

FINANCE COMMISSION OF TEXAS
AUDIT COMMITTEE MEETING

Friday, December 16, 2022

8:30 a.m.

Finance Commission Building
William F. Aldridge Hearing Room
2601 North Lamar Boulevard
Austin, Texas 78705

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 October 28, 2022, Audit Committee Meeting
- B. Review of Agencies' Activities
 - 1. Department of Savings and Mortgage Lending
 - 2. Texas Department of Banking
 - 3. Office of Consumer Credit Commissioner
- C. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Agencies' Fiscal Year 2023 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
- D. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Activities of the Texas Financial Education Endowment Fund
- E. 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.

This page left blank intentionally.

**MINUTES OF THE
AUDIT COMMITTEE MEETING
Friday, October 28, 2022**

The Audit Committee of the Finance Commission of Texas convened at 8:30 a.m., on Friday, October 28, 2022, with the following members present:

Audit Committee Members in Attendance:

Debbie Scanlon, Chairman
Hector Cerna
Roselyn “Rosie” Morris

Chairman Scanlon announced there was a quorum of the Audit Committee of the Finance Commission of Texas with three (3) members present. (0:22 on audio file).

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
A. Review and Approval of the Minutes of the August 19, 2022, Audit Committee Meeting	Rosie Morris made a motion to Approve the Minutes of the August 19, 2022, Audit Committee Meeting. Hector Cerna seconded and the motion passed.	7:51 start of discussion 8:07 Vote
B. Review of Agencies’ Activities 1. Texas Department of Banking 2. Office of Consumer Credit Commissioner 3. Department of Savings and Mortgage Lending	No Action Required.	8:28 start of discussion
C. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Agencies’ 2022 Fourth Quarter Investment Officer Reports 1. Texas Department of Banking 2. Office of Consumer Credit Commissioner 3. Department of Savings and Mortgage Lending	Hector Cerna made a motion to recommend that the Finance Commission Approve the Agencies’ Fourth Quarter Investment Officer Reports. Rosie Morris seconded and the motion passed.	10:48 start of discussion 15:22 Vote
D. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Agencies’ 2022 Fourth Quarter Financial Statements 1. Texas Department of Banking 2. Office of Consumer Credit Commissioner 3. Department of Savings and Mortgage Lending	Rosie Morris made a motion to recommend that the Finance Commission Approve the Agencies’ 2022 Fourth Quarter Financial Statements. Hector Cerna seconded and the motion passed.	15:41 start of discussion 22:59 Vote
E. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Texas Department of Banking’s 2022 Post Payment Audit Report as Prepared by the Texas Comptroller of Public Accounts	Rosie Morris made a motion to recommend that the Finance Commission Approve the Texas Department of Banking’s 2022 Post Payment Audit Report as Prepared by the Texas Comptroller of Public Accounts. Hector Cerna seconded and the motion passed.	23:19 start of discussion 30:29 Vote

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
F. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Activities of the Texas Financial Education Endowment Fund	No Action Required.	30:56 start of discussion
G. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Department of Savings and Mortgage Lending’s Mortgage Grant Fund Administration Manual Pursuant to 7 TAC, Part 4, §51.402(c), Governing Administration of the Mortgage Grant Fund created under Finance Code, Chapter 156, Subchapter G	Hector Cerna made a motion to recommend that the Finance Commission Approve the Department of Savings and Mortgage Lending’s Mortgage Grant Fund Administration Manual Pursuant to 7 TAC, Part 4, §51.402(c), Governing Administration of the Mortgage Grant Fund created under Finance Code, Chapter 156, Subchapter G. Rosie Morris seconded and the motion passed.	33:13 start of discussion 36:50 Vote
H. 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	Deferred to Executive Session. No vote taken.	n/a

Chairman Scanlon called for an Executive Session at 9:07 a.m. (37:36 on the audio file). The open meeting resumed at 9:35 a.m. (38:41 on the audio file).

There being no further business of the Audit Committee of the Finance Commission of Texas, Chairman Scanlon adjourned the meeting at 9:35 a.m. (38:55 on the audio file).

Debbie Scanlon, Chairman, Audit Committee
 Finance Commission of Texas

Charles G. Cooper, Executive Director
 Finance Commission of Texas

Ruth Wright, Executive Assistant
 Finance Commission of Texas

Department of Savings and Mortgage Lending

Audit Activities Report as of November 30, 2022

Auditor:	<i>Garza/Gonzales</i>	Audit Report Date:	<i>N/A</i>
Audit Area:	<i>Mortgage Examinations</i>		
Findings:		Status Update:	
<i>N/A</i>		<i>Planned.</i>	

Texas Department of Banking
Audit Activities Report
as of November 30, 2022

Auditor:	<i>DIR / AT&T</i>	Audit Report Date:	<i>August 31, 2022</i>
Audit Area:	<i>Control Penetration Test (CPT)</i>		
Findings:	<i>N/A</i>	Status Update:	<i>Results of November rescan to be discussed in Audit Committee Executive Session.</i>

Auditor:	<i>Garza/Gonzales & Associates</i>	Audit Report Date:	<i>Pending</i>
Audit Area:	<i>Fiscal Year 2023 Risk Assessment</i>		
Findings:	<i>N/A</i>	Status Update:	<i>Risk Assessment to be discussed in Audit Committee meeting on December 16, 2022.</i>

**Texas Office of Consumer Credit Commissioner
Audit Activities Report
As of November 30, 2022**

Auditor: <i>Garza/Gonzalez</i>	Audit Report Date: <i>NA</i>
Audit Area: <i>Internal Audit – Risk Assessment</i>	
Findings: <i>NA</i>	Status Update: <i>Complete – Report included in December meeting materials</i>

Auditor: <i>Department of Public Safety</i>	Audit Report Date: <i>May 18, 2022</i>
Audit Area: <i>Non-Criminal Justice Audit – Licensing</i>	
Findings: <i>Evaluate IT Access. IT should be fingerprinted or access should be limited.</i>	Status Update: <i>In Progress – Anticipated completion by 12/31/22.</i>

FINANCE COMMISSION
Austin, Texas

INTERNAL AUDIT PLAN

For Fiscal Year 2023



FINANCE COMMISSION
Austin, Texas

Internal Audit Plan
For Fiscal Year 2023

TABLE OF CONTENTS

	<u>Page</u>
Internal Auditor’s Report.....	1
I. Methodology	2-3
II. Audit Scope.....	4
III. Texas Department of Banking	
Internal Audit Plan.....	5
Risk Assessment.....	5-6
IV. Department of Savings and Mortgage Lending	
Internal Audit Plan.....	7
Risk Assessment	7-8
V. Office of Consumer Credit Commissioner	
Internal Audit Plan.....	9
Risk Assessment.....	9-10
Attachments	
A. Risk Assessment Summary	
A-1 Texas Department of Banking.....	11
A-2 Department of Savings and Mortgage Lending.....	12
A-3 Office of Consumer Credit Commissioner	13
B. History of Areas Audited	
B-1 Texas Department of Banking	14
B-2 Department of Savings and Mortgage Lending.....	15
B-3 Office of Consumer Credit Commissioner	16

Garza/Gonzalez & Associates

CERTIFIED PUBLIC ACCOUNTANTS

Finance Commission and Audit Committee Members
Finance Commission of Texas
Austin, Texas

Enclosed is the Finance Commission's proposed Internal Audit Plan (Plan) that was prepared for audits and other functions to be performed in fiscal year 2023 for the Texas Department of Banking (DOB), Department of Savings and Mortgage Lending (SML), and the Office of Consumer Credit Commissioner (OCCC). This Plan determines the scope of internal audit activities and is the source for assignment and prioritization of internal audit responsibilities for fiscal year 2023. Specific planning for audit procedures is a naturally ongoing process; thus, the Plan is reviewed annually and may be revised by the Finance Commission or Audit Committee, as necessary.

This Plan has been prepared by Garza/Gonzalez & Associates, an independent Certified Public Accounting firm, following Generally Accepted Auditing Standards, International Standards for the Professional Practice of Internal Auditing, and the Institute of Internal Auditors' Code of Ethics contained in the Professional Practices Framework.

A handwritten signature in black ink that reads "Garza/Gonzalez & Associates". The signature is written in a cursive, flowing style.

November 28, 2022

FINANCE COMMISSION

Austin, Texas

Internal Audit Plan For Fiscal Year 2023

I. Methodology

The Finance Commission's fiscal year 2023 Internal Audit Plan (Plan) was prepared using a risk assessment process, where we reviewed various documents; and, questionnaires completed by the Audit Committee Chair, management, and other staff from each of the 3 agencies, as documented below.

These 3 agencies are considered financial regulatory agencies who were granted a self-directed, semi-independent (SDSI) status by the Legislature. With the SDSI status, these agencies are responsible for its costs of operation, prohibited from causing the general revenue fund to incur any cost, and removed from the legislative budgeting process. However, the Finance Commission is responsible for setting their spending authority or limits. Each agency's entire operating funds are generated from fees assessed to the businesses they regulate and are used to fund both, direct and indirect costs.

The following documents from the 3 agencies were reviewed and/or considered in our risk assessment process:

- Operating Budgets
- Organizational Charts
- Policies and Procedures
- Applicable Laws and Rules
- Audit and/or Monitoring Reports from Third Party Agencies
- Prior Internal Audit Reports
- Finance Commission and Audit Committee Minutes

Questionnaires were developed for completion by the Audit Committee Chair, Commissioners, Deputy Commissioner, Division Directors, and other staff to update our understanding of each division, and its role within the overall scheme of the respective agency. The questionnaires included topics; such as, changes in significant systems or key personnel, time elapsed since last audit or review, status from past audits or reviews, and regulatory compliance requirements (i.e., TAC 202, *Information Security Standards* and contract management). Utilizing information obtained through the completed questionnaires and background information reviewed, audit areas for each of the 3 agencies were identified as potential audit topics. A risk analysis was completed for each individual audit topic and then compiled to develop an overall risk assessment for each of the 3 agencies.

FINANCE COMMISSION

Internal Audit Plan

The following 8 risk factors were considered for each potential audit topic:

Risk Factor	Description
1. Materiality	Measure of the auditable unit's <i>financial</i> materiality based on the dollar amount per year of assets, receipts, or disbursements for which the unit is responsible, or the license/charter holders' assets that the unit supervises; or, <i>non-financial</i> materiality based on the degree of its responsibility related to the agency's primary mission.
2. Time Since Last Audit or Review	Measure of the number of years between the date of the previous audit or review and the date of the risk assessment.
3. Results of Prior Audit or Review	Measure of the results and status of prior audits or reviews.
4. Personnel	Measure of personnel changes and the adequacy of the auditable unit's staffing level as it relates to the achievement of its objectives.
5. Policies & Procedures and Processes	Measure of established internal controls (policies and procedures documenting the auditable unit's activities) and changes in processes and systems.
6. Compliance Requirements	Measure of the complexity of contracts, laws, and/or regulations for which the auditable unit is responsible for ensuring compliance.
7. Fraud, Waste, or Abuse	Measure of the auditable unit's risks and controls in place as it relates to fraud, waste, or abuse.
8. Commission & Management Feedback	Measure of feedback expressed in completed questionnaires.

II. Audit Scope

In accordance with the **International Standards for the Professional Practice of Internal Auditing**, the audit scope will encompass the examination and evaluation of the adequacy and effectiveness of the respective agency's system of internal control and the quality of performance in carrying out assigned responsibilities. The audit scope, as applicable, considers the following objectives:

- **Reliability and Integrity of Financial and Operational Information** – Review the reliability and integrity of financial and operating information and the means used to identify, measure, classify, and report such information.
- **Compliance with Policies, Procedures, Laws, Regulations, and Contracts** – Review the systems established to ensure compliance with those policies, procedures, laws, regulations, and contracts which could have a significant impact on operations and reports, and determine whether the organization is in compliance.
- **Safeguarding of Assets** – Review the means of safeguarding assets and, as appropriate, verify the existence of such assets.
- **Effectiveness and Efficiency of Operations and Programs** – Appraise the effectiveness and efficiency with which resources are employed.
- **Achievement of the Organization's Strategic Objectives** – Review operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned.

FINANCE COMMISSION

Internal Audit Plan

III. Texas Department of Banking (DOB)

Internal Audit Plan

In addition to performing the 2023 risk assessment for preparation of this Internal Audit Plan (Plan), this Plan also includes 2 audits to be performed; other tasks that may be assigned by the Finance Commission, Audit Committee, or executive management during the year; and, preparation of the 2023 Internal Audit Annual Report.

Risk Assessment

Utilizing information obtained through the completed questionnaires received and background information reviewed, 17 audit areas were identified as potential audit topics. A risk analysis utilizing the 8 risk factors, mentioned in section I of this report, was completed for each of the 17 potential audit topics and then compiled to develop an overall risk assessment.

Following are the results of the risk assessment performed for the 17 potential audit topics identified:

HIGH RISK	MODERATE RISK	LOW RISK
Payroll and Human Resources Procurement/Contract Management/HUB Corporate Activities Revenue Accounting Process	Travel Trust Examinations Financial Reporting Bank Examinations Management Information Systems [(MIS) Includes Disaster Recovery Plan] Asset Management	IT Examinations Money Service Businesses Prepaid Funeral Guaranty Fund Perpetual Care Cemeteries Prepaid Funeral Contracts Consumer Assistance Imaging & Records Management

This report includes the “Risk Assessment Summary” as Attachment A-1; and, the “History of Areas Audited” as Attachment B-1, which identifies audits and/or reviews performed from fiscal year 2013 through 2022 for the above 17 potential audit topics. In the prior 3 years, the internal auditor performed the following *internal audit functions*:

Fiscal Year 2022:

- Risk Assessment & Preparation of the Internal Audit Plan
- Bank Examinations Audit
- IT Examinations Audit
- Follow-Up of the Prior Year Internal Audits
- Preparation of the Internal Audit Annual Report

Fiscal Year 2021:

- Risk Assessment & Preparation of the Internal Audit Plan
- Management Information Systems [(MIS) Includes Disaster Recovery Plan] Audit
- Consumer Assistance Audit
- Follow-Up of the Prior Year Internal Audits
- Preparation of the Internal Audit Annual Report

Fiscal Year 2020:

- Risk Assessment & Preparation of the Internal Audit Plan
- Revenue Accounting Process Audit
- Imaging & Records Management Audit
- Follow-Up of the Prior Year Internal Audits
- Preparation of the Internal Audit Annual Report

FINANCE COMMISSION

Internal Audit Plan

The areas recommended for internal audits and other functions to be performed for fiscal year 2023 are as follows:

1. Completion of the Fiscal Year 2023 Risk Assessment and Preparation of this Internal Audit Plan
2. Audit of Corporate Activities Area
An audit of this area will be performed to ensure DOB's established policies and procedures and internal controls are effective to administer applicable state laws and regulations of state-chartered financial institutions. The audit will also include a review of relevant performance measures.
3. Audit of Procurement/Contract Management/HUB Area
An audit of this area will be performed to assess the effectiveness and efficiency of relevant internal controls, policies, procedures, and processes in place; and, to determine compliance with selected state requirements. The audit will also include a review of the implementation status for the recommendations made in the Texas Comptroller's Post-Payment Audit (report #451-21-01).
4. Preparation of the 2023 Internal Audit Annual Report
The 2023 Internal Audit Annual Report will be prepared in the form prescribed by the State Auditor's Office; and, that meets the Texas Internal Auditing Act requirements.
5. Other Tasks
Other tasks as may be assigned by the Finance Commission, Audit Committee, or executive management during the year.

FINANCE COMMISSION

Internal Audit Plan

IV. Department of Savings and Mortgage Lending (SML)

Internal Audit Plan

In addition to performing the 2023 risk assessment for preparation of this Internal Audit Plan (Plan), this Plan also includes one audit to be performed; other tasks that may be assigned by the Finance Commission, Audit Committee, or executive management during the year; and, preparation of the 2023 Internal Audit Annual Report.

Risk Assessment

Utilizing information obtained through the completed questionnaires received and background information reviewed, 12 audit areas were identified as potential audit topics. A risk analysis utilizing the 8 risk factors, mentioned in section I of this report, was completed for each of the 12 potential audit topics and then compiled to develop an overall risk assessment.

Following are the results of the risk assessment performed for the 12 potential audit topics identified:

HIGH RISK	MODERATE RISK	LOW RISK
Mortgage Examinations Thrift Examinations Thrift Supervision and Compliance	Payroll and Human Resources Revenue Accounting Process Management Information Systems [(MIS) Includes Disaster Recovery Plan]	Legal and Enforcement Financial Reporting (includes Asset Management & Travel) Procurement/ Contract Management/ HUB Consumer Protection Mortgage Licensing and Registration Records Management

This report includes the “Risk Assessment Summary” as Attachment A-2; and, the “History of Areas Audited” as Attachment B-2, which identifies audits and/or reviews performed from fiscal year 2013 through 2022 for the above 12 potential audit topics. In the prior 3 years, the internal auditor performed the following *internal audit functions*:

Fiscal Year 2022:

- Risk Assessment & Preparation of the Internal Audit Plan
- Legal & Enforcement Audit
- Preparation of the Internal Audit Annual Report

Fiscal Year 2021:

- Risk Assessment & Preparation of the Internal Audit Plan
- Procurement/Contract Management/HUB Audit
- Follow-Up of the Prior Year Internal Audits
- Preparation of the Internal Audit Annual Report

Fiscal Year 2020:

- Risk Assessment & Preparation of the Internal Audit Plan
- Records Management Audit
- Follow-Up of the Prior Year Internal Audits
- Preparation of the Internal Audit Annual Report

FINANCE COMMISSION

Internal Audit Plan

The area recommended for internal audit and other functions to be performed for fiscal year 2023 are as follows:

1. Completion of the Fiscal Year 2023 Risk Assessment and Preparation of this Internal Audit Plan

2. Audit of Mortgage Examinations Area

An audit of this area will be performed to ensure SML's established policies and procedures and internal controls are effective to enforce and administer applicable state laws and regulations of the financial institutions it regulates. The audit will also include a review of staff training and relevant performance measures.

3. Follow-up of Prior Year Internal Audits and Preparation of the 2023 Internal Audit Annual Report

Follow-up procedures will be performed to determine the status of prior year comments that were not fully implemented as of the fiscal year ended August 31, 2022, which will result in a determination that the recommendation is (1) Fully Implemented; (2) Substantially Implemented; (3) Incomplete or Ongoing; or, (4) Not Implemented. The 2023 Internal Audit Annual Report will be prepared in the form prescribed by the State Auditor's Office; and, that meets the Texas Internal Auditing Act requirements.

4. Other Tasks

Other tasks as may be assigned by the Finance Commission, Audit Committee, or executive management during the year.

FINANCE COMMISSION

Internal Audit Plan

V. Office of Consumer Credit Commissioner (OCCC)

Internal Audit Plan

In addition to performing the 2023 risk assessment for preparation of this Internal Audit Plan (Plan), this Plan also includes one audit to be performed; a follow-up of the prior year audit recommendations; other tasks that may be assigned by the Finance Commission, Audit Committee, or executive management during the year; and, preparation of the 2023 Internal Audit Annual Report.

Risk Assessment

Utilizing information obtained through the completed questionnaires received and background information reviewed, 12 audit areas were identified as potential audit topics. A risk analysis utilizing the 8 risk factors, mentioned in section I of this report, was completed for each of the 12 potential audit topics and then compiled to develop an overall risk assessment.

Following are the results of the risk assessment performed for the 12 potential audit topics identified:

HIGH RISK	MODERATE RISK	LOW RISK
Payroll and Human Resources Examinations	Legal and Enforcement Procurement/Contract Management/HUB Fiscal Division (Includes Asset Management & Travel) Revenue Accounting Process Management Information Systems [(MIS) Includes Disaster Recovery Plan]	Business Licensing Complaint Intake and Investigation Business Registration & Professional Licensing TFEE Fund Grant Administration Records Management

This report includes the “Risk Assessment Summary” as Attachment A-3; and, the “History of Areas Audited” as Attachment B-3, which identifies audits and/or reviews performed from fiscal year 2013 through 2022 for the above 12 potential audit topics. In the prior 3 years, the internal auditor performed the following *internal audit functions*:

Fiscal Year 2022:

- Risk Assessment & Preparation of the Internal Audit Plan
- Regulated Lenders Examinations Audit
- Follow-Up of the Prior Year Internal Audits
- Preparation of the Internal Audit Annual Report

Fiscal Year 2021:

- Risk Assessment & Preparation of the Internal Audit Plan
- TFEE Fund Investment Portfolio Administration Audit (*Required Periodic Audit*)
- Fiscal Division (Includes Asset Management & Travel) Audit
- Follow-Up of the Prior Year Internal Audits
- Preparation of the Internal Audit Annual Report

Fiscal Year 2020:

- Risk Assessment & Preparation of the Internal Audit Plan
- Records Management Audit
- Follow-Up of the Prior Year Internal Audits
- Preparation of the Internal Audit Annual Report

FINANCE COMMISSION

Internal Audit Plan

The areas recommended for internal audit and other functions to be performed for fiscal year 2023 are as follows:

1. Completion of the Fiscal Year 2023 Risk Assessment and Preparation of this Internal Audit Plan
2. Audit of Payroll and Human Resources Area
An audit of this area will be performed to assess the effectiveness and efficiency of the internal controls, policies, procedures, and processes in place for the Payroll and Human Resources Area; and, to ensure compliance with applicable state requirements.
3. TFEE Fund Investment Portfolio Administration Audit (*Required Periodic Audit*)
An audit of this area will be performed to determine OCCC's compliance with applicable state laws and rules, and established policies and procedures, over the administration of the Texas Financial Education Endowment (TFEE) Fund investment portfolio.
4. Follow-up of Prior Year Internal Audits and Preparation of the 2023 Annual Report
Follow-up procedures will be performed to determine the status of prior year comments that were not fully implemented as of the fiscal year ended August 31, 2022, which will result in a determination that the recommendation is (1) Fully Implemented; (2) Substantially Implemented; (3) Incomplete or Ongoing; or, (4) Not Implemented. The 2023 Internal Audit Annual Report will be prepared in the form prescribed by the State Auditor's Office; and, that meets the Texas Internal Auditing Act requirements.
5. Other Tasks
Other tasks as may be assigned by the Finance Commission, Audit Committee, or executive management during the year.

ATTACHMENTS

TEXAS DEPARTMENT OF BANKING
Risk Assessment Summary
For Fiscal Year 2023

RISK FACTOR WEIGHT							
10.00%	17.00%	13.00%	12.00%	16.00%	12.00%	9.00%	11.00%
RISK FACTORS							
1	2	3	4	5	6	7	8

	Materiality	Time Since Last Audit or Review	Results of Prior Audit or Review	Personnel	Policies and Procedures	Compliance Requirements	Fraud Waste or Abuse	Commission & Management Feedback	Total								
High Risk: > 168																	
1 Payroll and Human Resources	3	30.00	2	34.00	1	13.00	2	24.00	2	32.00	2	24.00	2	18.00	1	11.00	186.00
2 Procurement/Contract Management/HUB	2	20.00	2	34.00	1	13.00	1	12.00	2	32.00	2	24.00	2	18.00	3	33.00	186.00
3 Corporate Activities	3	30.00	2	34.00	1	13.00	2	24.00	1	16.00	2	24.00	1	9.00	2	22.00	172.00
4 Revenue Accounting Process	3	30.00	1	17.00	1	13.00	2	24.00	2	32.00	2	24.00	2	18.00	1	11.00	169.00
Moderate Risk: 151 - 168																	
5 Travel	2	20.00	2	34.00	1	13.00	2	24.00	2	32.00	1	12.00	2	18.00	1	11.00	164.00
6 Trust Examinations	2	20.00	2	34.00	1	13.00	1	12.00	1	16.00	3	36.00	1	9.00	2	22.00	162.00
7 Financial Reporting	1	10.00	2	34.00	1	13.00	2	24.00	2	32.00	2	24.00	1	9.00	1	11.00	157.00
8 Bank Examinations	3	30.00	1	17.00	1	13.00	2	24.00	1	16.00	3	36.00	1	9.00	1	11.00	156.00
9 Management Information Systems [(MIS) Includes Disaster Recovery Plan]	2	20.00	1	17.00	2	26.00	1	12.00	1	16.00	3	36.00	2	18.00	1	11.00	156.00
10 Asset Management	2	20.00	2	34.00	1	13.00	1	12.00	2	32.00	1	12.00	2	18.00	1	11.00	152.00
Low Risk: < 151																	
11 IT Examinations	3	30.00	1	17.00	1	13.00	1	12.00	1	16.00	3	36.00	1	9.00	1	11.00	144.00
12 Money Service Businesses	2	20.00	2	34.00	1	13.00	1	12.00	1	16.00	2	24.00	1	9.00	1	11.00	139.00
13 Prepaid Funeral Guaranty Fund	2	20.00	2	34.00	1	13.00	1	12.00	1	16.00	1	12.00	2	18.00	1	11.00	136.00
14 Perpetual Care Cemeteries	1	10.00	2	34.00	1	13.00	1	12.00	1	16.00	2	24.00	1	9.00	1	11.00	129.00
15 Prepaid Funeral Contracts	1	10.00	2	34.00	1	13.00	1	12.00	1	16.00	2	24.00	1	9.00	1	11.00	129.00
16 Consumer Assistance	2	20.00	1	17.00	1	13.00	1	12.00	1	16.00	2	24.00	1	9.00	1	11.00	122.00
17 Imaging & Records Management	2	20.00	1	17.00	1	13.00	1	12.00	1	16.00	1	12.00	2	18.00	1	11.00	119.00

Risk Factor Rating:
 1 - Low Risk
 2 - Moderate Risk
 3 - High Risk

DEPARTMENT OF SAVINGS AND MORTGAGE LENDING
Risk Assessment Summary
For Fiscal Year 2023

RISK FACTOR WEIGHT							
10.00%	17.00%	13.00%	12.00%	16.00%	12.00%	9.00%	11.00%
RISK FACTORS							
1	2	3	4	5	6	7	8

	POTENTIAL AUDIT TOPIC	Materiality	Time Since Last Audit or Review		Results of Prior Audit or Review		Personnel	Policies Procedures and Processes		Compliance Requirements	Fraud Waste or Abuse	Commission & Management Feedback	Total					
High Risk: > 174																		
1	Mortgage Examinations	3	30.00	2	34.00	1	13.00	2	24.00	2	32.00	3	36.00	1	9.00	1	11.00	189.00
2	Thrift Examinations	3	30.00	2	34.00	1	13.00	2	24.00	2	32.00	3	36.00	1	9.00	1	11.00	189.00
3	Thrift Supervision and Compliance	3	30.00	2	34.00	1	13.00	1	12.00	2	32.00	3	36.00	1	9.00	1	11.00	177.00
Moderate Risk: 160 - 174																		
4	Payroll and Human Resources	3	30.00	2	34.00	1	13.00	1	12.00	2	32.00	2	24.00	2	18.00	1	11.00	174.00
5	Revenue Accounting Process	3	30.00	2	34.00	1	13.00	1	12.00	2	32.00	2	24.00	2	18.00	1	11.00	174.00
6	MIS (Includes Disaster Recovery Plan)	2	20.00	1	17.00	2	26.00	1	12.00	2	32.00	3	36.00	2	18.00	1	11.00	172.00
Low Risk: < 160																		
7	Legal & Enforcement	3	30.00	1	17.00	1	13.00	2	24.00	1	16.00	3	36.00	1	9.00	1	11.00	156.00
8	Financial Reporting (Includes Asset Management & Travel)	1	10.00	2	34.00	1	13.00	1	12.00	2	32.00	2	24.00	2	18.00	1	11.00	154.00
9	Procurement/Contract Management/HUB	2	20.00	1	17.00	1	13.00	1	12.00	2	32.00	2	24.00	2	18.00	1	11.00	147.00
10	Consumer Protection	2	20.00	2	34.00	1	13.00	1	12.00	1	16.00	2	24.00	1	9.00	1	11.00	139.00
11	Mortgage Licensing & Registration	2	20.00	2	34.00	1	13.00	1	12.00	1	16.00	2	24.00	1	9.00	1	11.00	139.00
12	Records Management	2	20.00	1	17.00	1	13.00	1	12.00	1	16.00	1	12.00	2	18.00	1	11.00	119.00

Risk Factor Rating:
 1 - Low Risk
 2 - Moderate Risk
 3 - High Risk

OFFICE OF CONSUMER CREDIT COMMISSIONER
Risk Assessment Summary
For Fiscal Year 2023

RISK FACTOR WEIGHT							
10.00%	17.00%	13.00%	12.00%	16.00%	12.00%	9.00%	11.00%
RISK FACTORS							
1	2	3	4	5	6	7	8

	POTENTIAL AUDIT TOPIC	Materiality	Time Since Last Audit or Review		Results of Prior Audit or Review	Personnel	Policies and Processes		Compliance Requirements	Fraud Waste or Abuse	Commission & Management Feedback	Total						
			3	2			34.00	1					13.00	2	24.00			
High Risk: > 170																		
1	Payroll and Human Resources	3	30.00	2	34.00	1	13.00	2	24.00	2	32.00	2	24.00	2	18.00	1	11.00	186.00
2	Examinations	3	30.00	2	34.00	2	26.00	1	12.00	1	16.00	3	36.00	2	18.00	1	11.00	183.00
Moderate Risk: 155 - 170																		
3	Legal and Enforcement	3	30.00	2	34.00	1	13.00	1	12.00	1	16.00	3	36.00	2	18.00	1	11.00	170.00
4	Procurement/Contract Management/HUB	2	20.00	2	34.00	1	13.00	1	12.00	2	32.00	2	24.00	2	18.00	1	11.00	164.00
5	Fiscal Division (Includes Asset Management & Travel)	3	30.00	1	17.00	1	13.00	1	12.00	2	32.00	2	24.00	2	18.00	1	11.00	157.00
6	Revenue Accounting Process	3	30.00	1	17.00	1	13.00	1	12.00	2	32.00	2	24.00	2	18.00	1	11.00	157.00
7	MIS (Includes Disaster Recovery Plan)	2	20.00	1	17.00	2	26.00	1	12.00	1	16.00	3	36.00	2	18.00	1	11.00	156.00
Low Risk: < 155																		
8	Business Licensing	2	20.00	2	34.00	1	13.00	1	12.00	1	16.00	3	36.00	1	9.00	1	11.00	151.00
9	Complaint Intake and Investigation	2	20.00	2	34.00	1	13.00	2	24.00	1	16.00	2	24.00	1	9.00	1	11.00	151.00
10	Business Registration & Professional Licensing	2	20.00	2	34.00	1	13.00	1	12.00	1	16.00	2	24.00	1	9.00	1	11.00	139.00
11	TFEE Fund Grant Administration	2	20.00	2	34.00	1	13.00	1	12.00	1	16.00	1	12.00	2	18.00	1	11.00	136.00
12	Records Management	2	20.00	1	17.00	1	13.00	1	12.00	1	16.00	1	12.00	2	18.00	1	11.00	119.00

Risk Factor Rating:
 1 - Low Risk
 2 - Moderate Risk
 3 - High Risk

**TEXAS DEPARTMENT OF BANKING
History of Areas Audited
For Fiscal Year 2023**

	POTENTIAL AUDIT TOPIC	Fiscal Year Audited/Reviewed									
		2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
1	Asset Management		C*			A	C*			C*	
2	Bank Examinations	B*				A/B*	E				A
3	Consumer Assistance						E			A	
4	Corporate Activities	A					E				
5	Financial Reporting					B	E*				
6	Imaging and Records Management				A				A		
7	IT Examinations				A		E				A
8	Management Information Systems [(MIS) Includes Disaster Recovery Plan]	D/D*	A/D*	D*	D*	B/D*	E*	A1*/D	D*	A*/D/D*	D*
9	Money Service Businesses		A			B*	E	A1*	A*		
10	Payroll and Human Resources		C*				C*/F*	F*		C*	
11	Perpetual Care Cemeteries			A		B*	E	A1*	A*		
12	Prepaid Funeral Contracts	A				B*	E	A1*	A*		
13	Prepaid Funeral Guaranty Fund						A/E	A1*	A*		
14	Procurement/Contract Management/HUB		C*			B*	C*			C*	
15	Revenue Accounting Process			A		B	E	A1*	A		
16	Travel		C*			B*	C*/E*			C*	
17	Trust Examinations						A/E				

Note: Performance Measures are included in the scope of the applicable audit area(s).

Legend (audits/reviews with an asterisk are considered limited scope for the audit area)

- A** Internal audit performed by Garza/Gonzalez & Associates, CPAs.
- A1** Internal audit performed by McConnell & Jones LLP.
- B** Audit performed by the State Auditor's Office (SAO).
- C** Post-Payment audit performed by the Comptroller of Public Accounts (CPA).
- D** IT assessment performed by the Department of Information Resources (DIR) or a third-party vendor procured through the DIR.
- E** Sunset Review performed by the Sunset Advisory Commission.
- F** Review performed by the Texas Workforce Commission.

DEPARTMENT OF SAVINGS AND MORTGAGE LENDING
History of Areas Audited
For Fiscal Year 2023

	POTENTIAL AUDIT TOPIC	Fiscal Year Audited/Reviewed									
		2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
1	Consumer Protection		A			B*	D				
2	Financial Reporting (Includes Asset Management & Travel)		E*			B	D*/E*				
3	Legal and Enforcement					B	D				A
4	Management Information Systems [(MIS) Includes Disaster Recovery Plan]	C*	C*	C*	A/C*	B*/C*	C/C*/D*	A1*	C*	C/C*	C*
5	Mortgage Examinations			A		B*	D			G*	
6	Mortgage Licensing and Registration					B*	D			G*	
7	Payroll and Human Resources	F*	E*				E*	F*			
8	Procurement/Contract Management/HUB		E*			B	D*/E*			A	
9	Records Management								A		
10	Revenue Accounting Process					B	D*				
11	Thrift Examinations					A	D				
12	Thrift Supervision and Compliance	A				B*	A/D				

Note: Performance Measures are included in the scope of the applicable audit area(s).

Legend (audits/reviews with an asterisk are considered limited scope for the audit area)

- A** Internal audit performed by Garza/Gonzalez & Associates, CPAs.
- A1** Internal audit performed by McConnell & Jones LLP.
- B** Audit performed by the State Auditor's Office (SAO).
- C** IT assessment performed by the Department of Information Resources (DIR) or a third-party vendor procured through the DIR.
- D** Sunset Review performed by the Sunset Advisory Commission.
- E** Post Payment Audit performed by the Comptroller of Public Accounts (CPA).
- F** Review performed by the Texas Workforce Commission.
- G** Mortgage accreditation review performed by the Conference of State Bank Supervisors.

OFFICE OF CONSUMER CREDIT COMMISSIONER
History of Areas Audited
For Fiscal Year 2023

	POTENTIAL AUDIT TOPIC	Fiscal Year Audited/Reviewed									
		2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
1	Business Licensing					B*	D				
2	Business Registration & Professional Licensing		A*			A*/B*	D				
3	Complaint Intake and Investigation						D				B*
4	Examinations	A*			A*		A*/D				A*
5	Fiscal Division (Includes Asset Management & Travel)	C*				B	C*/D*		C1*	A*	B
6	Legal and Enforcement					B*	D				B*
7	Management Information Systems [(MIS) Includes Disaster Recovery Plan]	E*	E	E*	E*	B*/E	D*/E*	A1*/E		E/E*	B*/E*
8	Payroll and Human Resources	C*/F*					C*	F*			
9	Procurement/Contract Management/HUB	C*				B	C*/D*				
10	Records Management								A		
11	Revenue Accounting Process					B	D				B
12	TFEE Fund Grant Administration			A		A*	D				
<i>Required Periodic Audit</i>											
13	TFEE Fund Investment Portfolio Administration					A	D	A1		A	

- Note:** 1. Performance Measures are included in the scope of the applicable audit area(s).
 2. Effective FY23 —
- All examinations-related areas were combined into the "Examinations" auditable area.
 - Business Registration and Professional Licensing were combined into the "Business Registration & Professional Licensing" auditable area.

Legend (audits/reviews with an asterisk are considered limited scope for the audit area)

- A** Internal audit performed by Garza/Gonzalez & Associates, CPAs.
- A1** Internal audit performed by McConnell & Jones LLP.
- B** Audit performed by the State Auditor's Office (SAO).
- C** Post-Payment audit performed by the Comptroller of Public Accounts (CPA).
- C1** Overpayment Recovery audit performed by the CPA.
- D** Sunset Review performed by the Sunset Advisory Commission.
- E** IT assessment performed by the Department of Information Resources (DIR) or a third-party vendor procured through the DIR.
- F** Review performed by the Texas Workforce Commission.



TFEE Report – December 16, 2022

ACTIVITIES RELATING TO THE TEXAS FINANCIAL ENDOWMENT FUND

OCCC staff are reviewing TFEE policies and procedures in anticipation of the 2024-2025 application cycle. Additionally, staff continue to conduct TFEE outreach and evaluate best practices for the administration of the endowment fund.

TFEE's 2022-2023 2nd reimbursement period ends on December 31, 2022. Grant reimbursement requests are due by January 31, 2022. The 2nd period Semi-Annual Report is expected to be published in approximately March 2023.