



UNIVERSITY OF  
**TEXAS**  
ARLINGTON

**PURCHASING AND CONTRACT ADMINISTRATION AUDIT  
(Rules & Policies Assessment)**


**MARCH 08, 2017**

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**MEMORANDUM**

**TO:** Dr. Vistasp Karbhari  
President

**FROM:** David A. Medrano   
Chief Audit Executive - Institutional

Omar Elsaad  
Senior Auditor II

**DATE:** March 10, 2017

**SUBJECT:** **FY 2016 Audit Plan Engagement:**  
Purchasing and Contract Administration Audit (Rules & Policies Assessment)  
Dated March 08, 2017

**EXECUTIVE SUMMARY**

There were no reportable findings noted in this engagement.

We have completed the Purchasing and Contract Administration Audit included in our Fiscal Year 2016 Audit Plan. As directed by UT System, our objective for this engagement was to assess whether the UT Arlington has adopted the rules and policies pertaining to procurement as required by section §51.9337 of the Texas Education Code (TEC).

Based on the audit procedures performed, we determined that the University has established the policies and procedures to meet the requirement of the TEC section §51.9337. The rules and policies pertaining to procurement were identified and substantiated.

We appreciate the courtesy and cooperation we received from the Procurement Services staff throughout this audit.

cc: Jean Hood, Vice President for Human Resources, UT Arlington  
Jennifer Chapman, Executive Director, University Compliance Services, UT Arlington  
Shelby L. Boseman, University Attorney, UT Arlington  
Stephanie Scott, Associate Vice President and Controller, UT Arlington  
Julia Cornwell, Senior Director, Procurement Services, UT Arlington

*Institutional Audit Committee Voting Members:*

Chairman: Randal Rose, Managing Director, JP Morgan Chase  
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Kelly Davis, Chief Financial Officer and Vice President, UT Arlington  
John Hall, Vice President for Administration and Campus Operations, UT Arlington  
Chandra Subramaniam, Interim Dean-College of Business Administration, UT Arlington

## **BACKGROUND INFORMATION**

Senate Bill 20 (SB 20) of the State of Texas 84th Legislative Session made an addition to the Texas Education Code (TEC) that outlines procurement policies that must be established by a governing board. TEC section §51.9337, which established the procurement policies to be adopted by institutions of higher education, included a requirement that the chief audit executive annually certify to the state auditor that the institution has established policies that comply with requirements of this section.

## **OBJECTIVE**

Determine whether the UT Arlington's current rules and policies pertaining to procurement comply with the requirements of the Texas Education Code (TEC) section §51.9337.

## **CRITERIA**

TEC section §51.9337, *Purchasing Authority Conditional; Required Standards*.

## **SCOPE AND METHODOLOGY**

Scope: UT Arlington's current procurement rules and policies in FY 2016.

Methodology: We utilized the following techniques to support our verification and validation:

- Interviewed key personnel in the Procurement Services department;
- Reviewed available policies and procedures;
- Validated compliance with TEC section §51.9337.

## **AUDIT RESULTS**

### **Objective: Rules and Policies**

Office staff has reviewed UT Arlington's available policies and procedures pertaining to procurement and validated them against TEC section §51.9337 summary of requirements.

In August 2016, we completed a compliance assessment of the UT Arlington's current rules and policies pertaining to procurement as required by UT System, the results of which were forwarded to the Senior Director of Procurement Services in an interim memo which noted that:

- Most of UT Arlington's then, currently adopted procurement policies and procedures had satisfied requirements of TEC section §51.9337 concerning the code of ethics, internal investigation of suspected irregularities, types and values of contracts with approval limitations, and training.

- Three open items as required by the TEC section §51.9337 were, however, uncompleted and in process at the time of the August 2016 compliance assessment; these included:
  - Completion of the **Contract Management Handbook**
  - Updating the **Purchaser Training & Certification Plan** for training requirements
  - Development of a **Contract Review Checklist**

Office staff recently completed a follow-up with respect to the status of the three open items noted above; our follow up found the following;

- **Contract Management Handbook** has been completed. This item has been reviewed by the UT System Office of General Counsel, and reviewed and finalized by UT Arlington's delegated authority.
- **Purchaser Training & Certification Plan** updates have been completed. This item has been reviewed by the UT System Office of General Counsel, and reviewed and finalized by the UT Arlington's delegated authority.
- Office of University Compliance and Legal Affairs completed a draft copy of the **Contract Review Checklist**; this document is to be reviewed and finalized by UT Arlington's delegated authority.

UT Arlington's current rules and policies pertaining to procurement have been substantiated to satisfy the requirements of TEC section §51.9337.

## **CONCLUSION**

There were no reportable findings noted in this engagement.

Our audit procedures have confirmed that UT Arlington has established the policies and procedures to meet the requirement of the TEC section §51.9337. The rules and policies pertaining to procurement were identified and substantiated.

Our examination was conducted in accordance with guidelines set forth in the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*. These *Standards* set criteria for internal audit departments in the areas of independence, professional proficiency, scope and performance of audit work, and management of the internal auditing department. UT System policy UTS 129 titled "Internal Audit Activities" requires that we adhere to the *Standards*.

We appreciate the courtesy and cooperation we received from the Procurement Services staff throughout this audit.