



THE UNIVERSITY OF TEXAS SYSTEM AUDIT OFFICE
UTIMCO CMS & CPS Controls Audit Report
Fiscal Year 2025

SUMMARY

BACKGROUND: The University of Texas/Texas A&M Investment Management Company (UTIMCO) is a 501(c)(3) corporation that was formed to manage investments for The University of Texas and The Texas A&M University Systems. UTIMCO is a separate legal entity and is not a state agency. UTIMCO manages the Intermediate Term Fund (ITF) and the Short Term Fund (STF), which are pooled funds for the collective investment of operating funds held by The University of Texas (UT) System institutions, including UT System Administration.

UTIMCO recently modernized its Core Management System (CMS) and Client Participation System (CPS) applications, which are the internal and external interfaces, respectively, for the administrative management of the funds. While the CMS/CPS modernization project resulted in a newer “look and feel” for the user interface and included enhancements for user account management and authorization, the key processes and controls remain unchanged.

UTIMCO staff use CMS to view balances, view and create transactions, manage the ITF price, manage the income and distribution processes, maintain wire account information, and generate reports. Staff from the UT System institutions, including UT System Administration, use CPS to initiate wires in and out of the STF and perform transfers between the STF and ITF. In addition, institutions can use CPS to initiate wire transfers to vendors that the institutions have authorized to receive funds. Between July 1, 2024, and May 31, 2025, there was a gross total of 9,837 CPS transactions (including transfers between the STF and ITF and between institutions, for which both the buy and sell transactions are recorded) with a market value exceeding \$65 billion.

OBJECTIVE: The objective of this audit was to determine whether proper internal controls are in place and effective for the CMS/CPS application.

CONCLUSION: Overall, the key controls in place over the CMS/CPS application were functioning as intended. This audit resulted in no reportable observations requiring management action plans, and UTIMCO addressed observations that we identified during the audit to enhance the existing controls that were in place.

OBSERVATIONS

The System Audit Office has completed an audit of the key controls in place over the CMS/CPS application and found that adequate internal controls are in place and functioning as intended. However, minor items, including instances where the performance of a control did not significantly deviate from the written control descriptions, were communicated separately to management to strengthen controls related to user verification and retention of supporting documentation.

Modernizing the CMS/CPS application included implementation of Shibboleth single sign-on (SSO) so that UT System institutional CPS users can access the application with their institutional credentials instead of separate credentials maintained for CMS/CPS application. With Shibboleth SSO, users are authenticated through their institutions, enabling them to implement multi-factor authentication (MFA) as part of the user authentication process. UT System Policy UTS 165 requires MFA for “systems that store, process, or transmit confidential data,” which includes banking information. While UTIMCO is not directly subject to UTS 165, UTIMCO has already enabled MFA for its users to access CMS. However, we found that most UT System institutions did not activate MFA for their users to access CPS. After we informed UTIMCO, UTIMCO worked swiftly with executive leadership from UT System Administration and the UT System institutions to enable MFA, which will strengthen access controls and information security.



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METHODOLOGY

The System Audit Office conducted this engagement in accordance with the Global Internal Audit Standards and generally accepted government auditing standards (GAGAS). Those standards require that we plan and perform the engagement to obtain sufficient, appropriate evidence to provide a reasonable basis for our observations and conclusions based on our objectives. We believe that the evidence obtained provides a reasonable basis for our observations and conclusions based on our objectives. The System Audit Office is independent per GAGAS requirements for internal auditors.

SCOPE AND PROCEDURES

The scope of this audit included CMS/CPS activity primarily during July 2024 through June 2025.

The audit procedures consisted of gaining an understanding of the CMS/CPS application by meeting with UTIMCO management, reviewing UTIMCO's process documentation, and testing on a sample basis the key controls identified in the process documentation. We tested 18 key controls across four process documents (listed in the "Criteria" section below) written by UTIMCO management related to CMS/CPS activity.

OBSERVATION RATINGS

Priority	An issue that, if not addressed timely, has a high probability to directly impact achievement of a strategic or important operational objective of System Administration or the UT System as a whole.
High	An issue considered to have a medium to high probability of adverse effects to a significant office or business process or to System Administration as a whole.
Medium	An issue considered to have a low to medium probability of adverse effects to an office or business process or to System Administration as a whole.
Low	An issue considered to have minimal probability of adverse effects to an office or business process or to System Administration as a whole.

CRITERIA

- UTIMCO Process Documentation
 - Client Participation System User and Wire Authorization
 - Short Term Fund
 - Intermediate Term Fund Distributions and Reinvestments
 - Intermediate Term Fund Rebalancing
- UTS 165 Information Resources Use and Security Policy

REPORT DATE

September 9, 2025

REPORT DISTRIBUTION

To: Richard Hall, President, Chief Executive Officer, and Chief Investment Officer, UTIMCO
Cc: Joan Moeller, Senior Managing Director and Chief Operating Officer, UTIMCO
Gary Hill, Managing Director - Operations, Accounting and Reporting, UTIMCO
Yvette Cowell, Senior Director - Operations, Accounting and Reporting, UTIMCO
Terry Hull, Chief Financial Officer and Associate Vice Chancellor for Finance, UT System
UT System Administration Internal Audit Committee
External Agencies (State Auditor, Legislative Budget Board, Governor's Office)