

FINANCE COMMISSION OF TEXAS
AUDIT COMMITTEE MEETING

Friday, December 13, 2019

8:00 a.m.

Finance Commission Building
William F. Aldridge Hearing Room
2601 N. Lamar Blvd.
Austin, Texas 78705

Public comment on any agenda item or issue under the jurisdiction of the Finance Commission agencies is allowed. Finance Commission members who are not members of the Audit Committee may be present at this committee meeting creating a quorum of the Finance Commission.

- A. Review and Approval of the Minutes of the October 18, 2019 and November 14, 2019 Audit Committee Meetings
- B. Review of Agencies' Activities
 - 1. Office of Consumer Credit Commissioner
 - 2. Texas Department of Banking
 - 3. Department of Savings and Mortgage Lending
- C. Discussion and Possible Vote to Recommend that the Finance Commission Take Action on the Selection of an Internal Auditor for the Finance Commission Agencies for Fiscal Year 2020
- D. Report on Activities Relating to the Texas Financial Education Endowment Fund

NOTE: The Audit Committee may go into executive session (close its meeting to the public) on any agenda item if appropriate and authorized by the Open Meetings Act, Texas Government Code, Chapter 551.

Meeting Accessibility: Under the Americans with Disabilities Act, the Finance Commission will accommodate special needs. Those requesting auxiliary aids or services should notify the Texas Department of Banking, 2601 North Lamar Boulevard, Austin, Texas 78705, (512) 936-6222, as far in advance of the meeting as possible.

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**MINUTES OF THE
AUDIT COMMITTEE MEETING
Friday, October 18, 2019**

The Audit Committee of the Finance Commission of Texas convened at 8:00 a.m. on October 18, 2019 with the following members present:

Audit Committee Members in Attendance:

Lori McCool (presiding as Acting Chair)
Hector Cerna
Paul Plunket (attending on behalf of Molly Curl)

Audit Committee Members Not in Attendance:

Molly Curl

Lori McCool announced there was a quorum of the Audit Committee of the Finance Commission of Texas with three members present. (:13 on audio file)

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
A. Review and Approval of the Minutes of the August 15, 2019 Audit Committee Meeting	Paul Plunket made a motion to Approve the Minutes, as modified, of the August 15, 2019 Audit Committee Meeting. Hector Cerna seconded, and the motion passed.	:30 start of discussion 1:40 vote
B. Review of Agencies' Activities 1. Texas Department of Banking 2. Department of Savings and Mortgage Lending 3. Office of Consumer Credit Commissioner	No Action Required.	2:07 start of discussion
C. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Agencies' August 31, 2019 Investment Officer Reports 1. Texas Department of Banking 2. Department of Savings and Mortgage Lending 3. Office of Consumer Credit Commissioner	Paul Plunket made a motion to Recommend that the Finance Commission Approve the Agencies' August 31, 2019 Investment Officer Reports. Hector Cerna seconded, and the motion passed.	4:21 start of discussion 11:21 vote
D. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Agencies' 2019 Fourth Quarter Financial Statements: 1. Texas Department of Banking 2. Department of Savings and Mortgage Lending 3. Office of Consumer Credit Commissioner	Hector Cerna made a motion to Recommend that the Finance Commission Approve the Agencies' 2019 Fourth Quarter Financial Statements. Paul Plunket seconded, and the motion passed.	11:45 start of discussion 18:48 vote

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
E. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Selection of an Internal Auditor for the Finance Commission Agencies for Fiscal Year 2020	Hector Cerna made a motion to Recommend that the Finance Commission Approve that the Audit Committee interview the three respondents and have them make presentations during the month of November (2019) before a final decision is made. Paul Plunket seconded and the motion passed.	19:13 start of discussion 31:05 vote
F. Report on Activities Relating to the Texas Financial Education Endowment Fund	No Action Required.	33:04 start of discussion

There being no further business of the Audit Committee of the Finance Commission of Texas, Lori McCool adjourned the meeting at 8:41 a.m. (39:33 on the audio file).

Lori McCool, Acting Audit Committee Chair
 Finance Commission of Texas

Charles G. Cooper, Executive Director
 Finance Commission of Texas

Brenda Medina, Executive Assistant
 Finance Commission of Texas

**MINUTES OF THE
AUDIT COMMITTEE MEETING
Thursday, November 14, 2019**

The Audit Committee of the Finance Commission of Texas convened at 1:00 p.m. on November 14, 2019 with the following members present:

Audit Committee Members in Attendance:

Molly Curl
Hector Cerna
Lori McCool

Molly Curl announced there was a quorum of the Audit Committee of the Finance Commission of Texas with three members present. (:08 on audio file).

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
A. Interview of Selected Respondents for the Internal Auditor Contract	No Action Required.	:17 start of discussion
B. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Selection of an Internal Auditor for the Finance Commission Agencies for Fiscal Year 2020	Deferred to December 13, 2019 Finance Commission Meeting – no action taken.	2:26:11 start of discussion

There being no further business of the Audit Committee of the Finance Commission of Texas, Lori McCool adjourned the meeting at 3:34 p.m. (2:26:42 on the audio file).

Molly Curl, Audit Committee Chair
Finance Commission of Texas

Charles G. Cooper, Executive Director
Finance Commission of Texas

Brenda Medina, Executive Assistant
Finance Commission of Texas

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**Office of Consumer Credit Commissioner
 Status of Agency Activities and Outstanding Audit Findings and Recommendations
 as of December, 2019**

Auditor	Sunset Review	Audit Report Date	
Audit Area	Management Action for OCCC	September 2018	
<i>Recommendation</i>	<i>Response</i>	<i>Status Update</i>	<i>Implementation Date</i>
Apply the standard across-the-board requirement related to alternative dispute resolution to the finance agencies; Develop and encourage the use of negotiated rulemaking procedures and alternative dispute resolution procedures (7.2)	The three Finance Commission agencies presented rules for comment at the October meeting. The rules will be presented for adoption at the December meeting.	In progress	January 2020
Allow pawnbrokers to choose whether to participate in the pawnshop employee license program to require licensure of their pawnshop employees (3.1)	Rules adopted at August Finance Commission meeting.	Complete	October 2019
Remove subjective licensure provisions for pawnshops and pawnshop employees (5.1)			
Update outdated appeals provisions to align with the Administrative Procedures Act (5.11)			

Future Items			
Entity	Activity	Status	Date
State Office of Risk Management	Risk Management Program Review	Pending	Spring 2020

**Texas Department of Banking
Outstanding Audit Findings/Recommendations Report
as of November 26, 2019**

Auditor	<i>McConnell & Jones LLP</i>	Audit Report Date	<i>November 2019</i>
Audit Area	<i>IT Change Management Program</i>		
Findings	Status Update		
<i>Implement change management framework</i>	Completed – A new software program, Jira, has been implemented that provides the framework for the agency’s change management system. The change management portion of the IT policy has been updated.		
<i>Develop formal risk assessment process</i>	Completed – A risk rating system has been developed, and the policy addressing this issue has been updated.		
<i>Update the written change management process policy and procedures</i>	Completed – Policies and procedures have been updated.		
<i>Develop process to review software application updates and changes</i>	Completed – The agency has implemented a new versioning system and updated all applications.		
<i>Develop formal segregation of duties process</i>	Completed – The agency has implemented a process to review code changes prior to implementation based upon risk and updated the section of the IT policy that addresses this issue.		



Charles G. Cooper
Commissioner

TEXAS DEPARTMENT OF BANKING

2601 North Lamar Blvd., Austin, Texas 78705

512-475-1300 / 877-276-5554

www.dob.texas.gov

October 24, 2019

Texas Department of Public Safety
Online Services/Esther Vasquez
5805 N. Lamar Blvd.
PO Box 4087
Austin, TX 78773-0001

RE: Texas Department of Banking - Online Services Audit

Dear Ms. Vasquez

The Texas Department of Banking (B015) has complied with the "Agreement For Release of Driver Records To Governmental Entities", signed by Stephanie Newberg, Deputy Commissioner on July 18, 2013. The Department did not release driver record information outside the agency for the month of October 2018 or at any other time.

The representative for the Department who previously signed the agreement has retired. Please send a new contract for my signature.

Sincerely,

Wendy Rodriguez
Chief Operating Officer
512-475-1320
wendy.rodriguez@dob.texas.gov

**Texas Department of Savings and Mortgage Lending
Audit Activity Report as of November 30, 2019**

No outstanding items.



TFEE Report – December 13, 2019

ACTIVITIES RELATING TO THE TEXAS FINANCIAL ENDOWMENT FUND

Since the Finance Commission meeting in October the Texas Financial Education Endowment Grant has had more participation from previous grant recipients.

In the first two weeks of November two more applications were received. The 2020 – 2021 grant cycle will begin March 1, 2020, shortening the grant cycle to 22 months as a result of extending the grant application deadline through the end of December. The Grant Advisory Committee will review applications in January and submit their award recommendations to the Finance Commission at the February meeting. Grant announcements and agreements will be sent out as well.

The 4th reimbursements reports and requests for the 2018-2019 grant cycle are due January 30, 2020. Grant Coordinator Andrea Johnson will deliver the Grant Impact Report in the Fall of 2020.