



Office of Internal Audit & Consulting Service
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Date: April 23, 2026

To: Ms. Andrea Marks
Senior Executive Vice President and Chief Operating Officer

From: John Lazarine, Associate Vice President & Chief Audit Executive
Internal Audit & Consulting Services

Subject: Audit Report – Contract Management and Procurement Assessment Texas Education
Code §51.9337 Audit Report

As part of the FY 2026 academic campus Audit Plan, we completed an audit of contract management and procurement assessment under Texas Education Code §51.9337 for the academic and medical campuses. Attached is the report detailing the results of this review. Management's Action Plans are included in the report.

We appreciate the cooperation and assistance we received from Business Affairs throughout the review.

Respectfully,

A handwritten signature in blue ink, appearing to read "John Lazarine", written over a horizontal line.

John Lazarine, CIA, CISA, CRISC
Associate Vice President & Chief Audit Executive
Office of Internal Audit & Consulting Services

Distribution:

cc: Taylor Eighmy, President, UT San Antonio

Andrea Marks, Senior Executive Vice President, and Chief Operating Officer, UT San Antonio

Ginny Gomez-Leon, Senior Vice President and Chief Financial Officer, health campus

Sheri Hardison, Vice President – Financial Affairs and Chief Financial Officer, academic campus

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CONTRACT MANAGEMENT AND PROCUREMENT ASSESSMENT TEXAS EDUCATION CODE §51.9337

INTERNAL AUDIT REPORT

April 22, 2026 | AUDIT REPORT #SAN26AS1473

Executive Summary

Background Information

[Texas Education Code §51.9337, Purchasing Authority Conditional, Required Standards \(TEC §51.9337\)](#) specifies standards for contracting. Specifically, TEC §51.9337 requires state agencies and institutions of higher education to have:

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

Procurement processes require additional procedures based on contract value. Per the CMH, contracts exceeding \$50,000 are subject to formal competitive bidding requirements. Additional requirements may include expanded solicitation and award requirements, such as standardized checklists, scoring matrices, procurement team evaluations, interested-party disclosures, [Historically Underutilized Business \(HUB\)](#) reviews, and increased approver authorizations. These requirements may be waived when a vendor is a sole source, uniquely qualified, or covered under a UT System Group Purchasing Organization (GPO) contract.

Objective & Scope

- Ensure UT San Antonio complies with TEC §51.9337.
- Ensure that formal competitive bidding purchasing processes were followed in the period from September 2025 through December 2025.

Conclusion

UT San Antonio policies and procedures comply with TEC §51.9337. The UT San Antonio health campus transparency reports did not initially meet the transparency reporting requirements and were promptly corrected after management was notified.

Formal competitive bidding purchasing processes were followed from September 2025 through December 2025.

TEC §51.9337(h) states, "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." This audit report fulfills the requirements of this section.

Summary of Finding

Internal Audit obtained management's action plan to address the finding identified during this audit. The action plan and details of the findings are provided in the following section of this report.

Observation rating, title, and planned implementation date:

Moderate	The health campus's monthly transparency reports did not include the procurement method, the justification, or the contract value.	Implemented 2/23/2026
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Auditors communicated other, less significant opportunities for improvement to management.

See the Appendix for the finding rating definitions and methodology.

Detailed Audit Finding and Management Action Plan

MODERATE

Finding #1: The health campus’s monthly transparency reports did not include the procurement method, the justification, or the contract value.

Condition:	The monthly transparency reports posted by the health campus did not include the procurement method (e.g., Prime Source, Exclusive Acquisition, Group Purchase, Competitive), the justification (e.g., best value, exempt), or the contract/procurement value.
Criteria:	The health campus Contract Management Handbook, Section 6.7.1 Enhanced Transparency , which references Texas Government Code 2261.253 , states that institutions must post on the Internet: a) a summary of each contract (including purchase orders) the agency enters for the purchase of goods/services from a private vendor (including “sole source” contracts), b) statutory or other authority for exclusive acquisition purchases, and c) the RFP related to competitively bid contracts (ref. Texas Government Code, Section 2261.253).
Cause:	Limited guidance was provided when transparency reporting was first required. The process has been in place ever since, without substantial review due to a focus on other priorities and limited resource availability.

Impact:

The absence of publicly posted contracts limits transparency and oversight, increasing the risk of undetected noncompliance and weakened accountability over public funds.

Management’s Action Plan:

Supply Chain Management has completed the updates to PeopleSoft and Jaggaer, which capture the information needed to update transparency reporting. Those updates went live on 2/23/2026 and were included in the Transparency Reports beginning in March 2026.

Responsible Parties:

Eric Walls, Senior Director – Supply Chain, health campus

Implementation Date:

2/23/2026

The following members of the Internal Audit & Consulting Service's staff performed the audit:
Aaron Sanders, Auditor III, CPA, CISA
Laura Buchhorn, Audit Director, CIA, CFE, CRMA, CCSA, CGAP

APPROVED FOR RELEASE



John Lazarine, Associate VP and Chief Audit Executive, Internal Audit & Consulting Services

Distribution List

Copies of this report have been distributed to the following:

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Eric Walls, Senior Director – Supply Chain Management, health campus
John Rascon, Senior Director – Purchasing, academic campus

APPENDIX

Audit Methodology

We conducted this performance audit from October 2025 through March 2026, in accordance with the Institute of Internal Auditors' *Global Internal Audit Standards*. These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Finding Rating Methodology and Definitions

Internal Audit used professional judgment to rate the findings identified in this report. The ratings identified for each finding were determined based on the degree of risk or effect of the findings with the audit objectives. In determining the ratings of audit findings, auditors considered factors such as the financial impact; potential failure to meet program/function objectives; noncompliance with state statute(s), rules, regulations, and other requirements or criteria; and the inadequacy of the design and/or operating effectiveness of internal controls. In addition, evidence of potential fraud, waste, or abuse; significant control environment issues; and little to no corrective action for issues previously identified could increase the ratings for audit findings. Internal Audit also identified and considered other factors when appropriate.

Priority	A finding identified by Internal Audit that may significantly affect a strategic or operational goal of a UT institution or the UT System if not addressed.
High	A finding identified by Internal Audit with a high risk of adverse effects to the UT institution or major units requires immediate management action to address the concern and mitigate organizational risks.
Medium	A finding identified by Internal Audit that carries a moderate likelihood of negative impact on the UT Institution—whether institution-wide or at the college, school, or unit level—requires management to implement corrective measures to address the concern and mitigate risks to an acceptable level.
Low	A finding identified by Internal Audit that is unlikely to negatively impact the UT Institution or any of its colleges, schools, or units. Management should still take steps to address the concern and lower risks for the organization.
Satisfactory	No reportable findings were identified during the audit.