



A Legislative Summary Document Regarding The University of Texas System Administration

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Since 1996, the University of Texas Investment Management Company (UTIMCO), the nonprofit corporation that manages the investment assets of The University of Texas System Administration, has improved its ethics policies and procedures, increased public accessibility to investment decisions, obtained independent reviews of investment operations, and implemented better investment policy compliance monitoring.

Prepared for the 78th Legislature
by the State Auditor's Office

January 2003

SAO No. 03-350

This is not an audit report and, with the exception of any audit report summaries, the material in this document has not been subjected to all of the tests and confirmations performed in an audit.

The University of Texas System Administration

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Key Findings from Previous Audits and Reviews

January 1, 2001–December 31, 2002

Comparative Investment Performance Report for Major Investing Entities

The State Auditor's Office will release a report in early 2003 on the investment performance of The University of Texas System Administration.

A Follow-up Report on Two Reviews of Controls Over Investment Practices at State Investing Entities

(Report No. 01-017, January 2001)

The University of Texas Investment Management Company (UTIMCO), the nonprofit corporation that manages the investment assets of The University of Texas System Administration (System), implemented most of our 1996 recommendations. However, UTIMCO should consider revising its performance bonus plan to ensure that it bases employee bonuses on objective, rather than discretionary, criteria.

Status of Audit Recommendations as of November 30, 2002 (unaudited)	
The System has reported the following:	
Implemented	1
Total recommendations	1

Since 1996, UTIMCO has improved its ethics policies and procedures, increased public accessibility to investment decisions, obtained independent reviews of investment operations, and implemented better investment policy compliance monitoring. The System Board of Regents (Board) chose not to retain an independent consultant on an ongoing basis to assist it in overseeing the activities of UTIMCO. Management previously indicated that the Board did not believe such action was necessary.

An Audit Report on State-Issued Bonds for Fiscal Year 2001

(Report No. 02-035, April 2002)

The bond-issuing state agencies and higher education institutions we audited complied with all significant bond covenants, laws, and regulations regarding bonded debt during the fiscal year ending August 31, 2001. In addition, these entities reported accurate information for the supplementary bond schedules included in the Texas 2001 Comprehensive Annual Financial Report (CAFR).

The total amount of outstanding bond issues of The University of Texas System Administration, as of August 31, 2001, was \$1,412,255,000.

Quality Assurance Team Reviews

Conducted by the Legislative Budget Board and State Auditor's Office

Completed Projects

Quality Assurance Team Annual Report – January 2003

The University of Texas System Administration (System) completed the Office of Information Resources—Common Data Warehouse project at a cost of \$1,135,310 on August 31, 2002. The initial budget was \$2,800,000, and the initial completion date was August 31, 2002.

The University of Texas System Administration

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Completed Projects**Quality Assurance Team Annual Report – January 2002**

The System completed the Office of Information Resources—Smart Card project at a total cost of \$197,049.