



THE UNIVERSITY of TEXAS SYSTEM
FOURTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

Office of Governmental Relations
210 West 7th Street
Austin, Texas 78701-2903
512-499-4255
WWW.UTSYSTEM.EDU

Texas House of Representatives
Committee on Higher Education
Interim Charge Five, Request for Information

The University of Texas System

September 1, 2020

Stacey Napier
Vice Chancellor for Governmental Relations
The University of Texas System
210 West 7th Street
Austin, TX 78701
snapier@utsystem.edu
(512) 499-4255

Interim Charge 5:

Monitor the State Auditor's review of agencies and programs under the Committee's jurisdiction. The Chair shall seek input and periodic briefings on completed audits for the 2019 and 2020 fiscal years and bring forth pertinent issues for full committee consideration.

The State Auditor's Office issued report 19-032: An Audit Report on Selected Contracts at The University of Texas System, in February 2019. The objective of the audit was "to determine whether higher education institutions have administered certain contract management functions for selected contracts in accordance with applicable requirements." The report included four recommendations, one of which (1-B, below) resulted in two distinct action plans. All recommended actions have been fully implemented except for the first item described below.

Recommendation 1-B #1 (Medium): The [UT] System Administration should ensure that it reports all contracts to the LBB in accordance with statutory requirements.

Current Status: In progress; delayed by COVID-19 response. A committee of UT institution Contracts and Procurement leadership prepared a current-state assessment of added reporting burden, and a risk-based action plan to add non-appropriated fund contracts to LBB reporting in accordance with statutory requirements but without adding FTE resources. The action plan was completed in March 2020 but not yet implemented due to prioritization of COVID-19 response, which has resulted in permanent reductions in administrative staff at several institutions. Chief Procurement Officers will meet in September/October 2020 to discuss the impact staff reductions will have on the risk-based action plan and agree upon a feasible implementation date.

Recommendation 1-B #2 (Medium): The [UT] System Administration should strengthen its policies and procedures to ensure that all contracts are reported accurately.

Current Status: Fully implemented.

Recommendation 2 (Low): The [UT] System Administration should ensure that the [UT System Supply Chain] Alliance strengthen its procedures to complete and retain the required nepotism disclosure form for all applicable personnel prior to entering into a contract.

Current Status: Fully implemented.

Recommendation 3-A (High): The [UT] System Administration should ensure that the [UT System Supply Chain] Alliance conducts quarterly business reviews and obtains performance reports as required by contract terms; verifies the completeness and accuracy of performance reports submitted by suppliers; and develops and documents its processes related to risk assessment, monitoring, determination of performance and business relationship indicators, and negotiation of monitoring terms.

Current Status: Fully implemented.

Recommendation 3-B (Medium): The [UT] System Administration should ensure that the [UT System Supply Chain] Alliance develops and documents policies and procedures for administrative fee calculation and distribution, and develops and implements a process to ensure that it receives administrative fees in the correct amount and in a timely manner, according to contract requirements.

Current Status: Fully implemented.