

**UT SOUTHWESTERN MEDICAL CENTER**  
**OFFICE OF INSTITUTIONAL COMPLIANCE & AUDIT SERVICES**  
**TEXAS EDUCATION CODE §51.3525 COMPLIANCE AUDIT**  
**FY 2024 REPORT**

**Background:** The 88th Texas State Legislature passed, and the Texas Governor signed into law, Senate Bill 17, which amended Section 1, Subchapter G, Chapter 51 of the *Texas Education Code* by adding Section 51.3525, “Responsibility of Governing Boards Regarding Diversity, Equity, and Inclusion Initiatives” (TEC §51.3525). TEC §51.3525 requires the Board of Regents of The University of Texas (UT) System, as summarized below, to ensure that each unit of each UT institution does not, except as required by federal law:

- Establish or maintain a diversity, equity, and inclusion (DEI) office;
- Hire or assign an employee of the institution or contract with a third party to perform the duties of a DEI office;
- Compel, require, induce, or solicit any person to provide a DEI statement or give preferential consideration to any person based on the provision of a DEI statement;
- Give preference on the basis of race, sex, color, ethnicity, or national origin to an applicant for employment, an employee, or a participant in any function of the institution; and
- Require, as a condition of enrolling at the institution or performing any institution function, any person to participate in DEI training, which includes a training, program, or activity designed or implemented in reference to race, color, ethnicity, gender identity, or sexual orientation.

The University of Texas Southwestern Medical Center (UTSW)’s Office of Institutional Compliance & Audit Services performed an audit to assess UTSW’s compliance with TEC §51.3525.

**Objective:** The primary objective of this engagement was to provide the president and executive leadership reasonable assurance as to whether UTSW has complied with the requirements of TEC §51.3525. This included determining whether UTSW has:

- ❖ Closed the DEI office or made appropriate changes to offices, divisions, or other units that were previously responsible for DEI initiatives.
- ❖ Complied with the restriction on hiring or assigning employees to perform DEI duties.
- ❖ Updated faculty and staff hiring and employment practices to remove requirements for DEI statements and to not provide preferential treatment based on race, sex, color, ethnicity, or national origin to an applicant for employment, an employee, or a participant in any function of the Institution.
- ❖ Complied with the prohibition on requiring participation in DEI training as a condition of performing any institutional function.
- ❖ Discontinued programs and activities which promote differential treatment of, or provide special benefits to, individuals based on race, color, or ethnicity.
- ❖ Developed or updated disciplinary policies and procedures, if necessary, to comply with TEC §51.3525.

**Conclusion on Compliance with TEC §51.3525:** Based on the work we performed, we believe that UTSW leadership has achieved compliance with TEC §51.3525:

TEC §51.3525 Requirements	Based on Audit Procedures and Management Actions
“Does not, except as required by federal law: (A) establish or maintain a diversity, equity, and inclusion office[.]”	Complies
“Does not, except as required by federal law:… (B) hire or assign an employee of the institution or contract with a third party to perform the duties of a diversity, equity, and inclusion office[.]”	Complies

TEC §51.3525 Requirements	Based on Audit Procedures and Management Actions
“Does not, except as required by federal law:… (C) compel, require, induce, or solicit any person to provide a diversity, equity, and inclusion statement or give preferential consideration to any person based on the provision of a diversity, equity, and inclusion statement [.]”	Complies
“Does not, except as required by federal law:… (D) give preference on the basis of race, sex, color, ethnicity, or national origin to an applicant for employment, an employee, or a participant in any function of the institution[.]”	Complies
“Does not, except as required by federal law:… (E) require as a condition of enrolling at the institution or performing any institution function any person to participate in diversity, equity, and inclusion training, which: (i) includes a training, program, or activity designed or implemented in reference to race, color, ethnicity, gender identity, or sexual orientation; and (ii) does not include a training, program, or activity developed by an attorney and approved in writing by the institution's general counsel and the Texas Higher Education Coordinating Board for the sole purpose of ensuring compliance with any applicable court order or state or federal law[.]”	Complies
“(2) adopts policies and procedures for appropriately disciplining, including by termination, an employee or contractor of the institution who engages in conduct in violation of Subdivision (1).”	Complies

In fall 2023, UT System implemented UTS 197 *Compliance with State Law Regarding Diversity, Equity, and Inclusion in Institutions of Higher Education* (UTS 197) to help achieve and enable ongoing compliance with TEC§51.3525. UTS 197 includes activities which are considered important but are not specifically required by statute. The secondary objective of this audit was to provide reasonable assurance that UTSW leadership has complied with the requirements of UTS 197.

Based on the work we performed, UTSW has achieved compliance with the key requirements of TEC§51.3525 and UTS 197. However, while not specifically required by statute or policy, we have identified opportunities, as described below, to help ensure ongoing compliance with TEC§51.3525:

Observations and Recommendations (by Rating)	Management Action Plans
Medium: Management has not developed risk-based monitoring activities to provide reasonable assurance of ongoing compliance.  Partner with Compliance to develop an ongoing compliance monitoring plan and resolve any corrective actions in a timely manner.	Management has committed to implementing monitoring activities to evaluate ongoing compliance with TEC §51.3525 by September 1, 2024.

**UT SOUTHWESTERN MEDICAL CENTER**  
**OFFICE OF INSTITUTIONAL COMPLIANCE & AUDIT SERVICES**  
**TEXAS EDUCATION CODE §51.3525 COMPLIANCE AUDIT**  
**FY 2024 REPORT**

<b>Observations and Recommendations (by Rating)</b>	<b>Management Action Plans</b>
<p>Low: Management no longer assigns employees to perform any DEI duties. However, opportunities were identified to ensure all changes to job descriptions and duties were current and accurately reflected in PeopleSoft.</p> <p>Make updates to identified job descriptions in PeopleSoft.</p>	<p>Management has promptly addressed the identified opportunities, and no further actions are needed.</p>
<p>Low: Management no longer utilizes a diversity and inclusion webpage that could be accessed via a link in job postings. However, a link to a deactivated diversity and inclusion-related career website still existed in some job postings.</p> <p>Remove the link in all active job postings and websites and implement monitoring activities.</p>	<p>Management has implemented ongoing monitoring and has committed to removing the link from identified websites by August 31, 2024.</p>
<p>Low: Management has provided talent acquisition staff training on TEC §51.3525. However, a formal training module to ensure that all individuals engaged in the hiring process are aware of the requirements related to TEC §51.3525 compliance has not been developed.</p> <p>Ensure employees are educated about TEC §51.3525 requirements.</p>	<p>Management has committed to developing a training module for all employees on TEC §51.3525 compliance by November 30, 2024, that will be deployed during Annual Training in the Spring of 2025.</p>
<p>Low: Management has discontinued any training prohibited by TEC §51.3525 and removed discontinued training from its websites and Taleo Learn; however, training materials for two discontinued trainings were still accessible through alternative sources.</p> <p>Remove the identified training materials and do a comprehensive review for all other trainings.</p>	<p>Management has promptly addressed the identified opportunities and committed to doing a comprehensive review to ensure no other materials from discontinued training remain by August 31, 2024.</p>
<p>Low: Review of employees' performance goals reports revealed instances of active performance goals that referenced taking DEI training.</p> <p>Update or remove the performance goals and monitor performance goals annually to identify any exceptions or trends.</p>	<p>Management has promptly addressed the identified opportunities and committed to developing a monitoring plan and training on TEC §51.3525 compliance by November 30, 2024.</p>
<p>Low: Management has developed, but not published, a webpage to include references to TEC §51.3525.</p> <p>Publish the webpage to include references to TEC §51.3525 and associated guidance.</p>	<p>Management has promptly addressed the opportunities, and no further action is needed.</p>

**UT SOUTHWESTERN MEDICAL CENTER**  
**OFFICE OF INSTITUTIONAL COMPLIANCE & AUDIT SERVICES**  
**TEXAS EDUCATION CODE §51.3525 COMPLIANCE AUDIT**  
**FY 2024 REPORT**

Observations and Recommendations (by Rating)	Management Action Plans
<p>Low: Management has not performed a comprehensive review of social media accounts and Teams / SharePoint sites to ensure compliance with TEC §51.3525.</p> <p>Perform a comprehensive review of social media accounts and Teams / SharePoint sites and implement ongoing monitoring activities for websites, social media accounts, and Teams / SharePoint to ensure compliance with TEC §51.3525.</p>	<p>Management has committed to doing a comprehensive review of social media accounts and Teams / SharePoint sites and implementing monitoring activities to track new posts across websites, social media, and Teams / SharePoint for compliance with TEC §51.3525 by November 30, 2024.</p>

We will follow up on the action plans to determine the implementation status. Follow-up will help ensure that timely action is taken to address the observations in this report.

*Natalie Ramello*

Natalie A. Ramello, JD, CIA, CHC, CHPC, CHRC, CHIAP  
 Vice President, Chief Institutional Compliance Officer & Interim Chief Audit Executive  
 Office of Institutional Compliance & Audit Services  
 August 13, 2024

### Methodology and Scope

The Office of Institutional Compliance & Audit Services conducted this engagement in accordance with the *International Standards for the Professional Practice of Internal Auditing* and generally accepted government auditing standards (GAGAS). Those standards require that we plan and perform the engagement to obtain sufficient, appropriate evidence to provide a reasonable basis for our observations and conclusions based on our objectives. We believe that the evidence obtained provides a reasonable basis for our observations and conclusions based on our objectives. The Office of Institutional Compliance & Audit Services is independent per GAGAS requirements for internal auditors. The procedures we performed included, but were not limited, interviews with management, reviewing policies and procedures, reviewing hiring practices, reviewing financial information, obtaining and reviewing supporting documentation, testing controls, data analytics, and other work which we deemed necessary to achieve our audit objective.

The scope of this audit covered activities management undertook to address DEI-related:

- Offices and duties that may have been performed elsewhere within the institution;
- Staff hiring and employment practices and DEI statements;
- Training;
- Programs and activities;
- Applicable policies and procedures;
- Internal controls and monitoring;
- External facing web, social media accounts, and Teams / SharePoint that may have referenced active DEI activities; and
- Funding.

The scope of the audit included activities taken from January 1, 2024, until July 2024.

### Observation Ratings

<b>Priority</b>	An issue that, if not addressed timely, has a high probability to directly impact achievement of a strategic or important operational objective of the University or the UT System as a whole.
<b>High</b>	An issue considered to have a medium to high probability of adverse effects to a significant office or business process or to the Institution as a whole.
<b>Medium</b>	An issue considered to have a low to medium probability of adverse effects to an office or business process or to the Institution as a whole.
<b>Low</b>	An issue considered to have minimal probability of adverse effects to an office or business process or to the Institution as a whole.

### Criteria

- TEC §51.3525
- UTS 197
- UT System SB 17 Guidance
- UTSW ETH-151 Equal Opportunity

REPORT DATE  
 August 13, 2024

REPORT DISTRIBUTION  
 To: President  
 Cc: Appropriate institutional stakeholders  
 UT System recipients  
 External Agencies (State Auditor, Legislative Budget Board, Governor’s Office)