Melinda Lokey, Director
Van Nguyen, Supervisor

cc: Charles Cobb, Associate Vice President, Supply Chain Management
Holly G. Crawford, MBA, Executive Vice President for Business Affairs
Russ Poole, Vice President and Chief Information Officer, Information Resources
Heather Mishra, Associate Vice President, Academic & Administration Information Systems
Michael Serber, Vice President, Finance and Institutional Chief Financial Officer