



August 18, 2017

John Joshua
Director
The University of Texas System Supply Chain Alliance
7007 Bertner Ave.
Houston, TX 77030

Dear Mr. Joshua,

The University of Texas (“UT”) System Audit Office has completed an audit of UT System Supply Chain Alliance control practices related to sourcing and management of contracts offered through its cooperative purchasing program. This audit was conducted as part of the UT System Accreditation Program for Texas State Agencies and Group Purchasing Organizations (“GPO Accreditation Program”).

Accreditation of the Supply Chain Alliance was granted based on information provided in its application, submitted on March 30, 2016. At that time, my office performed an assessment of the material collected to determine whether internal control procedures, as represented in the application, would meet minimum control standards if consistently applied. The minimum control standards include the requirements of both State and UT System procurement rules, such as open and competitive bidding, “Best Value” evaluation and award criteria, inclusion of opportunity for historically underutilized businesses, and post-award contract management. The objective of this audit was to validate that control practices are functioning as described to us during the accreditation process.

Based on interviews with staff, review of applicable documentation, and testing of a sample of Supply Chain Alliance contracts used by UT System institutions, sourcing and contract management controls as communicated to us during the accreditation process are in place and working as intended.

Thank you for your assistance during this audit. If you have any questions, please do not hesitate to contact me or Dyan Hudson at 512-499-4283.

Sincerely,

J. Michael Peppers, CPA, CIA, QIAL, CRMA
Chief Audit Executive

cc: Scott C. Kelley, Ed.D., Executive Vice Chancellor for Business Affairs
Richard St. Onge, Associate Vice Chancellor, Shared Services