

UTSouthwestern
Medical Center™

Office of Institutional Compliance
and Audit Services

Texas Education Code §51.9337 Compliance & Procurement Policies Assessment

Internal Audit Report 24:36

August 27, 2024



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) 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 §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 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.

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

- A Procurement and 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 is required.
- 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.

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

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Vice President, Chief Institutional Compliance Officer & Interim Chief Audit Executive
Office of Institutional Compliance & Audit Services
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Appendix A

Objective(s), Scope, and Methodology:

The objective(s) of the review was to assist UT Southwestern management in assuring compliance with the TEC regulations. This 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 period included activities of UTSW Purchasing Department from 9/1/2023 to 8/31/2024.

Our procedures included but were not limited to the following:

- Reviewed relevant UT System and UTSW organizational policies and procedures.

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 Sponsor:

Charles Cobb, Associate Vice President, Supply Chain Management

Key Stakeholder List:

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

Timothy Martin, Director, Purchasing

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

Michael Serber, Vice President of Finance, Institutional Chief Financial Officer

Audit Team:

Natalie Ramello, Vice President, Chief Institutional Compliance Officer & Interim Chief Audit Executive

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