

UTSouthwestern
Medical Center™

Office of Institutional Compliance
and Audit Services

Texas Education Code §51.9337 Compliance & Procurement Policies Assessment

Internal Audit Report 25-RQ-0002

July 21, 2025



Executive Summary

The Texas Education Code section 51.9337 (TEC §51.9337) authorizes higher education institutions to procure goods and services "by the method that provides the best value to the institution." TEC §51.9337 further defines the conditions upon which this authority is granted, including policy requirements that the Board of Regents must establish.

Senate Bill 20 of the 84th Legislative Session (SB 20) modified 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 §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."*

Engagement Results

Based on the review of current institutional policies and the UT System Board of Regents' Rules and Regulations, UT Southwestern 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.

UT Southwestern complied with Texas Education Code §51.9337, specifically:

- A Procurement and Contract Management Handbook with consistent guidance on contract review procedures and risk analysis procedures exists
- Clear delegation of contracting authority is documented in the policies and handbook
- Mandatory training for purchasing and contracting staff
- UT Southwestern has established policies on the following:
 - Code of Ethics
 - Standards of Conduct
 - Conflict of Interest, Conflicts of Commitment, and Outside Activities,
 - Use of institutional resources
 - Employee required training
 - Fraud investigation policies
 - Internal audit risk assessment procedures

Appendix A outlines the objectives, scope, methodology, stakeholder list, and audit team for the engagement.

Overall, our review determined that UT Southwestern's procurement policies and procedures comply with Texas Education Code §51.9337. This certification will be included in the Internal Audit Annual Report to the State Auditor's Office as required under Texas Government Code §2102.

Natalie A. Ramello

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Office of Institutional Compliance & Audit Services
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Appendix A

Objective, Scope, and Methodology:

The objective of this engagement is to ensure that UT Southwestern complies with the TEC §51.9337 requirements. The audit included gaining an understanding of the TEC §51.9337 requirements 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 audit scope included relevant UT System and UT Southwestern organizational policies and procedures that were in effect from September 1, 2024 to August 31, 2025. The audit did not include testing compliance with the established policies and related protocols.

We conducted our engagement in conformance with the Institute of Internal Auditors' Global Internal Audit Standards™.

Executive Sponsor:

Holly Crawford, Executive Vice President, Business Affairs

Key Stakeholder List:

Jonathan Hunter, Director Conflict of Interest and Export Control, Research Regulatory Affairs

Sharonda Lawson, J.D., Director, Sourcing & Contracts Management

Sharon Leary, Assistant Vice President, Accounting and Fiscal Services

Timothy Martin, Director, Purchasing

Rhonda Oilepo, Associate Vice President, Research Regulatory Affairs

Russell Poole, Vice President, Information Resources, Institutional Chief Information Officer

Audit Team:

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