

MINUTES OF THE **Finance Commission Audit Committee Meeting**

The Audit Committee of the Finance Commission of Texas met Friday, April 11, 2014, in the Finance Commission Building, William F. Aldridge Hearing Room, 2601 North Lamar Boulevard, Austin, Texas.

Members in attendance:

Lori McCool, Audit Committee Member

Members absent:

Cindy Lyons, Audit Committee Chair

Victor Leal, Audit Committee Member

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)

Sami Chadli, Director of Accounting, (DOB)

Antonia Antov, Director of Administration and Finance, (SML)

Christina Cuellar, Manager of Accounting, (OCCC)

Audit Committee Member Lori McCool announced a quorum was not present with only one Committee Member attending. She called the meeting to order at 8:32 a.m.

Audit Committee Review of Agencies' Activities:

Office of Consumer Credit Commissioner

Commissioner Pettijohn provided an overview of the Outstanding Audit Findings report and presented an update on the remaining items. The agency is awaiting the final report from the Texas Comptroller of Public Accounts on the recently completed post-payment audit.

Texas Department of Banking

Commissioner Cooper provided an overview of the Outstanding Audit Findings report noting two items from the State Auditor's Office (SAO) regarding the timeliness of examination report processing and conducting bank examinations. There have been substantial and continued improvements in both audit areas.

He reported that the agency is awaiting the final report from the Texas Comptroller of Public Accounts on the recently completed post-payment audit. The agency has received the State Office of Risk Management (SORM) risk assessment audit report and implemented the recommended audit items.

Texas Department of Savings and Mortgage Lending

Commissioner Foster reported the agency has no current Outstanding Audit Findings to report at this time.

Discussion of the Agencies' February 28, 2014, Investment Officer Reports.

Office of Consumer Credit Commissioner

Commissioner Pettijohn provided an overview of the agency's Investment Officer Report.

She continued with an update and summary of the investment portfolio for the Texas Financial Education Endowment Fund. She further reported on the second quarter renewal process with additional funds being added from the credit access business assessments.

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 a summary and update on seized prepaid funeral funds.

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. He discussed the opening of an additional CD and provided an update on the claims against the recovery funds report.

Discussion of the Agencies' Second Quarter Financial Statements.

Office of Consumer Credit Commissioner

Christina Cuellar provided an overview of the agency's Second Quarter Financial Statements. She detailed the variances while explaining the revenues and expenditures.

Texas Department of Banking

Sami Chadli provided an overview of the agency's Second Quarter Financial Statements, highlighting individual revenue and budgeted expenditure line items.

Texas Department of Savings and Mortgage Lending

Antonia Antov provided an overview of the agency's Second Quarter Financial Statements noting revenue from licensing activity continues to exceed budget. She detailed the current reserve position as being higher than desired, but will trend downward for the remainder of the fiscal year.

Discussion of the Texas Financial Education Endowment Fund.

Commissioner Pettijohn provided an overview and recent status report pertaining to the Texas Financial Education Endowment Fund. She reported that the grantees had received their reporting forms for reimbursement of funds, which will be due on July 30, 2014.

There was discussion with no vote on the agenda item.

There being no further business, Committee Member Lori McCool adjourned the meeting of the Audit Committee of the Finance Commission on April 11, 2014, at 8:50 a.m.

Lori McCool, Member of the Audit Committee
Finance Commission of Texas

Charles G. Cooper, Executive Director of the
Finance Commission of Texas

Cathey Richards, Executive Assistant
Finance Commission of Texas