



BACKGROUND: The University of Texas (UT) System Administration’s Office of Finance (Finance) is responsible for managing UT System’s banking relationships. Finance team members also execute wire transfers and reconcile the cash general ledger accounts for UT System Administration. Wire transfers are performed through the online banking portals for JPMorgan Chase Bank and Wells Fargo Bank. Finance also performs wire transfers through the Client Participation System (CPS), an application developed by The University of Texas/Texas A&M Investment Management Company (UTIMCO) to manage holdings in the Short Term Fund (STF). UTIMCO manages the STF, which is a pooled fund for the collective investment of operating funds held by the UT System institutions, including UT System Administration. Finance performs wire transfers to make various vendor and debt service payments, as well as receives incoming funds, mainly from other UT System institutions. Additionally, Finance performs wire transfers for cash management by transferring funds between the STF and the banks for operational and investment purposes.

UT System Administration’s STF activity in CPS (by dollar and volume, excluding rebalancing, distribution, reinvestment, and income activity) for September 1, 2024, through January 31, 2026, is shown below:

Transactions Relating To	Market Value	Count
Buy STF	\$7,582,872,663	435
Sell STF	\$8,837,948,670	557
Incoming Transfer Between Institution	\$6,920,649,329	1,312
Outgoing Transfer Between Institution	\$5,395,975,194	755
Transfer Within Institution	\$6,104,436,151	638

According to bank statement data recorded in PeopleSoft, below is a summary of UT System Administration’s wire transfer activity (by dollar and volume) by bank for September 1, 2024, through January 31, 2026:

Bank	Outgoing Wires	Count	Incoming Wires	Count
Bank of America	\$0	0	\$61,000	2
JPMorgan Chase	\$1,358,792,751	282	\$4,252,329,362	545
Wells Fargo	\$21,625,897	150	\$228,573	4

OBJECTIVE: The objective of this audit was to determine if proper internal controls are in place and are effective for UT System Administration’s process for wire transfers.

CONCLUSION: The System Audit Office completed an audit of the wire transfer activity at UT System Administration with the support of the Office of Finance, which is staffed by a small team of experienced personnel who handle most of the wire transfer activity at UT System Administration. Overall, we identified no issues with the sample of wire transfers tested; they were properly supported and accurately recorded. However, we noted opportunities to strengthen internal controls by ensuring adequate segregation of duties, documenting user access reviews, and developing policies and procedures.

OBSERVATIONS

- 1**
Medium

 Without adequate segregation of duties over wire transfer creation, approval, and reconciliation, there is a higher risk that errors or inappropriate activities occur without being detected.

- 2**
Medium

 Without periodic and documented reviews of user access to bank portals, there is a risk that individuals will retain unnecessary access to sensitive banking information, increasing exposure to unauthorized access and related information security risk.

- 3**
Low

 Without documented policies and procedures, there is a risk that operations may be disrupted during emergencies or periods of staff unavailability, leading to delays, errors, or loss of institutional knowledge.

Management developed action plans that incorporated System Audit Office recommendations to address these observations and anticipates implementation by August 31, 2026.



Ensure Adequate Segregation of Duties

Without adequate segregation of duties over wire transfer creation, approval, and reconciliation, there is a higher risk that errors or inappropriate activities occur without being detected.

Segregation of duties is a key control that generally requires functions within a process to be divided so that no single person has control over multiple parts of a transaction. This key control is required by UTS 167, Section 10.1, which states: “All money wires will be made electronically and preferably established on a repetitive basis if feasible. All electronic transactions for the withdrawal or transfer of funds from a banking institution will require action from a minimum of two authorized individuals. [...]

Non-repetitive actions shall require dual initiation/release: one authorized individual to initiate and one to release the wire or transfer.”

We did not identify any segregation of duties issues with the JPMorgan Chase Bank wire transfers, and the online portal enforces appropriate segregation of duties; however, we identified two separate instances where adequate segregation of duties could be enhanced:

- Finance’s Director of Treasury (Director) is both a CPS user and also reviews the cash general ledger account reconciliations. Although the reconciliations are performed by other Finance personnel, those personnel report to the Director of Treasury. Because the Director is able to both initiate CPS wire transfers and review the cash reconciliations, segregation of duties is limited, increasing the risk of error or inappropriate activity. This risk could be mitigated by limiting the execution of CPS wire transfers to Finance staff other than the Director or having a separate person review the cash reconciliations when the Director performs transactions.
- University Lands (UL) has separate Wells Fargo Bank accounts that were established to facilitate trust mineral transactions. The UL Director of Budget and Revenue is the only authorized user for wire transactions on these accounts, and there is no dual approval of wire transactions as required by UTS 167. The risk of error or inappropriate activity could be mitigated by having at least two authorized individuals involved in the wire transfer process.

ACTION PLAN

The Director of Treasury currently retains the ability to initiate wire transfers as a backup when Finance staff are unavailable; however, Finance will request removal of CPS wire initiation access. Note that CPS wire instructions are managed by UTIMCO. Finance staff cannot add or modify CPS wire instructions. Requests to add or change CPS wire instructions must be submitted to UTIMCO in writing and must include sign-off from two designated Finance staff members.

Finance is coordinating with University Lands to update user entitlements for Wells Fargo accounts and align wire payments processes in line with System policy.

Anticipated Implementation Date: June 30, 2026



Perform and Document Periodic Reviews of User Access

Without periodic and documented reviews of user access to bank portals, there is a risk that individuals will retain unnecessary access to sensitive banking information, increasing exposure to unauthorized access and related information security risk.

UTS 165.2.1 Access Management Standard, Subsection 1: Access Enforcement states: “Review access authorizations at least once every 12 calendar months or sooner using a UT Institution-defined risk-based approach and revoke or update access authorizations as necessary based on changes to access or business need.” In addition, certain banking information is considered confidential data under Texas Government Code §552.136(b), and access to that information should be limited to those who need it to perform their job duties.

Currently, UTIMCO confirms user access to CPS quarterly; however, Finance does not maintain documented reviews of user access to UT System Administration’s bank accounts in the online portals. While only Finance personnel are authorized to transact on those accounts (and the authorized users have not changed in several years), there are some users outside of Finance who have read-only access to JP Morgan Bank accounts through the online portals. In addition, access to the banks’ online portals cannot be managed through UT System Administration’s identity and access management controls (e.g., Shibboleth, Microsoft Entra ID, Active Directory, etc.). Without periodic reviews of user access, there is a risk of users retaining access to banking information when such access is no longer needed.

Additionally, UL has not performed a user verification review of their Wells Fargo bank accounts, as there have not been any recent changes to their users either.

ACTION PLAN

Finance has performed periodic reviews of bank access; however, we have not consistently retained sufficiently documented evidence of these reviews. Finance has documented the access review requirements and is implementing a standardized, scheduled access review at least annually for bank portals and other financial systems, including documentation retention and management sign-off.

Anticipated Implementation Date: May 31, 2026



Maintain Documentation of Policies and Procedures, Including Business Continuity Planning

Without documented policies and procedures, there is a risk that operations may be disrupted during emergencies or periods of staff unavailability, leading to delays, errors, or loss of institutional knowledge.

UTS 165.2.4 Business Continuity & Disaster Recovery Standard, Subsection 1: Business Continuity & Disaster Recovery Planning states: “Develop and document business continuity and disaster recovery plans as determined necessary [...]” While Finance recently participated in a UT System Administration tabletop exercise, it does not have documented business continuity procedures. The Finance team is small and very experienced and believes that they would be able to maintain operations in case of an emergency. However, the risk of business interruption increases without readily available documentation with clear guidance on emergency procedures,

especially if any key team members are unavailable.

The Finance team also has documented policies and procedures and internal job aids for UTIMCO CPS. However, some operational matters, such as the targeted daily bank balances, wire transfer transaction limits for authorized users, and reconciliation processes, are not formally documented. Although the current Finance team is familiar with day-to-day operations, insufficient written documentation can result in challenges if multiple key employees are absent or in cases of business interruption impacting the entire team. In addition, policies and procedures help preserve institutional knowledge and serve as a baseline training tool when there are staffing or organizational changes.

ACTION PLAN

Finance has performed business continuity planning activities; however, it does not currently maintain a formal, readily accessible business continuity procedure for wire transfer operations. Finance is documenting business continuity requirements and implementing a standardized, scheduled review process to keep procedures current, including documentation retention and management sign-off. The procedures will address response and recovery considerations for disruptions affecting PeopleSoft (ERP), the network, bank connectivity, and cybersecurity events.

Finance will review the UTIMCO CPS Cash Management User Manual and existing bank procedures and will complete additional documentation as required to ensure that CPS and bank process documentation is comprehensive. This includes creating a bank entitlements user guide that documents access by role and/or user including wire transaction limits.

Anticipated Implementation Date: August 31, 2026



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 UT System Administration wire transfer activity primarily during September 2024 through January 2026.

The audit procedures consisted of reviewing background information and criteria related to wire transactions, meeting with Office of Finance personnel to gain an understanding of UT System Administration’s wire transfer processes and controls, and testing a sample of wire transfer controls and transactions. We obtained a population of CPS and bank wire transactions for the scope period (as illustrated on the Summary page) and judgmentally selected for testing a sample of 10 CPS and 21 bank wire transactions based on dates, accounts, users, and other attributes to get broad coverage of the population. Testing was performed to determine whether the selected wire transactions were adequately supported, properly recorded, and for an appropriate purpose.

We will follow up on action plans in this report to determine their implementation status. We validate implementation of action plans for Priority- and High-level observations and review and rely on written affirmation from the responsible department to track completion of action plans for Medium- and Low-level observations. Responsible departments may request an extension to implement their action plans. Extension requests for Priority- and High-level observations require approval by the appropriate executive officer. This process will help enhance accountability and ensure that timely action is taken to address the observations.

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

- UTS 165 Information Resources Use and Security Policy
- UTS 167 Banking Services Policy
- HOP 2.1.7 Cost Center/Project Reconciliations & Segregation of Duties

REPORT DATE

May 11, 2026

REPORT DISTRIBUTION

To: Terry Hull, Associate Vice Chancellor for Finance and Chief Financial Officer
Cc: Jonathan Pruitt, Executive Vice Chancellor for Business Affairs and Chief Operating Officer
Allen Hah, Assistant Vice Chancellor for Finance
Monica Barria, Director of Treasury
UT System Administration Internal Audit Committee
External Agencies (State Auditor, Legislative Budget Board, Governor’s Office)