



DEPARTMENT OF THE NAVY

OFFICE OF NAVAL RESEARCH
SAN DIEGO REGIONAL OFFICE
140 SYLVESTER RD
BUILDING 140, ROOM 218
SAN DIEGO, CA 92106-5490

IN REPLY REFER TO:
4330
Code 246/rg
Nov 10, 2022

Mr. Terance Flowers
Audit Liaison, Accounting and Financial Management Department
The University of Texas at Austin
PO Box 7159, Campus Mail Code: K5300
Austin, TX 78713

Dear Terance Flowers,

Enclosed is a copy of the Contractor Purchasing System Review (CPSR) report conducted at your institution September 12 – 16, 2022. Based on the results of this review the University of Texas at Austin's purchasing system is considered adequate to protect the government's interest and is approved through November 30, 2025.

Approval of your purchasing system is given pursuant to FAR Subpart 44.3 and applies to all Federal Government contracts to the extent that cross-servicing arrangements exist. System approval shall automatically terminate at the end of the approval period, unless approval period is extended; or, when any significant change occurs in the system unless approved by the ACO. It may be withdrawn at any time at the discretion of the ACO.

This approval may waive some of the consent to advance notifications requirements for certain subcontracts per the subcontracting clause (FAR 52.244-2 and Agency supplements.)

Copies of this approval letter and the report are being provided to the cognizant audit agency and to major federal funding agencies for their information and use.

The cooperation and assistance provided during the review were excellent and greatly appreciated. Please convey my thanks to everyone involved. If you have any questions regarding the review or the report, please contact me at rachel.a.gmyr.civ@us.navy.mil.

Sincerely,

RACHEL GMYR
Administrative Contracting Officer

cc: (w/attach)
James Santaniello, ONR Purchasing Manager
Ellen Simonoff, ONR Small Business Director

CONTRACTOR PURCHASING SYSTEM REVIEW (CPSR)

CONTRACTOR NAME AND ADDRESS

Contractor name:

University of Texas at Austin (UTA)
1616 Guadalupe St.
Suite 3.302
Austin, TX 78701

ORGANIZATION CONDUCTING REVIEW

Team Leader:

James Santaniello
Office of Naval Research (ONR)
ONR San Diego
495 Summer Street, Room 621
Boston, MA 02210-2109

Phone Number:

(339)232-3195

Period of On-Site (Virtual) Review: September 12-16 and 19-22, 2022

Period Included in the Review: September 1, 2021 to August 31, 2022

Report Date: October 26, 2022



JAMES SANTANIELLO

RELEASE OF THIS REPORT IS COVERED BY THE FREEDOM OF
INFORMATION ACT, 5 U.S.C. 552.

THE SUPPORTING WORK PAPERS APPLICABLE TO THIS REPORT ARE
RETAINED IN THE FILES OF THE COGNIZANT CONTRACTING OFFICER.

1. REVIEW TEAM MEMBERS AND REVIEW METHODS

a. The team members participating in the review:

(Name)	(Title/Organization)
James Santaniello	ONR, CPSR Purchasing Analyst, Boston, MA
Rachel Gmyr	ACO/AGO ONR Regional Office, San Diego, CA
Ellen Simonoff	Associate Director of Small Business, ONR Headquarters, Arlington, VA

b. UTA personnel contacted:

Terence Flowers	Audit Liaison
Rogelio Anasagasti	Assistant V. P. for Procurement and Payment Services
Celina Mercado	Procurement Contracting Officer
Monica Brown	Purchasing Manager, Applied Research Laboratories (ARL)
Patty Hamm	Assistant Director for Administrative Services Applied Research Laboratories (ARL)
Linda Shaunessy	Business Contracts Administrator
Valerie Baldwin	Assistant Director, Sponsored Projects Award (SPAA)
Tracy Hardwick	Accounting Manager, Applied Research Laboratories

c. Review methods included: analysis of purchasing ethics; purchasing and subcontracting policies and procedures; examination of selected federally funded purchase order, subcontract, and consultant agreement files to determine the adequacy of UTA's file documentation; and interviews with UTA staff to gain knowledge of the operations of the purchasing organization.

2. PREVIOUS STATUS OF THE PURCHASING SYSTEM

Based upon the last CPSR conducted July 2019, UTA's purchasing system was approved and subsequently extended through the time of this CPSR. No recommendations resulted from the previous 2019 CPSR.

3. STATISTICAL DATA

The federally funded sample selected for this review was based upon listings of purchase orders and subcontracts issued from September 1, 2021 to August 31, 2022. A total of 54 awards with a dollar value of approximately \$16.4 million were reviewed. Information concerning the degree of competition, the number of sole source awards, and awards with adequate cost or price analysis is documented in the applicable sections of this report.

4. CURRENT RECOMMENDATIONS TO THE CONTRACTOR

One (1) minor recommendation is offered as a result of this current 2022 CPSR effort and is as follows:

UTA update its Terms and Conditions compliance by adding the following Counterfeit Parts related clauses:

DFARS 252.211-7003 (Unique Item)
DFARS 252.244-7001(c) 19, 20, and 21.
DFARS 252.246-7007 (CAS)
DFARS 252.246-7008 (non-CAS)

5. COMMENTS ON THE CONTRACTOR'S EFFECTIVENESS IN MAJOR PURCHASING AREAS:

a. Purchasing Organization

UTA Purchasing falls under the Office of the Senior Vice President and Chief Financial Officer, Darrell Bazzell. Three different procurement groups reside within UTA: The Applied Research Laboratories (ARL), The Office of Sponsored Projects (OSP), and the Purchasing Office. From the Purchasing Office and reporting to Mr. Bazzell is Assistant Vice President for Procurement and Payment Services, Rogelio Anasagasti. Several buyers, managers, coordinators, and administrators report to Mr. Anasagasti.

The Applied Research Laboratories (ARL) is headed by Patty Hamm, Assistant Director for Administrative Services. Monica Brown, Manager of Purchasing reports to her. ARL has several various departments that report to Ms. Hamm.

The Office of Sponsored Projects (OSP) is the coordinating office that oversees sub awards, including sponsored projects, grants, and other externally funded research and procurement and is headed Renee Gonzales, Assistant Vice President and Director.

Terence Flowers acted as liaison for this CPSR of UTA and provided the CPSR Analyst with solid support over the duration of the CPSR effort. The CPSR Analyst was appreciative for all his efforts.

The CPSR analyst observed that this organizational structure functioned cohesively as UTA seemed focused and prepared during the entirety of the CPSR process. All of UTA purchasing seemed very impressive in administering the copious purchasing requirements of UTA while complying with all of the ever-changing regulations. The review proceeded satisfactorily after some data transmission difficulties during the first few days, which delayed the closing until the following week of September 19-22. Otherwise, the UTA procurement staff was very adept and rapidly supplied all pertinent documentation (virtually) via the DoD SAFE drop box program and other means. The highly qualified and experienced staff again attained a 100% completion ratio as they had done in the 2019 CPSR. This is a great accomplishment and highly commendable.

UTA "Handbook of Business Procedures" Part 7 "Purchasing" detail the intricacies of the procurement policies of UTA and shows all relative delegations and authority. This information contained all UTA's purchasing, subcontracting, and consulting policies, forms, procedures, and terms and conditions. UTA "Handbook of Business Procedures" 7.3 "Purchasing Ethics" addresses UTA's policy on code of ethics and conflicts of interest for every employee, as well as members of their purchasing organizations which are the Applied Research Laboratories, the Office of Sponsored Projects (OSP), and the University's Purchasing Office. This organizational array operated seamlessly, with all Purchasing departments having sufficient separation in operation relative to other UTA departments.

b. Extent of Competition

UTA "Handbook of Business Procedures" 7.4. 2 "Solicitation of Price Quote" states that for orders \$0-\$15,000, competition is encouraged but not absolute. Awards in the \$15000.01-\$50,000 range should be competitively solicited, with a three proposal minimum. Statistics taken from the sample selected exhibited 3 of the 54 awards reviewed had been issued competitively. This was down from the 17% attained in the 2019 CPSR. The research and development procurement environment can be tough to reach consistent competition rates year after year and for many reasons.

c. Written Policies and Procedures

UTA "Handbook of Business Procedures" has procedures and policies that adequately details important federal procurement areas. The CPSR analyst reviewed all of UTA's policies and procedures as well as several UTA forms, charts, and other information.

Numerous discussions between the CPSR Analyst, and UTA personnel in these areas, were conducted throughout the week of the (virtual) in-house segment of the CPSR.

d. Control of Sole Source Transactions

UTA “Handbook of Business Procedures” 7.5.3 “Exclusive Acquisition” offers guidance for buyers concerning sole source purchasing and pricing justification. All 51 sole source orders examined contained adequate documentation to bolster all of the sole source awards. This was consistent with the 2019 CPSR in which every sole source purchase had sufficient source selection documentation. This impressive statistic boldly displayed UTA’s comprehensive procedures and qualified staff have established a very efficient and distinguished purchasing system.

e. Price and Cost Analysis Methods

UTA “Handbook of Business Procedures” 7.6.2 “Cost Reasonableness/Price Analysis” urges UTA to justify the choice of a particular vendor and to obtain price reasonableness as noted in FAR Part 15.404-1(b). One-hundred percent of the awards included in the review contained sufficient price analysis. The CPSR Analyst could easily locate information detailing price reasonableness. Price listings and past pricing data were the most numerous forms of price reasonableness. This was the same as the 100% level attained in the 2019 CPSR and considered by ONR to be a notably positive trend to reach this level consistently.

UTA “Handbook of Business Procedures” 7.6.2 and other buyer checklists relays the requirements for obtaining cost or pricing data, and a Certificate of Current Cost or Pricing Data as required by Public Law 87-653, Truth in Negotiations Act (TINA) now at the single-source \$2,000,000 threshold. Two of the purchases reviewed needed TINA compliance and were satisfactory.

f. Documentation of Award Files

The review of the procurement files, purchase orders, and subcontracts showed that they were well organized and orderly, even in their electronic format as was required by this remote CPSR format. The areas of sole source justification, price analysis documentation, pre-award certifications (Debarment and Anti-Lobbying), subcontracting plans, purchase order terms and conditions and compliance with Government Supply source requirements, were found to be very well-managed, with an impressive 100% adequacy ratio. This was the same as the excellent 100% ratio attained in the 2019 CPSR and showed solid competency by UTA procurement. Obtaining small business subcontracting plans from large business vendors was needed in three instances, and all were found compliant. Also, Public Law 101-121 “Payments to Influence Federal Transactions” (Anti-Lobbying) (FAR 52.203-11) was complied with in all 29 required instances.

g. UTA Small Business Program

In conjunction with the CPSR, a review of UTA's Small Business Program will be conducted by the ONR Director of Small Business. The UTA informational submission will be reviewed by ONR. The results of this review will be forwarded to all parties via the ACO, upon completion.

h. Purchase Order Terms and Conditions

The current UTA Purchase Order Terms and Conditions were found to be adequate and offered adequate representations, certifications, federal flow down provisions, and FAR dollar thresholds. A minor recommendation concerning FAR and DFARS Counterfeit Item flow down clauses was given to UTA.

i. Subcontract Administration

UTA Subcontracting policy addresses the requirements for the issuance and administration of subcontracts. All (100%) of the 54 related awards contained adequate sole source justifications and adequate cost or price analysis documentation. Two of the 54 awards reviewed required compliance with Public Law 87-653, Truth in Negotiations (TINA). Three of the subcontracts included in the review required a small business subcontracting plan from the large business subcontractor and all were compliant. The CPSR Analyst also found that there were no advance notification requirements in the award sample reviewed.

6. OTHER MATTERS

The preliminary results from this review were provided to the UTA purchasing during an exit meeting conducted on September 22, 2022. UTA subsequently submitted a Corrective Action Plan (CAP) dated October 13, 2022. This plan was approved by ONR on October 26, 2022, thus satisfying the above minor recommendation.

The CPSR analyst felt very confident about the UTA purchasing function and its management of the purchasing dollar risk for the Government, even though this 2022 CPSR had to be performed virtually.

Distribution:

R. Gmyr/ ACO ONR San Diego

J. Santaniello/ ONR San Diego

T Flowers/U.Texas @ Austin