

# FINANCE COMMISSION OF TEXAS AUDIT COMMITTEE MEETING

Friday, February 18, 2022  
8:30 a.m.

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

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*Public comment on any agenda item or issue under the jurisdiction of the Finance Commission of Texas 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 December 17, 2021 Audit Committee Meeting
- B. Review of Agencies' Activities
  - 1. Office of Consumer Credit Commissioner
  - 2. Department of Savings and Mortgage Lending
  - 3. Texas Department of Banking
- C. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Agencies' 2022 First Quarter Investment Officer Reports
  - 1. Office of Consumer Credit Commissioner
  - 2. Department of Savings and Mortgage Lending
  - 3. Texas Department of Banking
- D. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Agencies' 2022 First Quarter Financial Statements
  - 1. Office of Consumer Credit Commissioner
  - 2. Department of Savings and Mortgage Lending
  - 3. Texas Department of Banking
- E. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Activities of the Texas Financial Education Endowment Fund
- F. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Appointment of a New Grant Advisory Committee Member Deborah Reyes
- G. Discussion of and Consultation on Security Audit, Possible Issue Related to Confidential or Sensitive Information, Security Breach Audit and Assessment, or Security Assessments or Deployment Related to Information Resources Technology as Authorized by §551.076 and §551.089, Texas Government Code

**NOTE: The Audit Committee of the Finance Commission of Texas 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 of Texas 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, December 17, 2021**

The Audit Committee of the Finance Commission of Texas convened at 8:30 a.m. on Friday, December 17, 2021, with the following members present:

**Audit Committee Members in Attendance:**

Debbie Scanlon, Chairman

Hector Cerna

Larry Long

Chairman Scanlon announced there was a quorum of the Audit Committee of the Finance Commission of Texas with three (3) members present. *(0:26 on audio file).*

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
A. Review and Approval of the Minutes of the October 15, 2021 Audit Committee Meeting	Hector Cerna made a motion to Approve the Minutes of the October 15, 2021 Audit Committee Meeting. Larry Long seconded and the motion passed.	0:46 start of discussion  1:00 Vote
B. Review of Agencies' Activities 1. Department of Savings and Mortgage Lending 2. Texas Department of Banking 3. Office of Consumer Credit Commissioner	No Action Required.	1:27  start of discussion
C. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Agencies' Fiscal Year 2022 Internal Auditor's Risk Assessment and Audit Plan 1. Department of Savings and Mortgage Lending 2. Texas Department of Banking 3. Office of Consumer Credit Commissioner	Larry Long made a motion to recommend that the Finance Commission Approve the Agencies' Fiscal Year 2022 Internal Auditor's Risk Assessment and Audit Plan. Hector Cerna seconded and the motion passed.	8:29 start of discussion  28:22 Vote
D. Report on Activities Related to the Texas Financial Education Endowment Fund	No Action Required.	28:45 start of discussion
E. Discussion of and Possible Vote to Recommend the Finance Commission Take Action on the Appointment and Reappointment of Grant Advisory Committee Members	Larry Long made a motion to recommend that the Finance Commission Approve the Appointment and Reappointment of Grant Advisory Committee Members Linda Davis-Demas and Laura Rosen respectively. Hector Cerna seconded and the motion passed.	31:56 start of discussion  34:33 Vote

Minutes of the Friday, December 17, 2021

Audit Committee Meeting

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There being no further business of the Audit Committee of the Finance Commission of Texas, Chairman Scanlon adjourned the meeting at 9:05 a.m. *(35:05 on the audio file)*.

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Debbie Scanlon, Chairman, Audit Committee  
Finance Commission of Texas

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Charles G. Cooper, Executive Director  
Finance Commission of Texas

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Ruth Wright, Executive Assistant  
Finance Commission of Texas

**Office of Consumer Credit Commissioner**  
**Audit Activities Report**  
**as of 01/31/2022**

**Auditor:** *Garza/Gonzales*

**Audit Report Date:** *TBD*

**Audit Area:** *Regulated Lender Examinations*

**Findings:** *NA*

**Status Update:** *Planned*

**Auditor:** *State Office of Risk Management*

**Audit Report Date:** *TBD*

**Audit Area:** *On-Site Consultation*

**Findings:** *NA*

**Status Update:** *Planned*

**Auditor:** *Texas State Auditor's Office*

**Audit Report Date:** *Estimated March 2022*

**Audit Area:** *Audit of OCCC, a self-directed, semi-independent agency*

**Findings:** *Pending*

**Status Update:** *In Progress*

**Auditor:** *Garza/Gonzales*

**Audit Report Date:** *May 20, 2021*

**Audit Area:** *Internal Audit – Fiscal Activities*

**Findings:**

*Travel policies & procedures*

**Status Update:**

*Complete*

*Guidance for justification of  
alternative travel methods*

*Complete*

**Auditor:** *Garza/Gonzales*

**Audit Report Date:** *June 19, 2020*

**Audit Area:** *Internal Audit – Records Management*

**Findings:**

*Imaging and verification logging  
procedures*

**Status Update:**

*Imaging and verification of records  
was delayed due to COVID-  
19. Processing using updated procedures has  
been implemented and is in progress,  
estimated completion of current document  
backlog is 4/01/2022*

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**Auditor:** *Department of Public Safety*

**Audit Report Date:** *Pending*

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**Audit Area:** *Non-Criminal Justice Audit: Licensing*

**Findings:**

*NA*

**Status Update:**

*Report Issuance Pending*

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# Department of Savings and Mortgage Lending

## Audit Activities Report as of January 31, 2022

<b>Auditor:</b>	<i>Department of Information Resources– AT&amp;T Cybersecurity Consulting</i>	<b>Audit Report Date:</b> <i>Jan 31, 2022</i>
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<b>Audit Area:</b>	<i>Controlled Penetration Test and Web Application Vulnerabilities Scan</i>
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<b>Findings:</b> <i>N/A</i>	<b>Status Update:</b> <i>Penetration test and scan completed in January 2022. Initial report received on January 31, 2022, and currently under review.</i>
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<b>Auditor:</b>	<i>Garza/Gonzales</i>	<b>Audit Report Date:</b> <i>N/A</i>
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<b>Audit Area:</b>	<i>Legal and Enforcement</i>
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<b>Findings:</b> <i>N/A</i>	<b>Status Update:</b> <i>Planned.</i>
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**Texas Department of Banking**  
**Audit Activities Report**  
**as of January 31, 2022**

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<b>Auditor:</b>	<i>Department of Information Resources – AT&amp;T</i>	<b>Audit Report Date:</b> <i>Completed</i>
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<b>Audit Area:</b>	<i>Texas Cybersecurity Framework Assessment</i>	
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<b>Findings:</b>	<b>Status Update:</b>
	<i>Report provided to Audit Committee in Executive Session.</i>

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<b>Auditor:</b>	<i>Texas Comptroller of Public Accounts</i>	<b>Audit Report Date:</b> <i>Pending</i>
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<b>Audit Area:</b>	<i>Post Payment Audit</i>	
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<b>Findings:</b>	<b>Status Update:</b>
	<i>In Progress – Audit field work began January 25, 2021.</i>

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<b>Auditor:</b>	<i>Garza/Gonzalez &amp; Associates</i>	<b>Audit Report Date:</b> <i>N/A</i>
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<b>Audit Area:</b>	<i>Bank Examination Audit</i>	
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<b>Findings:</b>	<b>Status Update:</b>
	<i>Scheduled to begin February 28, 2022.</i>

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**Office of Consumer Credit Commissioner  
Fiscal Year 2022 - 1st Quarter**

**Residential Mortgage Loan Originator Recovery Trust Fund #3008**

<u>Beginning Balance at 09/01/2021</u>	<u>Additions / *(Deductions)</u>	<u>Interest Paid</u>	<u>Paid Bank Fees</u>	<u>Ending Balance at 11/30/2021</u>	<u>Current Interest Rate</u>
\$ 169,515.00	\$ -	\$ 7.39	\$ -	\$ 169,522.39	0.01%

Prepared By: /s/ Chris Churchill

Date: 01/24/22

Diamond

Investment Officer: /s/ Mirand Diamond

Date: 2/3/22

Note: These funds are held at the Texas Treasury Safekeeping Trust Company in overnight repurchase agreements.  
The above investments are in compliance with the agency's investment policy.

**Office of Consumer Credit Commissioner**  
**Fiscal Year 2022 - 1st Quarter**

<b>Texas Financial Education Endowment Fund #3071</b>								
	Beginning Balance at 09/01/2021	Additions	Interest Paid	Transfers	Grant Disbursements	Paid Bank Fees	Ending Balance at 11/30/2021	Current Interest Rate
<b>Cash</b>	\$ 1,375,842.70	\$ 670.55	\$ 60.59	\$ (670.55)	\$ (69,824.22)	\$ -	\$ 1,306,079.07	0.01%
<b>Invested Portfolio</b>	Beginning Balance at 09/01/2021	Additions	*Change in Value	Transfers	Transfer Out	Paid Fees	Ending Balance at 08/31/2021	
Cash in Bank	\$ -	\$ -	\$ 13,200.79	\$ -	\$ -	\$ -	\$ 13,200.79	
Investments - STIF	1,326,475.72	-	60,614.99			-	1,387,090.71	
Interest & Dividends Receivable	26.71		2.39				29.10	
Trade Receivables	9,321.33		(9,321.33)				-	
Investments - Equities	10,218.75		(1,670.74)				8,548.01	
Investments - Alternatives	6,847,776.60		22,619.77				6,870,396.37	
Investments - Fixed Income	143,930.14		(23,325.03)				120,605.11	
Investments - Futures	-		-				-	
Investments - SWAPS, at Fair Value	14,939.97		(44,491.05)				(29,551.08)	
Total Assets-Invested Portfolio	\$ 8,352,689.22	\$ -	\$ 17,629.79	\$ -	\$ -	\$ -	\$ 8,370,319.01	
<b>Liabilities</b>								
Accounts Payable	\$ (16,483.07)	\$ 13,873.93	\$ -	\$ -	\$ -	\$ -	\$ (2,609.14)	
Interest Payable	(637.37)	(135.02)					(772.39)	
Trade Payables	-	(0.80)					(0.80)	
Futures Contracts, at Fair Value	-	-					-	
Swaps, at Fair Value	-	-					-	
Total Liabilities	\$ (17,120.44)	\$ 13,738.11	\$ -	\$ -	\$ -	\$ -	\$ (3,382.33)	
Total Net Fiduciary Assets-Invested Portfolio	\$ 8,335,568.78						\$ 8,366,936.68	
<b>Total Endowment Funds</b>	<u>\$ 9,711,411.48</u>						<u>\$ 9,673,015.75</u>	

Note: These funds are invested with the Texas Treasury Safekeeping Trust Company.  
The above investments are in compliance with the agency's investment policy.

\* Reflects redistributed amount among the asset classes in addition to market value adjustment.

Prepared By: /s/ Chris Churchill

Date: 1/24/22

Investment Officer: /s/ Mirand Diamond

Date: 2/3/22

## Department of Savings and Mortgage Lending

### Investment Officer Report as of November 30, 2021

#### Recovery Fund

	Beginning Balance 9/1/2021	Additions/ Reductions	Interest Received	Bank Fees	Ending Balance 11/30/2021
Cash & Cash Equivalents	\$4,647,296.05	\$85,860.00	\$1,655.31	\$0.00	\$4,734,811.36

Bank Name	Type	Maturity Date	Interest Rate	Book/Market Value	Accrued Interest
Tx Treasury Safekeeping Trust Co	Overnight Repurchase Agreements	12/1/2021	0.02%	\$3,234,811.36	\$1.80
South Star Bank SSB	CD - 24 months	4/17/2022	1.20%	250,000.00	366.67
TBK Bank	CD - 12 months	4/22/2022	0.60%	250,000.00	225.00
Pioneer Bank SSB	CD - 18 months	5/24/2022	0.60%	250,000.00	1,512.50
Dalhart Federal Savings	CD - 24 months	10/18/2022	1.25%	250,000.00	3,541.67
First Fed Community Bank, SSB	CD - 18 months	12/23/2022	0.45%	250,000.00	500.00
Horizon Bank SSB	CD - 24 months	1/31/2023	0.60%	250,000.00	129.17
				\$4,734,811.36	\$6,276.81

#### Investment Position:

The Fund is capable of meeting all known obligations.

Investment Officer: /s/Antonia Antov

Investment Officer: /s/Janie Recio

#### Investment Compliance:

The Department's Investment Policy has been followed.

Date: 1/5/2022

Date: 1/5/2022

**Trust-Funded Prepaid Funeral Guaranty Fund Quarterly Investment Report**  
**September 1, 2021 to November 30, 2021**

<u>Book Value at August 31, 2021</u>	<u>Interest Income Received</u>	<u>Trustee Fees Paid</u>	<u>(1) Other Deduction(s)</u>	<u>(2) Other Addition(s)</u>	<u>Book/Market Value at November 30, 2021</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Accrued Interest on CDs</u>
\$1,402,700.62	\$2,068.37	--	\$1,069.61	\$8,369.61	\$1,412,068.99	--	--	\$384.43

Trust Account Balances at Trustee/Depositories

Texas Treasury Safekeeping Trust Company *	\$435,550.57	12/1/2021	0.02%	--
State Bank of Texas, Dallas, Texas (CD)	\$240,000.00	12/16/2021	0.90%	\$71.01
Texas Bank Financial, Weatherford, Texas (CD)	\$246,992.73	12/24/2021	0.95%	\$38.57
Frontier Bank of Texas, Elgin, Texas (CD)	\$244,525.69	7/18/2022	0.75%	\$216.05
American Bank of Commerce, Wolfforth, Texas (CD)	\$245,000.00	11/18/2022	0.73%	\$58.80
Subtotal	\$1,412,068.99			

(1) Other deductions include: (a) \$238.22 restitution check reissued to the consumer's next of kin related to Hernandez Funeral Home; and (b) \$831.39 restitution for six consumers escheated to the Texas Comptroller of Public Accounts as abandoned property related to Hernandez Funeral Home.

(2) Other additions include: (a) \$1,000.00 restitution received from Mr. Kevin Keeney on behalf of Howell-Doran Funeral Home; (b) \$300.00 restitution received from Mr. Marc Gonzalez on behalf of Gonzalez Funeral Home; (c) \$300.00 restitution received from Mr. Roy and Ms. Kay Bryant dba Amarillo Family Funeral Home; (d) \$5,700.00 restitution received from Hernandez Funeral Home; (e) \$238.22 stop payment of one restitution check related to Hernandez Funeral Home that was reissued to the next of kin; and (f) \$831.39 stop payment of six restitution checks related to Hernandez Funeral Home that were not negotiated by consumers.

\* These funds are held at the Texas Treasury Safekeeping Trust Company in overnight repurchase agreements.  
The above investments are in compliance with the investment strategies of Administrative Memorandum 2016.

/s/ Jesse Saucillo  
Investment Officer

12/21/2021  
Date

/s/ Sami Chadli  
Investment Officer

12/21/2021  
Date

Texas Department of Banking Quarterly Investment Report  
September 1, 2021 to November 30, 2021

Seized Prepaid Funeral Funds Held in a Financial Institution	Book Value at August 31, 2021	Interest Income Received	Trustee Fees Paid	Other Deductions	Other Additions	Book Value at November 30, 2021	Financial Institution	Investment Type	Maturity Date	Interest Rate
None	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00			N/A	N/A

Total Seized Funds	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00				
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Notes:

<div> <div>/s/ Jesse Saucillo</div> <div>Investment Officer</div> </div>	<div>12/21/2021</div> <div>Date</div>
<div> <div>/s/ Sami Chadli</div> <div>Investment Officer</div> </div>	<div>12/21/2021</div> <div>Date</div>

**Insurance-Funded Prepaid Funeral Guaranty Fund Quarterly Investment Report**  
**September 1, 2021 to November 30, 2021**

<u>Book Value at August 31, 2021</u>	<u>Interest Income Received</u>	<u>Trustee Fees Paid</u>	<u>Other Deduction(s)</u>	<u>Other Addition(s)</u>	<u>Book/Market Value at November 30, 2021</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Accrued Interest on CDs</u>
\$791,871.11	\$600.88	--	--	--	\$792,471.99	--	--	\$91.71

Account Balances at Trustee/Depositories

Texas Treasury Safekeeping Trust Company *	\$301,840.44	12/1/2021	0.02%	--
AccessBank, Denton, Texas (CD)	\$245,631.55	7/14/2022	0.35%	\$35.33
Spring Hill State Bank, Longview, Texas (CD)	<u>\$245,000.00</u>	5/12/2022	0.60%	\$56.38
Subtotal	<u>\$792,471.99</u>			

\* These funds are held at the Texas Treasury Safekeeping Trust Company in overnight repurchase agreements.

The above investments are in compliance with the investment strategies of Administrative Memorandum 2016.

<u>/s/ Jesse Saucillo</u>	<u>12/21/2021</u>
Investment Officer	Date
 <u>/s/ Sami Chadli</u>	 <u>12/21/2021</u>
Investment Officer	Date

**Office of Consumer Credit Commissioner**  
**Operating Statement and Budget Analysis**  
**For the Quarter Ending November 30, 2021**

	FY 2021 ACTUAL	FY 2022 BUDGET	QUARTER PERFORMANCE				FY 2022 PERFORMANCE			
			1st Quarter BUDGET	1st Quarter ACTUAL	(Over)/Under BUDGET	Percent BUDGET	YTD BUDGET	YTD ACTUAL	(Over)/Under BUDGET	Percent BUDGET
<b>REVENUES</b>										
Industry										
Consumer Lending Industry	\$ 2,101,206	\$ 2,029,648	\$ 313,702	\$ 801,668	\$ (487,964)	255.6%	\$ 313,702	\$ 801,668	\$ (487,964)	255.6%
Credit Access Industry	1,044,545	998,574	21,014	6,150	14,864	29.3%	21,014	6,150	14,864	29.3%
MVSF Industry	4,141,299	3,684,013	2,901,814	2,714,284	187,530	93.5%	2,901,814	2,714,284	187,530	93.5%
Pawn	703,744	613,919	175,296	345,010	(169,714)	196.8%	175,296	345,010	(169,714)	196.8%
Registered Industry of Entities	359,250	308,813	80,556	136,540	(55,984)	169.5%	80,556	136,540	(55,984)	169.5%
Penalties	26,600	-	0	29,678	(29,678)	0.0%	0	29,678	(29,678)	0.0%
Miscellaneous Revenue	4,634	6,500	2,537	2,034	503	80.2%	2,537	2,034	503	80.2%
<b>TOTAL REVENUES</b>	<b>\$ 8,381,278</b>	<b>\$ 7,641,467</b>	<b>\$ 3,494,919</b>	<b>\$ 4,035,364</b>	<b>\$ (540,443)</b>	<b>115.5%</b>	<b>\$ 3,494,919</b>	<b>\$ 4,035,364</b>	<b>\$ (540,443)</b>	<b>115.5%</b>
<b>EXPENDITURES</b>										
Personnel Costs										
Employee Compensation	\$ 4,527,625	\$ 4,695,706	\$ 1,173,927	\$ 1,123,730	\$ 50,197	95.7%	\$ 1,173,927	\$ 1,123,730	\$ 50,197	95.7%
Employee Benefits	1,571,060	1,787,758	446,940	380,218	66,721	85.1%	446,940	380,218	66,721	85.1%
Add'l Health/Retirement	70,687	74,241	18,560	17,339	1,221	93.4%	18,560	17,339	1,221	93.4%
Other Personnel Costs	67,741	122,384	31,221	16,337	14,884	52.3%	31,221	16,337	14,884	52.3%
Subtotal Personnel Costs	\$ 6,580,449	\$ 6,680,090	\$ 1,670,648	\$ 1,537,624	\$ 133,024	92.0%	\$ 1,670,648	\$ 1,537,624	\$ 133,024	92.0%
In-State Travel	\$ 245,526	\$ 671,750	\$ 167,938	\$ 119,992	\$ 47,945	71.5%	\$ 167,938	\$ 119,992	\$ 47,945	71.5%
Out of State - Travel	0	18,750	4,688	0	4,688	0.00%	4,688	0	4,688	0.00%
Subtotal Travel	\$ 413,624	\$ 690,500	\$ 172,625	\$ 119,992	\$ 52,633	69.5%	\$ 172,625	\$ 119,992	\$ 52,633	69.5%
Operating Costs										
Professional Services & Fees	\$ 104,545	\$ 57,466	\$ 14,367	\$ 16,872	\$ (2,505)	117.4%	\$ 14,367	\$ 16,872	\$ (2,505)	117.4%
Consumables	8,474	12,000	3,000	1,106	1,894	36.9%	3,000	1,106	1,894	36.9%
Office Utilities	14,012	17,800	4,450	3,908	542	87.8%	4,450	3,908	542	87.8%
Rent - Building/Space	26,389	27,700	6,925	8,988	(2,063)	129.8%	6,925	8,988	(2,063)	129.8%
Rent - Equipment/Other	2,882	3,000	750	675	75	90.0%	750	675	75	90.0%
Communications	73,650	78,455	19,614	21,914	(2,300)	111.7%	19,614	21,914	(2,300)	111.7%
Information Technology	206,170	489,153	122,288	105,104	17,185	85.9%	122,288	105,104	17,185	85.9%
Employee Training	4,253	14,000	3,500	1,575	1,925	45.0%	3,500	1,575	1,925	45.0%
Misc. Operating Costs	243,679	280,880	69,595	141,287	(71,692)	203.0%	69,595	141,287	(71,692)	203.0%
Subtotal Operating Costs	\$ 684,054	\$ 980,454	\$ 244,489	\$ 301,429	\$ (56,940)	123.3%	\$ 244,489	\$ 301,429	\$ (56,940)	123.3%
<b>TOTAL EXPENDITURES</b>	<b>\$ 7,166,692</b>	<b>\$ 8,351,044</b>	<b>\$ 2,087,761</b>	<b>\$ 1,959,045</b>	<b>\$ 128,717</b>	<b>93.8%</b>	<b>\$ 2,087,761</b>	<b>\$ 1,959,045</b>	<b>\$ 128,717</b>	<b>93.8%</b>
<b>EXPENDITURES (OVER) / UNDER REVENUES</b>	<b>\$ 1,214,586</b>	<b>\$ (709,577)</b>	<b>\$ 1,407,158</b>	<b>\$ 2,076,319</b>	<b>\$ (669,161)</b>		<b>\$ 1,407,158</b>	<b>\$ 2,076,319</b>	<b>\$ (669,161)</b>	

**Office of Consumer Credit Commissioner  
Budget Variance Analysis  
For the Quarter Ending November 30, 2021**

**Revenues:** Overall revenues are 15.5% ahead of the budget. Most of the OCC's revenue is collected early in the fiscal year, so much of the variance is due to seasonal timing differences.

Consumer Lending- The positive variance (~156%) is due to timing of renewals for regulated lenders and RMLOs. Many renewed early online in November before the renewal period in December.

Pawn- The revenue collected from this industry is lower than budgeted (-71%) because few applications for pawn shops and pawn employees were received in Q1. Overall, the amount of the first quarter variance is not material to the annual projection.

Credit access industry- The positive variance (~97%) is due to timing of renewals. Many renewed early online in November before the renewal period in December.

Registered entities- The positive variance (70% over budget) is due to increases in registered creditor late filing fees in November and new refund anticipation loan applications.

**Expenditures:** Overall expenditures are 94% of the quarterly budget.

Personnel- Total personnel expenditures are ~8% under budget, due to delays in filling vacant positions and employee benefits and other personnel costs that are less than expected.

Travel- Travel expenditures remain under budget, although have increased in volume from the prior year. Examinations are conducted in various formats, including remote and hybrid methods, which result in conservation of travel funds.

	In- State	Out of State	
	FY22	FY22	TOTAL
Regulatory Supervision	\$106,981.11	\$0	\$106,981.11
Development & Training	12,077.08	0	12,077.08
Other Reg Activities			0
Non-Employee	934.16		934.16
	\$119,992.35	\$0	\$119,992.35

Information Technology – IT expenditures are ~14% under budget due to timing of projects and expenses, and lower than anticipated costs for the Texas Private Cloud.

Misc Operating Costs - This category is ~103% over budget due to the timing of insurance premium payments, the replenishment of postage accounts, and the costs for receiving electronic payments, which are heavily weighted in the first and second quarters of the fiscal year in alignment with license renewal periods.



**Office of Consumer Credit Commissioner**  
**Liquidity Report**  
**For the Quarter Ending November 30, 2021**

	<b>Actual</b>
Cash at Beginning of Period	\$ 12,750,687.49
Revenues Over (Under) Expenditures	2,076,319.17
Increase (Decrease) in Payables/Encumbrances	166,208.19
(Increase) Decrease in Receivables	(231,631.11)
Prior period correction	-
<b>Cash at End of Period</b>	<u><u>\$ 14,761,583.74</u></u>

  

Reserved Cash Balance:	
Building Maintenance/IT	\$ -
Long-term facilities planning	6,277,957.70
Payables (net of receivables)	811,960.36
Lump sums for Retirements	237,276.09
Program Funds	-
Other	-
<b>Total Reserved Cash Balance</b>	<u>7,327,194.15</u>
Unreserved Cash Balance:	
Future Operations	<u>7,434,389.59</u>
<b>Total Unreserved Cash Balance</b>	<u>7,434,389.59</u>
 <b>Total Cash Balance</b>	 <u><u>\$ 14,761,583.74</u></u>
 Unreserved Cash / FY 2022 Monthly Budget	 10.7

**PRO FORMA**

Additional long-term facilities planning pursuant to Finance Commission action in December 2021	2,965,000.00
<b>Total Unreserved Cash Balance</b>	4,469,389.59
Unreserved Cash / FY 2022 Monthly Budget	6.4

**Department of Savings and Mortgage Lending**  
**Operating Statement and Budget Analysis**  
**For the Quarter Ending November 30, 2021**

	FY 2021 ACTUAL	FY 2022 BUDGET	QUARTER PERFORMANCE				FY 2022 PERFORMANCE			
			1st Quarter BUDGET	1st Quarter ACTUAL	(Over)/Under BUDGET	Percent BUDGET	YTD BUDGET	YTD ACTUAL	(Over)/Under BUDGET	Percent BUDGET
<b>REVENUES</b>										
Thrift Industry										
Assessments	\$ 2,047,590	\$ 3,977,825	\$ 973,318	\$ 963,136	\$ 10,182	99.0%	\$ 973,318	\$ 963,136	\$ 10,182	99.0%
Application Fees	38,100	20,000	1,500	1,250	250	83.3%	1,500	1,250	250	83.3%
Mortgage Industry										
Licensing Fees	3,985,594	3,574,250	1,607,450	1,638,940	(31,490)	102.0%	1,607,450	1,638,940	(31,490)	102.0%
Administrative Penalties	168,953	-	-	12,349	(12,349)	0.0%	-	12,349	(12,349)	0.0%
Misc. Revenues	10,629	5,000	500	461	39	92.2%	500	461	39	92.2%
Settlements	-	-	-	37,500	(37,500)	0.0%	-	37,500	(37,500)	0.0%
<b>TOTAL REVENUES</b>	<b>\$ 6,250,866</b>	<b>\$ 7,577,075</b>	<b>\$ 2,582,768</b>	<b>\$ 2,653,636</b>	<b>\$ (70,868)</b>	<b>102.7%</b>	<b>\$ 2,582,768</b>	<b>\$ 2,653,636</b>	<b>\$ (70,868)</b>	<b>102.7%</b>
<b>EXPENDITURES</b>										
Personnel Costs										
Employee Compensation	\$ 4,522,006	\$ 5,338,176	\$ 1,259,636	\$ 1,189,467	\$ 70,169	94.4%	\$ 1,259,636	\$ 1,189,467	\$ 70,169	94.4%
Employee Benefits	1,398,132	1,701,126	401,219	354,272	46,947	88.3%	401,219	354,272	46,947	88.3%
Add'l Health/Retirement	61,968	79,770	18,590	15,673	2,917	84.3%	18,590	15,673	2,917	84.3%
Other Personnel Costs	193,943	96,894	26,420	20,778	5,642	78.6%	26,420	20,778	5,642	78.6%
Subtotal Personnel Costs	\$ 6,176,049	\$ 7,215,966	\$ 1,705,865	\$ 1,580,190	\$ 125,675	92.6%	\$ 1,705,865	\$ 1,580,190	\$ 125,675	92.6%
Travel										
In-State	\$ 4,722	\$ 127,500	\$ 17,908	\$ 10,200	\$ 7,708	57.0%	\$ 17,908	\$ 10,200	\$ 7,708	57.0%
Out-of-State	-	34,000	4,572	980	3,592	21.4%	4,572	980	3,592	21.4%
Subtotal Travel	\$ 4,722	\$ 161,500	\$ 22,480	\$ 11,180	\$ 11,300	49.7%	\$ 22,480	\$ 11,180	\$ 11,300	49.7%
Operating Costs										
Professional Fees	\$ 38,607	\$ 87,940	\$ 31,640	\$ 27,509	\$ 4,131	86.9%	\$ 31,640	\$ 27,509	\$ 4,131	86.9%
Consumables	7,042	12,000	3,000	1,779	1,221	59.3%	3,000	1,779	1,221	59.3%
Office Utilities	11,589	14,975	3,596	3,171	425	88.2%	3,596	3,171	425	88.2%
Rent - Space & Equipment	1,434	2,490	2,340	6,619	(4,279)	282.8%	2,340	6,619	(4,279)	282.8%
Communications	86,991	82,890	38,085	40,045	(1,960)	105.1%	38,085	40,045	(1,960)	105.1%
Information Technology	298,006	263,449	50,699	45,466	5,233	89.7%	50,699	45,466	5,233	89.7%
Employee Training	44,895	69,600	29,400	28,418	982	96.7%	29,400	28,418	982	96.7%
Misc. Operating Costs	113,905	137,143	33,282	29,359	3,923	88.2%	33,282	29,359	3,923	88.2%
Subtotal Operating Costs	\$ 602,469	\$ 670,487	\$ 192,042	\$ 182,366	\$ 9,676	95.0%	\$ 192,042	\$ 182,366	\$ 9,676	95.0%
<b>TOTAL EXPENDITURES</b>	<b>\$ 6,783,240</b>	<b>\$ 8,047,953</b>	<b>\$ 1,920,387</b>	<b>\$ 1,773,736</b>	<b>\$ 146,651</b>	<b>92.4%</b>	<b>\$ 1,920,387</b>	<b>\$ 1,773,736</b>	<b>\$ 146,651</b>	<b>92.4%</b>
<b>EXPENDITURES (OVER)/ UNDER REVENUES</b>	<b>\$ (532,374)</b>	<b>\$ (470,878)</b>	<b>\$ 662,381</b>	<b>\$ 879,900</b>	<b>\$ (217,519)</b>		<b>\$ 662,381</b>	<b>\$ 879,900</b>	<b>\$ (217,519)</b>	

## Department of Savings and Mortgage Lending

### Budget Variance Analysis

For the Quarter Ending November 30, 2021

Revenues: Overall revenues are at 2.7% over budget.

Mortgage Industry:

Miscellaneous Revenues – The Department received \$37,500 from Rocket Mortgage LLC, f.n.a. Quicken Loans, LLC, related to the multi-state settlement against the company for advertising violations.

Expenditures: Overall expenditures are at 7.6% under budget.

Personnel Costs – This category is 7.4% under budget due to unfilled vacancies.

Travel – Due to the travel restrictions imposed in response to COVID-19 pandemic, travel costs incurred were significantly under budget.

Travel Breakdown 1st Qtr FY22			
Category	In-State	Out-of-State	Total
Regulation and Supervision	\$4,673.60	\$0.00	\$4,673.60
Development and Training	5,091.04	979.81	6,070.85
Other Regulatory Activities	0.00	0.00	0.00
Non-Employee Travel	435.64	0.00	435.64
Total	\$10,200.28	\$979.81	\$11,180.09

Rent – Space & Equipment – The category is significantly over budget, due to space and audio/video equipment rented for Department events held in-person and not virtual as budgeted.

Communications – The category is over budget due to higher than budgeted costs for internet bandwidth.

## Department of Savings and Mortgage Lending

### Liquidity Report For the Quarter Ending November 30, 2021

	<b>ACTUAL</b>
Cash at Beginning of Period	\$ 11,084,132
Revenues Over (Under) Expenditures CY	\$ 879,900
Revenues Over (Under) Expenditures PY	\$ (10,760)
Increase (Decrease) in Payables	\$ (87,437)
(Increase) Decrease in Receivables	\$ (77,977)
<b>Cash at End of Period</b>	<b>\$ 11,787,859</b>
Reserved Cash Balance:	
Bldg. maintenance/IT	\$ -
Long-term facilities planning	6,279,147
Payables (net of receivables)	550,852
Lump Sums for Retirements	150,455
Program Funds	-
Other	-
<b>Total Reserved Cash Balance</b>	<b>\$ 6,980,453</b>
Unreserved Cash Balance:	
Future Operations	\$ 4,807,406
<b>Total Unreserved Cash Balance</b>	<b>\$ 4,807,406</b>
<b>Total Cash Balance</b>	<b>\$ 11,787,859</b>
Unreserved Cash/FY2022 Monthly Budget	7.17 months

**Texas Department of Banking**  
**Operating Statement and Budget Analysis**  
**For the Quarter Ending November 30, 2021**

	FY 2021 ACTUAL	FY 2022 BUDGET	QUARTER PERFORMANCE				FY 2022 PERFORMANCE			
			1st Quarter BUDGET	1st Quarter ACTUAL	(Over)/Under BUDGET	Percent BUDGET	YTD BUDGET	YTD ACTUAL	(Over)/Under BUDGET	Percent BUDGET
<b>REVENUES</b>										
Bank & Trust Regulation	\$24,298,891	\$28,025,383	\$7,976,127	\$7,450,712	\$525,415	93.4%	\$7,976,127	\$7,450,712	\$525,415	93.4%
Penalties - Bank & Trust Regulation	15,000	0	0	250,000	(250,000)	0.0%	0	250,000	(250,000)	0.0%
Non-Depository Supervision	2,547,904	2,929,920	1,247,120	1,215,299	31,821	97.4%	1,247,120	1,215,299	31,821	97.4%
Penalties - Non-Depository Supervision	1,135,524	349,750	110,600	144,168	(33,568)	130.4%	110,600	144,168	(33,568)	130.4%
Miscellaneous Revenues	8,487	8,500	2,125	1,729	396	81.4%	2,125	1,729	396	81.4%
<b>TOTAL REVENUES</b>	<b>\$28,005,806</b>	<b>\$31,313,553</b>	<b>\$9,335,972</b>	<b>\$9,061,908</b>	<b>\$274,064</b>	<b>97.1%</b>	<b>\$9,335,972</b>	<b>\$9,061,908</b>	<b>\$274,064</b>	<b>97.1%</b>
<b>EXPENDITURES</b>										
Personnel Costs										
Employee Compensation	\$18,288,942	\$20,300,024	\$4,751,383	\$4,396,308	\$355,075	92.5%	\$4,751,383	\$4,396,308	\$355,075	92.5%
Employee Benefits	5,257,976	5,974,356	1,373,436	1,237,509	135,927	90.1%	1,373,436	1,237,509	135,927	90.1%
Add'l Health/Retirement	262,772	301,068	71,271	63,187	8,083	88.7%	71,271	63,187	8,083	88.7%
Other Personnel Costs	628,821	608,946	67,689	79,218	(11,529)	117.0%	67,689	79,218	(11,529)	117.0%
Subtotal Personnel Costs	\$24,438,511	\$27,184,394	\$6,263,778	\$5,776,222	\$487,556	92.2%	\$6,263,778	\$5,776,222	\$487,556	92.2%
Travel										
In-State	\$56,229	\$1,015,704	\$178,971	\$73,833	\$105,137	41.3%	\$178,971	\$73,833	\$105,137	41.3%
Out-of-State	4,065	504,755	32,300	5,698	26,602	17.6%	32,300	5,698	26,602	17.6%
Subtotal Travel	\$60,295	\$1,520,459	\$211,271	\$79,531	\$131,740	37.6%	\$211,271	\$79,531	\$131,740	37.6%
Operating Costs										
Professional Fees	\$136,197	\$461,005	\$113,796	\$49,610	\$64,187	43.6%	\$113,796	\$49,610	\$64,187	43.6%
Consumables	33,293	44,500	23,966	23,553	413	98.3%	23,966	23,553	413	98.3%
Office Utilities	28,604	38,838	16,900	9,825	7,075	58.1%	16,900	9,825	7,075	58.1%
Rent - Building/Space	401,134	434,544	135,883	134,332	1,551	98.9%	135,883	134,332	1,551	98.9%
Rent - Equipment/Other	23,656	30,504	6,626	5,742	883	86.7%	6,626	5,742	883	86.7%
Communications	274,364	269,576	75,189	69,074	6,115	91.9%	75,189	69,074	6,115	91.9%
Information Technology	394,470	515,377	54,359	164,993	(110,634)	303.5%	54,359	164,993	(110,634)	303.5%
Employee Training	109,377	260,548	35,238	26,851	8,387	76.2%	35,238	26,851	8,387	76.2%
Misc. Operating Costs	367,259	553,808	130,970	160,508	(29,537)	122.6%	130,970	160,508	(29,537)	122.6%
Subtotal Operating Costs	\$1,768,355	\$2,608,700	\$592,928	\$644,487	(\$51,559)	108.7%	\$592,928	\$644,487	(\$51,559)	108.7%
<b>TOTAL EXPENDITURES</b>	<b>\$26,267,161</b>	<b>\$31,313,553</b>	<b>\$7,067,977</b>	<b>\$6,500,240</b>	<b>\$567,737</b>	<b>92.0%</b>	<b>\$7,067,977</b>	<b>\$6,500,240</b>	<b>\$567,737</b>	<b>92.0%</b>
<b>EXPENDITURES (OVER) / UNDER REVENUES</b>	<b>\$1,738,645</b>	<b>\$0</b>	<b>\$2,267,995</b>	<b>\$2,561,668</b>	<b>(\$293,673)</b>		<b>\$2,267,995</b>	<b>\$2,561,668</b>	<b>(\$293,673)</b>	

## Texas Department of Banking

**Overview of Budget Variances for the First Quarter of Fiscal Year 2022** - (Variances in excess of \$1,000 and 5% from budget are reported).

**Bank & Trust Regulation** – Actual revenues were less than budgeted due to a bank conversion that did not occur by the anticipated timeline.

**Penalties - Bank & Trust Regulation** – The variance is due to an unanticipated collected penalty. There are no penalties budgeted for the Bank & Trust Regulation area.

**Penalties - Non-Depository Supervision** – The variance is due to the higher than anticipated collected penalties primarily from unlicensed money service businesses.

**Employee Compensation and Benefits** – The positive variance relates to vacant staff positions. Vacancies in terms of FTEs as of November 30, 2021 are listed below:

Administrative	14
Examiners	27

**Other Personnel Costs** – The negative variance is due to several unanticipated resignations.

### Travel Breakdown

	In-State Travel	Out-of-State Travel
Regulatory Supervision	\$57,310	\$4,623
Development and Training	9,592	1,075
Other Regulatory Activities	3,846	0
Non-Employee	3,085	0
Total	\$73,833	\$5,698

**In-State Travel** – The positive variance is due to the COVID-19 pandemic and its effect on travel.

**Out-of-State Travel** – The positive variance is due to the COVID-19 pandemic and its effect on travel.

**Professional Fees** – The positive variance is due to: (1) no incurred expenditures for building related outside counsel fees; (2) lower expenditures than budgeted for administrative law judge fees and Office of the Attorney General fees; (3) lower than budgeted expenditures for an Information Technology (IT) contractor; and (4) budgeted IT professional fees in IT operations that were expended under IT capital. A budget variance request related to this item was approved by the Commissioner. The offset variance explanation is under the Information Technology category below.

**Office Utilities** – The positive variance is due to lower expenditures than estimated as based on a three-year historical trend and adjustment for inflation.

**Communications** – The positive variance is due to lower expenditures than anticipated as based on historical trends.

**Information Technology** – The negative variance is due to the IT professional fees item mentioned above under the Professional Fees category.

**Employee Training** – The positive variance is due to scheduled classes that were not attended because of the pandemic.

**Misc. Operating Costs** – The positive variance is due to higher than anticipated assessments from the State Office of Risk Management and unbudgeted temporary contract expenditures for a human resources specialist. A budget variance request related to this item was approved by the Commissioner.

**TEXAS DEPARTMENT OF BANKING**  
**Liquidity Report**  
**For the Period Ending November 30, 2021**

	<b>Actual</b>
Cash at Beginning of Period	\$17,022,580
Revenues Over (Under) Expenditures	2,561,668
Increase (Decrease) in Payables/Encumbrances	(531,839)
(Increase) Decrease in Receivables	105,841
<b>Cash at End of Period</b>	<b><u>\$19,158,250</u></b>
Reserved Cash Balance:	
Bldg. maintenance/IT	\$0
Long-term facilities planning	6,278,454
Payables (net of receivables)	1,838,972
Lump Sums for Retirements	673,348
Program Funds	0
Other	0
<b>Total Reserved Cash Balance</b>	<b><u>\$8,790,774</u></b>
Unreserved Cash Balance:	
Future Operations	<u>\$10,367,477</u>
<b>Total Unreserved Cash Balance</b>	<b><u>\$10,367,477</u></b>
<b>Total Cash Balance</b>	<b><u>\$19,158,250</u></b>
Unreserved Cash/FY2022 Monthly Budget	3.97 months



# Texas Financial Education Endowment (TFEE)

## TFEE Report – February 18, 2022

E. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Activities of the Texas Financial Education Endowment Fund

The 2020-2021 TFEE Grant Cycle concluded on December 31, 2021. Final semi-annual reports are currently being processed for reimbursement. The 2022-2023 TFEE Grant Cycle began on January 1, 2022. Agency staff held a new grant recipient orientation on January 13, 2022 and many grant recipients have already begun programs to increase financial capability in Texas.

Staff have been reviewing historical information and projections related to the Endowment Fund and are updating information, identifying methodologies, and analyzing variables to frame the development of a revised vision for the Endowment Fund metrics.

F. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Appointment of a New Grant Advisory Committee Member Deborah Reyes

Staff are recommending the appointment of Deborah Reyes as the Credit Access Business Representative to the Grant Advisory Committee (GAC).

Deborah Reyes is the Vice President of Government Affairs of CURO Financial Technologies Corp. Over the past two decades, Deborah has worked with elected and appointed officials at all levels of government on a variety of legislative, policy, and public affairs issues, including financial services, consumer lending, natural resources, environmental, clean energy, climate change, tax policy, and transportation planning.

Deborah currently serves on the Government Affairs Committee of the Wichita Regional Chamber of Commerce and the Business Advisory Council of the Board of Latino Legislative Leaders.

Deborah earned her Bachelor of Arts degree in Political Science from The University of Texas at San Antonio and her Master of Science degree in Community and Regional Planning from The University of Texas at Austin.