

**MINUTES OF THE  
AUDIT COMMITTEE MEETING  
Thursday, August 15, 2019**

The Audit Committee of the Finance Commission of Texas convened at 9:30 a.m. on August 15, 2019 with the following members present:

**Audit Committee Members in Attendance:**

Molly Curl, Chair  
Lori McCool  
Phillip Holt (attending on behalf of Hector Cerna)

Molly Curl announced there was a quorum of the Audit Committee of the Finance Commission of Texas with three members present. (:09 on audio file)

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
A. Review and Approval of the Minutes of the June 21, 2019 Audit Committee Meeting	Lori McCool made a motion to Approve the Minutes of the June 21, 2019 Audit Committee Meeting. Phillip Holt seconded, and the motion passed.	:48 start of discussion  1:02 vote
B. General Public Comment	No Action Required.	:28 start of discussion
C. Review of Agencies' Activities  1. Department of Savings and Mortgage Lending 2. Office of Consumer Credit Commissioner 3. Texas Department of Banking	No Action Required.	1:42 start of discussion
D. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Agencies' 2019 Third Quarter Investment Officer Reports  1. Department of Savings and Mortgage Lending 2. Office of Consumer Credit Commissioner 3. Texas Department of Banking	Lori McCool made a motion to Recommend that the Finance Commission Approve the Agencies' 2019 Third Quarter Investment Officer Reports. Phillip Holt seconded, and the motion passed.	4:29 start of discussion  11:29 vote

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
<p>E. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Re-adoption of the Investment Policies for:</p> <ol style="list-style-type: none"> <li>1. Department of Savings and Mortgage Lending</li> <li>2. Office of Consumer Credit Commissioner</li> <li>3. Texas Department of Banking</li> </ol>	<p>Lori McCool made a motion to Recommend that the Finance Commission Approve the Re-adoption of the Investment Policies for the Agencies' with the addition in the Department of Banking's Investment Policy that Jesse Saucillo will serve as the primary Investment Officer and the secondary Investment Officer will go through the training when selected. Phillip Holt seconded, and the motion passed.</p>	<p>11:55 start of discussion</p> <p>20:40 vote</p>
<p>F. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Department of Savings and Mortgage Lending's Information Technology Change Management Program Audit Report as Prepared and Presented by McConnell &amp; Jones LLP</p>	<p>Lori McCool made a motion to Recommend that Finance Commission Approve the Department of Savings and Mortgage Lending's Information Technology Change Management Program Audit Report as Prepared and Presented by McConnell &amp; Jones LLP. Phillip Holt seconded, and the motion passed.</p>	<p>21:08 start of discussion</p> <p>23:03 vote</p>
<p>G. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Department of Savings and Mortgage Lending's 2019 Annual Internal Audit Report as Prepared and Presented by McConnell &amp; Jones LLP</p>	<p>Lori McCool made a motion to Recommend that the Finance Commission Approve the Department of Savings and Mortgage Lending's 2019 Annual Internal Audit Report as Prepared and Presented by McConnell &amp; Jones LLP. Phillip Holt seconded, and the motion passed.</p>	<p>23:26 start of discussion</p> <p>25:35 vote</p>
<p>H. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Office of Consumer Credit Commissioner's Information Technology Change Management Program Audit Report as Prepared and Presented by McConnell &amp; Jones LLP</p>	<p>Lori McCool made a motion to Recommend that the Finance Commission Approve the Office of Consumer Credit Commissioner's Information Technology Change Management Program Audit Report as Prepared and Presented by McConnell &amp; Jones LLP. Phillip Holt seconded, and the motion passed.</p>	<p>26:28 start of discussion</p> <p>29:00 vote</p>

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
<p>I. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Office of Consumer Credit Commissioner’s 2019 Annual Internal Audit Report as Prepared and Presented by McConnell &amp; Jones LLP</p>	<p>Lori McCool made a motion to Recommend that the Finance Commission Approve the Office of Consumer Credit Commissioner’s 2019 Annual Internal Audit Report as Prepared and Presented by McConnell &amp; Jones LLP. Phillip Holt seconded, and the motion passed.</p>	<p>30:31 start of discussion</p> <p>31:46 vote</p>
<p>J. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Texas Department of Banking’s Information Technology Change Management Program Audit Report as Prepared and Presented by McConnell &amp; Jones LLP</p>	<p>Lori McCool made a motion to Recommend that the Finance Commission Approve the Texas Department of Banking’s Information Technology Change Management Program Audit Report as Prepared and Presented by McConnell &amp; Jones LLP. Phillip Holt seconded, and the motion passed.</p>	<p>32:14 start of discussion</p> <p>36:04 vote</p>
<p>K. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Texas Department of Banking’s Fines, Penalties and Restitution Audit Report as Prepared and Presented by McConnell &amp; Jones LLP</p>	<p>Lori McCool made a motion to Recommend that the Finance Commission Approve the Texas Department of Banking’s Fines, Penalties and Restitution Audit Report as Prepared and Presented by McConnell &amp; Jones LLP. Phillip Holt seconded, and the motion passed.</p>	<p>36:24 start of discussion</p> <p>38:52 vote</p>
<p>L. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Texas Department of Banking’s 2019 Annual Internal Audit Report as Prepared and Presented by McConnell &amp; Jones LLP</p>	<p>Lori McCool made a motion to Recommend that the Finance Commission Approve the Texas Department of Banking’s 2019 Annual Internal Audit Report as Prepared and Presented by McConnell &amp; Jones LLP. Phillip Holt seconded, and the motion passed.</p>	<p>39:16 start of discussion</p> <p>41:16 vote</p>

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
M. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Agencies' 2019 Third Quarter Financial Statements	Lori McCool made a motion to Recommend that the Finance Commission Approve the Agencies' 2019 Third Quarter Financial Statements. Phillip Holt seconded, and the motion passed.	41:44 start of discussion  48:06 vote
N. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Agencies' Fiscal Year 2020 Operating Budgets	Public Comment was made by Steve Scurlock on behalf of the Independent Bankers Association of Texas (IBAT). Lori McCool made a motion to Recommend that the Finance Commission Approve the Agencies' Fiscal Year 2020 Operating Budgets. Phillip Holt seconded, and the motion passed.	48:28 start of discussion  1:13:23 vote
O. Report on Activities Relating to the Texas Financial Education Endowment Fund	No Action Required.	1:13:41 start of discussion
P. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Department of Savings and Mortgage Lending's contribution of \$750,000 to the Texas Financial Education Endowment Fund	Lori McCool made a motion to Recommend that the Finance Commission Approve the Department of Savings and Mortgage Lending's contribution of \$750,000 to the Texas Financial Education Endowment Fund. Phillip Holt seconded, and the motion passed.	1:15:53 start of discussion  1:17:09 vote
Q. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Internal Auditor Function for the Finance Commission Agencies for Fiscal Year 2020	Lori McCool made a motion to Recommend that the Finance Commission issue a Request for Proposal to select an Internal Auditor for the Finance Commission Agencies for Fiscal Year 2020. Phillip Holt seconded, and the motion passed.	1:17:34 start of discussion  1:18:22 vote

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There being no further business of the Audit Committee of the Finance Commission of Texas, Molly Curl adjourned the meeting at 10:48 a.m. *(1:18:45 on the audio file)*.

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Molly Curl, Audit Committee Chair  
Finance Commission of Texas

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Charles G. Cooper, Executive Director  
Finance Commission of Texas

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Brenda Medina, Executive Assistant  
Finance Commission of Texas