

MINUTES OF THE  
**Finance Commission Audit Committee Meeting**  
Friday, April 19, 2013

The Audit Committee of the Finance Commission of Texas met Friday, April 19, 2013, in the Finance Commission Building, William F. Aldridge Hearing Room, 2601 North Lamar Boulevard, Austin, Texas.

**Members in attendance:**

Cindy Lyons, Audit Committee Chair  
Lori McCool, Audit Committee Member

**Members absent:**

Victor Leal, Finance Commission Member (excused)

**Others in attendance:**

Doug Foster, Executive Director to the Finance Commission and Commissioner, Texas Department of Savings and Mortgage Lending (SML)  
Charles Cooper, Commissioner, Department of Banking (DOB)  
Leslie Pettijohn, Commissioner, Office of Consumer Credit Commissioner (OCCC)  
Stephanie Newberg, Deputy Commissioner, DOB  
Antonia Antov, Director of Administration and Finance, SML  
Christina Cuellar, Manager of Accounting, OCCC

Audit Committee Chair Cindy Lyons announced a quorum with two Committee Members (Ms. Lyons and Ms. McCool) present. She called the meeting to order at 8:02 a.m.

**Review and Approval of Minutes of the February 15, 2013, Audit Committee Meeting**

Lori McCool made a motion to approve the minutes of the February 15, 2013, Audit Committee meeting. Chair Lyons seconded and the minutes were adopted.

**Audit Committee Review of Agencies' Activities:**

***Office of Consumer Credit Commissioner***

Commissioner Pettijohn provided an overview of the Outstanding Audit Findings and noted that the findings from the business licensing audit recommendations had been fully implemented. She highlighted the two new audit findings regarding the integrated automated fingerprinting system from the Department of Justice. The Commissioner also commented on the Texas Workforce Commission on-site audit scheduled for May 7, 2013.

***Texas Department of Banking***

Commissioner Cooper provided an overview of the Outstanding Audit Findings noting the examination report finding from the State Auditor's Office had been substantially implemented. He continued with a discussion regarding the average number of days late commercial bank examinations were in the first two quarters.

***Texas Department of Savings and Mortgage Lending***

Commissioner Foster provided an overview of the Outstanding Audit Findings and summarized the recent State Office of Risk Management audit. All audit items are completed except for the national business continuity planning test that will be held in June. The Commissioner also commented on the Texas Workforce Commission on-site audit scheduled for May 21, 2013.

**Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Agencies' February 28, 2013, Investment Officer Reports.**

***Office of Consumer Credit Commissioner***

Christina Cuellar provided an overview of the Agency's Investment Officer Report while highlighting the Texas Financial Education Endowment fund.

Commissioner Pettijohn commented on the Texas Financial Education Endowment fund's investment on April 1, 2013, into the endowment portfolio at the Texas Treasury Safekeeping Trust.

***Texas Department of Banking***

Commissioner Cooper provided an overview of the Insurance-Funded Prepaid Funeral Guaranty Fund and the Trust Funded Prepaid Funeral Guaranty Fund quarterly reports. He continued with an update on seized prepaid funeral funds. The Commissioner mentioned that Deputy Commissioner Newberg and Mr. Saucillo completed the required biennial training under the Texas Public Funds Investment Act.

***Texas Department of Savings and Mortgage Lending***

Commissioner Foster provided an overview of the Investment Officer Report detailing the Agency's certificates of deposit and other funding activity. The Commissioner mentioned that Ms. Antov and Mr. O'Shields completed the required biennial training under the Texas Public Funds Investment Act.

There was discussion regarding the biennial training requirement for investment officers. The training is done through the University of North Texas Center for Public Management.

Ms. McCool made a motion to recommend that the Finance Commission accept the Agencies' February 28, 2013, Investment Officer Reports. Chair Lyons seconded and the motion was adopted.

**Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Agencies' Second Quarter Financial Statements.**

***Office of Consumer Credit Commissioner***

Ms. Cuellar provided an overview of the Agency's Second Quarter Financial Statements. She detailed the variances while explaining the Agency's revenues and expenditures, noting the Agency's assessments for refund anticipation facilitators were below budget due to the decrease in registrations. This decline is anticipated to continue over the next couple of years.

***Texas Department of Banking***

Ms. Newberg provided an overview of the Agency's Second Quarter Financial Statements, highlighting the total revenue and budgeted expenditures. She introduced two new employees Sami Chadli, Director of Administrative Services and Paula Urban, Chief Accountant.

There was discussion among members regarding the continuation for each agency to include accounts payable information in their reports. Ms. Newberg and the commissioners addressed the questions.

***Texas Department of Savings and Mortgage Lending***

Director Antov provided an overview of the Agency's Second Quarter Financial Statements. She highlighted total revenues and expenditures, licensing fees, penalties, and also discussed the Agency's current travel budget.

Ms. McCool made a motion to recommend that the Finance Commission accept the agencies' Second Quarter Financial Statements. Chair Lyons seconded and the motion was adopted.

**Discussion of and Status Report on the Texas Financial Education Endowment Fund.**

Commissioner Pettijohn provided an overview of recent activity pertaining to the Texas Financial Education Endowment Fund. She highlighted the administrative and grant oversight portion of the program and commented on the alternatives for the administration of the program, including the possibility of preparing a Request for Proposal for outside services for an experienced grant manager. There was also discussion regarding the alternative of hiring of a limited term employment position for a grant coordinator.

There being no further business, Committee Chair Cindy Lyons adjourned the meeting of the Audit Committee of the Finance Commission on April 19, 2013, at 8:27 a.m.

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Cindy Lyons, Chair of the Audit Committee  
Finance Commission of Texas

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Doug Foster, Executive Director of the  
Finance Commission of Texas

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Tammy King Wooten, Executive Assistant  
Finance Commission of Texas