



Office of Internal Audit

February 10, 2017

Ms. Ynes Alderson, Director
Office of Purchasing
The University of Texas of the Permian Basin
4901 E. University Boulevard
Odessa, Texas 79762

Dear Ms. Alderson:

We have completed our audit of UT Permian Basin's (UTPB) procurement process. This audit was performed as part of our FY 2016 Audit Plan and was conducted in accordance with guidelines set forth in UTS129 and the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*.

The objective of our audit is to evaluate the effectiveness of internal controls over the procurement process, and also to determine whether or not procedures conform to both UT System and UTPB policies and procedures.

Based on upon the results of our audit, the procedures and controls over the purchase order process are effective and are in compliance with UTPB and UT System policies and procedures.

We wish to express our appreciation to the management and staff of UTPB for the courtesy and cooperation extended to us during this audit.

Sincerely,

Glenn Spencer, CPA
Institutional Chief Audit Executive

cc: Dr. David Watts, President
Mr. Mark McGurk, Vice President for Business Affairs

The University of Texas of the Permian Basin



Procurement - Audit Report

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Executive Summary

The UT Permian Basin (UTPB) Office of Internal Audit has completed its procurement audit at UTPB. This audit was performed as part of our FY 2016 Audit Plan, which was approved by the UTPB Audit Committee on July 16, 2015; and was conducted in accordance with guidelines set forth in UTS129 and the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*.

The purpose of our audit is to evaluate the effectiveness of internal controls over the procurement process, and also to determine whether or not procedures conform to both UT System and UTPB policies and procedures.

In performing our audit, we reviewed and tested the procedures and documentation for ten purchase orders and noted no exceptions.

Background

Per rules and regulations of the Board of Regents Rule 10501, purchasing authority is delegated to the UTPB President by the Board of Regents. The UTPB President has subsequently delegated this authority to the Purchasing Director.

Audit Objective

The objective of our audit was to evaluate the effectiveness of the internal controls over the procurement process, and to determine compliance with UTPB and UT System policies and procedures.

Scope and Methodology

We reviewed UT System and UTPB policies and procedures and tested selected purchase orders during the 2016 fiscal year. Our sample included all purchase order types and represented a combined dollar value representing 7.53% of all purchase orders issued during the time period in question.

Our audit was conducted in accordance with guidelines set forth in the *Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing*.

Audit Results

No findings noted.

Conclusion

Based upon the results of our audit, the procedures and controls over the purchase order process are effective and are in compliance with UTPB and UT System policies and procedures.