CREDIT UNION COMMISSION
AUDIT COMMITTEE MEETING
(via audio/videoconference)
June 29, 2021
9:00 a.m.

AGENDA

Due to Governor Greg Abbott's March 13, 2020 proclamation of a state of disaster affecting all counties in Texas related to the Coronavirus (COVID-19) and the Governor's March 16, 2020 suspension of certain provisions of the Texas Open Meetings Act, this meeting of the Audit Committee of the Texas Credit Union Commission will be held virtually by two-way audio or video conference, as authorized under Texas Government Code Sections 551.125 and 551.127. Those wishing to attend the meeting virtually will find a link to the meeting on the Department's webpage at ww.cud.texas.gov on the day of the meeting. Members of the public wishing to provide testimony through virtual means will need to register through email with isabel.velasquez@cud.texas.gov. Members of the public may also participate via phone using 1-936-213-5778 (Toll) Conference ID: 234 471 663#.

An electronic copy of the agenda is now available at www.cud.texas.gov under Credit Union Commission, Commission Meetings, along with a copy of the meeting materials. A recording of the meeting will be available after July 2nd, 2021. To obtain a recording, please contact Isabel Velasquez at 512-837-9236.

For public participants, after the meeting convenes, the Chairperson will call roll. Please identify yourself by name and state whether you would like to provide public comment. You may also email isabel.velasquez@cud.texas.gov in advance of the meeting if you would like to provide public comment. When the Board reaches the public comment item, the Chairperson will recognize you by name and give you an opportunity to speak. All public comments will be limited to five minutes.

Public comment on any agenda item or issue under the jurisdiction of the Credit Union Commission Audit Committee is allowed. Unless authorized by a majority vote of the meeting quorum, the comments of any persons wishing to address the Committee will be limited to no more than ten (10) minutes.

The Committee may discuss and/or take action regarding any item on this agenda.

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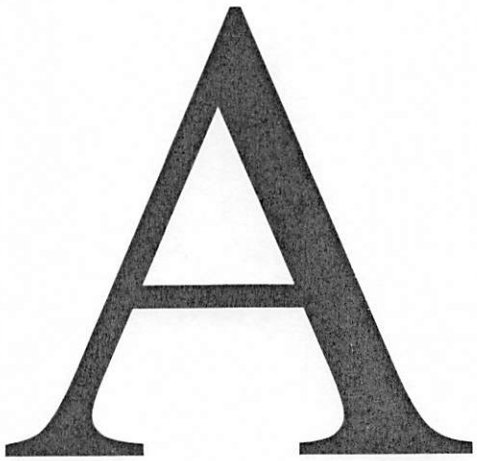
Adjournment

Note: The Credit Union Commission 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 Recess: In the event the Committee does not finish deliberation of an item on the first day for which it was posted, the Committee might recess the meeting until the following day at the time and place announced at the time of recess.

Meeting Accessibility: Under the Americans with Disabilities Act, the Credit Union Commission will accommodate special needs. Those requesting auxiliary aids or services should notify Joel Arevalo, Credit Union Department, 914 East Anderson Lane, Austin, Texas 78752--(512) 837-9236, as far in advance of the meeting as possible.



CALL TO ORDER

TEXAS CREDIT UNION COMMISSION

AUDIT COMMITTEE

Members

- *Jim Minge, Chair*
- *Kay Swan, Vice Chair*
- *Liz Bayless*
- *Karyn Brownlee*
- *Yusuf Farran, Ex-officio*

Legal Counsel

- *Melissa Juarez*

Staff

- *John J. Kolhoff*
- *Robert W. Etheridge*
- *Isabel Velasquez*

B

COMMITTEE CHARTER AND PURPOSE

Purpose: The purpose of the Audit Committee is to implement and oversee an independent audit program of the Department's financial reporting process.

Responsibilities and Duties: In furtherance of the Committee's purpose, and in addition to any other responsibilities that may be assigned to it from time to time by the Commission, the Committee shall have the following responsibilities and duties:

1. Recommend to the Commission for approval of the development, implementation and performance monitoring of an independent audit plan.

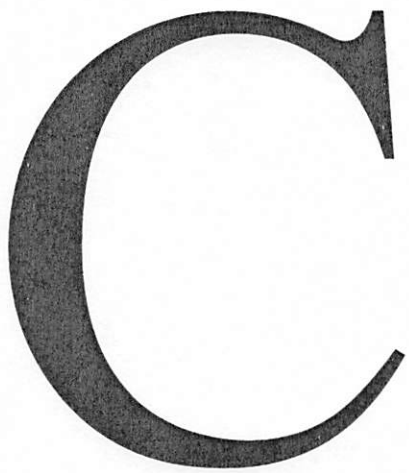
2. Recommend to the Commission for approval and oversight of appropriately qualified vendors to audit the Department.

3. Encourage and facilitate cooperation between auditors hired by the Commission and auditors assigned by other state agencies to audit the Department.

4. Recommend to the Commission for approval a solicitation document, a vendor, or a contract for auditing services only if the solicitation document, vendor's proposal, or the proposed contract, as applicable, includes a clause that requires the selected vendor to cooperate with an auditor assigned by a state agency to audit the Department, and only if it includes any other clauses required by the Commission.

Size: The Commission Chair shall appoint an Audit Committee of at least three members and shall designate one member as Chair. The Commission Chair will serve as an ex-officio member of this committee.

Term: The committee is a standing committee of the Commission.



CHAPTER 2254. PROFESSIONAL AND CONSULTING SERVICES

SUBCHAPTER A. PROFESSIONAL SERVICES

Sec. 2254.001. SHORT TITLE. This subchapter may be cited as the Professional Services Procurement Act.

Added by Acts 1993, 73rd Leg., ch. 268, Sec. 1, eff. Sept. 1, 1993.

The following section was amended by the 87th Legislature. Pending publication of the current statutes, see H.B. 3774, 87th Legislature, Regular Session, for amendments affecting the following section.

Sec. 2254.002. DEFINITIONS. In this subchapter:

(1) "Governmental entity" means:

(A) a state agency or department;

(B) a district, authority, county, municipality, or other political subdivision of the state;

(C) a local government corporation or another entity created by or acting on behalf of a political subdivision in the planning and design of a construction project; or

(D) a publicly owned utility.

(2) "Professional services" means services:

(A) within the scope of the practice, as defined by state law, of:

(i) accounting;

(ii) architecture;

(iii) landscape architecture;

(iv) land surveying;

(v) medicine;

(vi) optometry;

(vii) professional engineering;

(viii) real estate appraising; or

(ix) professional nursing;

(B) provided in connection with the professional employment or practice of a person who is licensed or registered as:

(i) a certified public accountant;

(ii) an architect;

(iii) a landscape architect;

(iv) a land surveyor;

(v) a physician, including a surgeon;

(vi) an optometrist;

(vii) a professional engineer;

(viii) a state certified or state licensed real estate appraiser; or

(ix) a registered nurse; or

(C) provided by a person lawfully engaged in interior design, regardless of whether the person is registered as an interior designer under Chapter 1053, Occupations Code.

Added by Acts 1993, 73rd Leg., ch. 268, Sec. 1, eff. Sept. 1, 1993. Amended by Acts 1997, 75th Leg., ch. 244, Sec. 1, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 1542, Sec. 1, eff. Sept. 1, 1999; Acts 2001, 77th Leg., ch. 1409, Sec. 8, eff. Sept. 1, 2001.
Amended by:

Acts 2019, 86th Leg., R.S., Ch. 487 (H.B. 2868), Sec. 1, eff. September 1, 2019.

Sec. 2254.003. SELECTION OF PROVIDER; FEES. (a) A governmental entity may not select a provider of professional services or a group or association of providers or award a contract for the services on the basis of competitive bids submitted for the contract or for the services, but shall make the selection and award:

(1) on the basis of demonstrated competence and qualifications to perform the services; and

(2) for a fair and reasonable price.

(b) The professional fees under the contract may not exceed any maximum provided by law.

Added by Acts 1993, 73rd Leg., ch. 268, Sec. 1, eff. Sept. 1, 1993.
Amended by:

Acts 2007, 80th Leg., R.S., Ch. 1213 (H.B. 1886), Sec. 14, eff. September 1, 2007.

Sec. 2254.0031. INDEMNIFICATION. (a) A state governmental entity may require a contractor selected under this subchapter to indemnify or hold harmless the state from claims and liabilities resulting from the negligent acts or omissions of the contractor or persons employed by the contractor. A state governmental entity may not require a contractor to indemnify, hold harmless, or defend the state for claims or liabilities resulting from the negligent acts or omissions of the state governmental entity or its employees.

(b) Notwithstanding any other provision of law, Sections 271.904(a)-(e) and (g), Local Government Code, apply to a contract for architectural or engineering services between an architect or engineer selected under this subchapter and a state agency as defined by Section 2052.101.

Added by Acts 1999, 76th Leg., ch. 1499, Sec. 1.37, eff. Sept. 1, 1999.
Amended by:

Acts 2017, 85th Leg., R.S., Ch. 879 (H.B. 3021), Sec. 1, eff. September 1, 2017.

Sec. 2254.004. CONTRACT FOR PROFESSIONAL SERVICES OF ARCHITECT, ENGINEER, OR SURVEYOR. (a) In procuring architectural, engineering, or land surveying services, a governmental entity shall:

(1) first select the most highly qualified provider of those services on the basis of demonstrated competence and qualifications; and

(2) then attempt to negotiate with that provider a contract at a fair and reasonable price.

(b) If a satisfactory contract cannot be negotiated with the most highly qualified provider of architectural, engineering, or land surveying services, the entity shall:

(1) formally end negotiations with that provider;

(2) select the next most highly qualified provider; and

(3) attempt to negotiate a contract with that provider at a fair and reasonable price.

(c) The entity shall continue the process described in Subsection (b) to select and negotiate with providers until a contract is entered into.

Added by Acts 1993, 73rd Leg., ch. 268, Sec. 1, eff. Sept. 1, 1993. Amended by Acts 1997, 75th Leg., ch. 119, Sec. 1, eff. Sept. 1, 1997.

Sec. 2254.005. VOID CONTRACT. A contract entered into or an arrangement made in violation of this subchapter is void as against public policy.

Added by Acts 1993, 73rd Leg., ch. 268, Sec. 1, eff. Sept. 1, 1993.

The following section was amended by the 87th Legislature. Pending publication of the current statutes, see S.B. 799, 87th Legislature, Regular Session, for amendments affecting the following section.

Sec. 2254.006. CONTRACT NOTIFICATION. A state agency, including an institution of higher education as defined by Section 61.003, Education Code, shall provide written notice to the Legislative Budget Board of a contract for professional services, other than a contract for physician or optometric services, if the amount of the contract, including an amendment, modification, renewal, or extension of the contract, exceeds $14,000. The notice must be on a form prescribed by the Legislative Budget Board and filed not later than the 10th day after the date the agency enters into the contract.

Added by Acts 1999, 76th Leg., ch. 281, Sec. 13, eff. Sept. 1, 1999.

Sec. 2254.007. DECLARATORY OR INJUNCTIVE RELIEF. (a) This subchapter may be enforced through an action for declaratory or injunctive relief filed not later than the 10th day after the date a contract is awarded.

(b) This section does not apply to the enforcement of a contract entered into by a state agency as that term is defined by Section 2151.002. In this subsection, "state agency" includes the Texas Facilities Commission and the comptroller.

Added by Acts 2007, 80th Leg., R.S., Ch. 1213 (H.B. 1886), Sec. 13, eff. September 1, 2007.
Amended by:

Acts 2019, 86th Leg., R.S., Ch. 1071 (H.B. 1524), Sec. 118, eff. September 1, 2019.

- The agency is otherwise exempt from the requirements of Section 2157.068 of the Texas Government Code.

The RFO method is a direct purchase or lease method used after the procuring entity's evaluation of written offers received in response to an open and competitive solicitation in accordance with the solicitation to result in best value. Under the RFO method, agencies must solicit, evaluate, select, negotiate as appropriate, and contract directly with one or more qualified vendors in accordance with the open and competitive solicitation.

To initiate an RFO, the agency must issue a written, open and competitive request for offers. In procuring under the RFO method, the procuring entity must also comply with the RFO guidelines published by SPD. If the agency believes that the procurement is proprietary, then the agency must follow the Proprietary Purchases procedures. The procuring entity's use of an RFO does not require or involve delegation of authority or prior approval by SPD. Procurements using the RFO method are subject to ESBD posting requirements as well as requirements applicable to CAT and QAT reviews. Additional requirements may apply to certain types of consulting services contracts.[225]

Best Value Standard. The term "best value" means the lowest overall cost of an automated information system.[226] In determining the lowest overall cost for a purchase or lease of an AIS, the agency shall consider factors including:

1. the purchase price;
2. the compatibility to facilitate the exchange of existing data;
3. the capacity for expanding and upgrading to more advanced levels of technology;
4. quantitative reliability factors;
5. the level of training required to bring persons using the system to a stated level of proficiency;
6. the technical support requirements for the maintenance of data across a network platform and the management of the network's hardware and software;
7. the compliance with applicable department statewide standards validated by criteria adopted by DIR rule; and
8. applicable factors listed in Sections 2155.074 and 2155.075 of the Texas Government Code.[227]

[225] *See e.g.,* TEX. GOV'T CODE § 751.016 (specifying the reporting requirements applicable to contracts with a federal-level government relations consultant).
[226] TEX. GOV'T CODE § 2157.003.
[227] TEX. GOV'T CODE § 2157.003.

Procurement Method – Professional Services

Agencies are authorized to procure professional services under Chapter 2254, Subchapter A, of the Texas Government Code.[228] Acquisition of professional services is delegated to agencies by statute and does not require a delegation of authority from SPD. The procurement of professional services is subject to ESBD posting requirements as well as requirements applicable to CAT reviews.

Professional services refer to services that are

1. within the scope of the practice, as defined by state law, of accounting, architecture, landscape architecture, land surveying, medicine, optometry, professional engineering, real estate appraising, or professional nursing;
2. provided in connection with the professional employment or practice of a person who is licensed or registered as one of the following: a certified public accountant, an architect, a landscape architect, a land surveyor, a physician, including a surgeon, an optometrist, a professional engineer, a state certified or state licensed real estate appraiser, or a registered nurse; or
3. provided by a person lawfully engaged in interior design, regardless of whether the person is registered as an interior designer under Chapter 1053 of the Occupations Code.[229]

Professional services procurements are usually advertised as either an RFQ or RFP. The award of a professional services contract is based on (1) demonstrated competence and qualifications to perform the services, and (2) a fair and reasonable price.[230] The professional fees under the contract may not exceed any maximum provided by law.[231]

To procure architectural, engineering, or land surveying services, the governmental entity[232] must first select the most highly qualified provider based on demonstrated competence and qualifications, and then attempt to negotiate a fair and reasonable price for the services.[233] If a satisfactory contract cannot be negotiated with the most highly qualified respondent, the agency must formally end negotiations with the respondent and then must attempt to negotiate a fair and reasonable price with the next most highly qualified respondent. This process may continue until a contract

[228] TEX. GOV'T CODE § 2254.003.
[229] TEX. GOV'T CODE § 2254.002(2).
[230] TEX. GOV'T CODE § 2254.003(a).
[231] TEX. GOV'T CODE § 2254.003(b).
[232] TEX. GOV'T CODE § 2254.002(1) (defining "governmental entity" to be (a) a state agency or department, (b) a district, authority, county, municipality, or other political subdivision of the State, (c) a local government corporation or another entity created by or acting on behalf of a political subdivision in the planning and design of a construction project, or (d) a publicly owned utility).
[233] TEX. GOV'T CODE § 2254.004(a).

is executed for the service solicited by the governmental entity.[234] Although the described process applies to the services of an architect, engineer or land surveyor, this selection process can be used for all professional services.

An agency shall provide written notice, on a prescribed form, to the LBB not later than the 10th day after the date the agency enters into a contract for professional services, other than a contract for physician or optometric services, if the amount of the contract, including an amendment, modification, renewal, or extension of the contract, exceeds $14,000.[235] A contract entered into or an arrangement made in violation of Chapter 2254, Subchapter A, of the Texas Government Code is void as against public policy.[236]

SAO Delegation of Authority for Audit Services. Section 321.020 of the Texas Government Code specifies that a state agency or corporation that is dedicated to the benefit of a state agency may enter into a contract for audit services only if

1. the agency or corporation is authorized to contract with a private auditor through a delegation of authority from SAO;
2. the scope of the proposed audit has been submitted to SAO for review and comment; and
3. the services of the private auditor are procured through a competitive selection process in a manner allowed by law.

In addition, Article IX, Section 6.20 of the General Appropriations Act (86th Legislature), provides requirements for state agencies and institutions of higher education that use appropriated funds to contract for audit services.

Procurement Method – Consulting Services

Agencies are authorized to procure consulting services pursuant to Chapter 2254, Subchapter B, of the Texas Government Code.[237] Acquisition of consulting services is delegated to agencies by statute and do not require a delegation of authority from SPD. The procurement of consulting services is subject to ESBD posting requirements as well as requirements applicable to CAT reviews. Additional requirements may apply to certain types of consulting services contracts.[238]

Consulting service refers to the service of studying or advising an agency under a contract that does not involve the traditional relationship of employer and employee.[239] An agency[240] may contract with a consultant only if there is a substantial need for the consulting services and the agency cannot adequately perform the services with its own personnel or obtain the consulting services through a contract with a state governmental entity.[241] Consulting services procurements are usually advertised as an RFP.

If a contract involves both consulting and other services, the services will be procured as consulting services if the primary objective of the contract is the acquisition of consulting services.[242] Consider for instance a solicitation for an analysis of an agency's information systems needs and the development and implementation of a computer system. The primary objective of this contract is the delivery of a system and not the analysis provided. This contract is not a consulting services contract; therefore, the requirements for consulting services contracts would not apply. The agency, however, must comply with the applicable procurement method for acquiring AIS.

A "major consulting services contract" means a consulting services contract for which it is reasonably foreseeable that the value of the contract will exceed $15,000 for a state agency or $25,000 for an institution of higher education other than a public junior college.[243] A consulting services contract cannot be divided into more than one contract to avoid the procurement requirements pertaining to major consulting services contracts.[244] In selecting a consultant, the agency must base its choice on demonstrated competence, knowledge, qualifications, and on the reasonableness of the proposed fee for the services.[245] If other considerations are equal, the agency must give preference to a consultant whose principal place of business is located in the State or who will manage the consulting services contract wholly from an office in the State.[246]

234 TEX. GOV'T CODE § 2254.004(b)-(c).
235 TEX. GOV'T CODE § 2254.006.
236 TEX. GOV'T CODE § 2254.005.
237 TEX. GOV'T CODE § 2254.023. For CPA rules adopted under Section 2254.039 of the Texas Government Code see 34 TEX. ADMIN. CODE § 5.54.
238 *See e.g.*, TEX. GOV'T CODE § 751.016 (specifying the reporting requirements applicable to contracts with a federal-level government relations consultant).
239 TEX. GOV'T CODE § 2254.021(1).
240 TEX. GOV'T CODE § 2254.021(5) (defining "state agency" to be (1) a department, commission, board, office, or other agency in the executive branch of state government created by the state constitution or a state statute, (2) the supreme court, the court of criminal appeals, a court of appeals, or the Texas Judicial Council, or (3) a university system or an institution of higher education as defined by Section 61.003 of the Texas Education Code, except a public junior college).
241 TEX. GOV'T CODE § 2254.026; TEX. GOV'T CODE § 2254.021(6) (defining "state governmental entity" to be a state department, commission, board, office, institution, facility, or other agency the jurisdiction of which is not limited to a geographical portion of the state. The term includes a university system and an institution of higher education, other than a public junior college, as defined by Section 61.003 of the Texas Education Code. The term does not include a political subdivision.).
242 TEX. GOV'T CODE § 2254.038.
243 TEX. GOV'T CODE § 2254.021(2).
244 TEX. GOV'T CODE § 2254.035(a). The value of the contract for purposes of determining division includes all renewals, amendments, and extensions of the contract. TEX. GOV'T CODE § 2254.035(b).
245 TEX. GOV'T CODE § 2254.027.
246 TEX. GOV'T CODE § 2254.027.

D

State Auditor's Office

Lisa R. Collier,
CPA, CFE, CIDA,
First Assistant State Auditor

June 11, 2021

Mr. John J. Kolhoff, Commissioner
Credit Union Department
914 East Anderson Lane
Austin, TX 78752-1699

Re: Audit Delegation Request 469-2021-001

Dear Mr. Kolhoff:

In accordance with Texas Government Code, Section 321.020, the State Auditor's Office delegates to the Credit Union Department (Department) the authority to employ a private auditor to provide internal audit services as described in your online request submitted June 1, 2021.

This delegation of authority is subject to the following:

1. The services provided should be performed in accordance with the Texas Internal Auditing Act (Texas Government Code, Chapter 2102).

2. This delegation of authority is for state fiscal year 2022.

3. The Department will notify the State Auditor's Office if an amendment to the contract significantly alters any contract terms, including, but not limited to, the scope of work to be performed and the term of the contract.

4. The Department will comply with applicable law, policies and procedures in the procurement of audit services, the expenditure of funds under the contract, and all other aspects of forming and administering the contract with the private auditor.

5. The Department will ensure that the State Auditor's Office promptly receives a copy of any report resulting from a peer review of the private auditor that is received by the private auditor after entering into the contract with the Department.

6. Any contracts entered into under this delegation of authority should include the following language: The Contractor understands that acceptance of state funds under this contract acts as acceptance of the authority of the State Auditor's Office to conduct an audit or investigation in connection with those funds. The Contractor further agrees to cooperate fully with the State Auditor's Office in the conduct of the audit or investigation, including providing all records requested. The Contractor will ensure that this clause concerning the State Auditor's Office's authority to audit state funds and the requirement to cooperate fully with the State Auditor's Office is included in any subcontracts it awards. Additionally, the State Auditor's Office shall at any time have access to and the rights to examine, audit, excerpt, and transcribe any pertinent books, documents, audit documentation, and records of the Contractor relating to this contract.

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www.sao.texas.gov

7. If the terms of the agreement with the private auditor are set forth only in an engagement letter, the engagement letter will include the language quoted in #6 above.

8. A signed copy of the contract should be provided to the State Auditor's Office within two weeks of execution. You may send it electronically to auditdelegation@sao.texas.gov or send a hard copy to the attention of Audit Delegation. Additionally, a copy of final audit reports should be provided to the State Auditor's Office upon completion. Texas Government Code, Section 2102.0091, requires that internal audit reports be filed with the State Auditor's Office, the Sunset Advisory Commission, the budget division of the Governor's Office, and the Legislative Budget Board not later than the 30th day after the date the report is submitted to the state agency's governing board or the administrator of the state agency if the state agency does not have a governing board. Internal audit reports may be sent to the State Auditor's Office electronically to iacoordinator@sao.texas.gov, or a hard copy may be sent to the attention of Internal Audit Coordinator. Please include the audit delegation request number 469-2021-001 with all submissions and related correspondence.

If you have any questions, please contact Michael Clayton, Audit Manager, or me at (512) 936-9500.

Sincerely,

Verma L. Elliott

Verma L. Elliott, CPA, CIA, CGAP, MBA
Assistant State Auditor

A Report on

The Delegation of Authority to State Entities to Contract for External Audit Services

May 26, 2021

Members of the Legislative Audit Committee:

To provide you with more information regarding the amount of audit work being performed related to state government, the State Auditor's Office has compiled the following data on delegations of authority to contract for audit services. The State Auditor's Office is responsible for reviewing and approving state entities' delegation of authority requests in accordance with Texas Government Code, Section 321.020 (see text box). From September 1, 2019, through August 31, 2020, the State Auditor's Office received and approved 136 delegation of authority requests from 68 state entities.

Some delegations of authority covered more than one project. The 136 delegation of authority requests included 159 projects with an estimated total cost of approximately $28.8 million, as reported by the state entities in their delegation of authority requests.

Auditors classified the projects into the following three categories:

Financial audits: Financial audits included (1) financial statement opinion audits for which the primary purpose was to provide an opinion on whether the auditee's financial statements were presented fairly, in all material aspects, in accordance with an applicable financial reporting framework and (2) financial-related audits that could entail various scopes of work.

Internal audit services: Contracted internal audit services were associated with state entities that did not have an internal audit department but were required to have an internal audit function under Texas Government Code, Section 2102.004 (see text box for more information about the requirement to have an internal audit function). In those instances, a state entity requested the authority to outsource the internal audit function. This category also included

Delegation of Authority for Audit Services

Texas Government Code, Section 321.020, specifies that a state agency or a corporation that is dedicated to the benefit of a state agency may enter into a contract for audit services only if (1) the agency or corporation is authorized to contract with a private auditor through a delegation of authority from the State Auditor, (2) the scope of the proposed audit has been submitted to the State Auditor for review and comment, and (3) the services of the private auditor are procured through a competitive selection process in a manner allowed by law.

Additionally, Article IX, Section 6.20, of the General Appropriations Act (86th Legislature) provides requirements for state agencies and higher education institutions that use appropriated funds to contract for audit services, including a requirement to obtain a delegation of authority to enter into such a contract.

Internal Audit Function

According to Texas Government Code, Section 2102.004(a), a state entity is required to have an internal audit function if it:

- Has an annual operating budget that exceeds $10 million;
- Has more than 100 full-time equivalent employees as authorized by the General Appropriations Act; or
- Receives and processes more than $10 million in cash in a fiscal year.

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requests from state entities that had an internal audit department but may not have had the required resources or required expertise to perform a particular audit.

Other services: Other services included performance and compliance audits. They also included other engagements, such as attestation engagements (mostly client and auditor agreed-upon procedures engagements, as well as reviews of financial statement engagements).

Of the 159 projects included in the 136 delegation of authority requests reviewed, 65 (40.9 percent) were for financial audits, 51 (32.1 percent) were for other services, and 43 (27.0 percent) were for internal audit services.

In addition, 14 state entities accounted for 89 (56.0 percent) of the 159 requested projects. Table 1 lists those 14 state entities.

Objectives, Scope, and Methodology

The objectives of this project were to review state agencies' and higher education institutions' requests for delegated audit authority and to review documents and deliverables associated with audits for which audit authority has been delegated. The project scope included delegations of authority requests from September 1, 2019, through August 31, 2020. This project relied on state entities' self-reported information regarding requested services and estimated costs. That information was not subject to the tests and confirmations that would be performed in an audit. Auditors used professional judgment to determine the three categories in which to classify a project. The following members of the State Auditor's staff performed the project:

- Taylor L. Huff, CFE (Project Manager)
- Derek Lopez, MBA
- Ann E. Karnes, CPA (Quality Control Reviewer)
- Michael A. Simon, MBA, CGAP (Audit Manager)

Table 1

Fourteen State Entities With the Most Projects Requested Under Delegation of Authority Requests From September 1, 2019, through August 31, 2020

State Entity	Number of Projects
The University of Texas System	25
Health and Human Services Commission	10
Stephen F. Austin State University	8
The University of Texas at Austin	7
University of North Texas Health Science Center at Fort Worth	7
Texas Tech University System	4
University of Houston	4
The University of Texas M.D. Anderson Cancer Center	4
Texas A&M University - Commerce	4
Texas State University	4
Texas Tech University	3
Texas State University System	3
Prairie View A&M University	3
Texas Lottery Commission	3

Source: State entities' self-reported information in delegation of authority requests submitted to the State Auditor's Office.

Sincerely,

Lisa R. Collier, CPA, CFE, CIDA
First Assistant State Auditor

Attachment

cc: The Honorable Greg Abbott, Governor

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To report waste, fraud, or abuse in state government visit https://sao.fraud.texas.gov.

Attachment

Delegations of Authority Requested to Procure Services in Fiscal Year 2020

Table 2 lists the approved delegations of authority that 68 entities requested between September 1, 2019, and August 31, 2020. It lists the project type, the contractor to provide the outsourced services, and the requesting entity's estimated cost of the services to be provided as reported in its delegation request.

Table 2

Delegations of Authority Requested in Fiscal Year 2020			
Project Title	**Project Type**	**Contractor Name**	**State Entity Estimated Cost**
Article I - General Government			
300 - Trusteed Programs Within the Office of the Governor			
An Audit on the Product Development and Small Business Incubator Fund for Fiscal Year 2018	Financial Audits	Crowe LLP	$25,000
Trusteed Programs within the Office of the Governor - Total			**$25,000**
306 - Library and Archives Commission			
Internal Audit Services for Fiscal Year 2020	Internal Audit Services	Weaver and Tidwell, LLP	$95,870
Library and Archives Commission - Total			**$95,870**
313 - Department of Information Resources			
An Audit of the Cooperative Contracts of Selected Vendor Sales Reporting and Administrative Fees for the Period September 1, 2017, through August 31, 2019 [a]	Internal Audit Services	Weaver and Tidwell, LLP	$38,750
An Audit of the Cooperative Contracts of Selected Vendor Sales Reporting and Administrative Fees for the Period September 1, 2017, through August 31, 2019 [a]	Internal Audit Services	Weaver and Tidwell, LLP	35,640
Department of Information Resources - Total			**$74,390**
477 - Commission on State Emergency Communications			
Internal Audit Services for Fiscal Year 2020	Internal Audit Services	Garza/Gonzalez & Associates	$31,200
Commission on State Emergency Communications - Total			**$31,200**
479 - State Office of Risk Management			
Internal Audit Services for Fiscal Year 2021	Internal Audit Services	McConnell & Jones LLP	$39,700
State Office of Risk Management - Total			**$39,700**

Delegations of Authority Requested in Fiscal Year 2020			
Project Title	**Project Type**	**Contractor Name**	**State Entity Estimated Cost**
542 - Cancer Prevention and Research Institute of Texas			
Internal Audit Services for Fiscal Year 2021	Internal Audit Services	Weaver and Tidwell, LLP	$186,000
Audit of Financial Statements for the Year Ended August 31, 2020	Financial Audits	McConnell & Jones LLP	42,000
Cancer Prevention and Research Institute of Texas - Total			**$228,000**
813 - Commission on the Arts			
Internal Audit Services for Fiscal Year 2020	Internal Audit Services	Monday Rufus & Co., PC	$15,000
Commission on the Arts - Total			**$15,000**
902 - Office of the Comptroller of Public Accounts - State Fiscal			
Statement on Standards for Attestation Engagements No. 18, Type II Audit of the Centralized Accounting and Payroll/Personnel System	Other Services	KPMG LLP	$90,000
Office of the Comptroller of Public Accounts - State Fiscal - Total			**$90,000**
Article I - Total			**$559,160**
Article II - Health and Human Services			
529 - Health and Human Services Commission			
Texas Medicaid and Healthcare Partnership Retrospective Cost Settlement Audit for the period ended August 31, 2018	Other Services	DK Partners, PC	175,000
Recovery Audit of Payments Made by the State of Texas to Medicaid Enrolled Providers for Fiscal Year 2020	Other Services	Health Management Systems, Inc.	0 [b]
Audits of Medicaid Managed Care and/or Fee-For-Service Providers	Other Services	Myers and Stauffer LC	272,305
Audit Services Related to the Document Processing Services Performed by Image API for Eligibility Support Services, Children's Health Insurance Program (CHIP), and Enrollment Broker Services	Other Services	Contract Pending [c]	137,445
Performance Audits of Managed Care Organizations	Other Services	DK Partners, PC	1,450,000
Audit of the Vendor Drug Program Drug Rebate Analysis and Management System	Other Services	Myers and Stauffer LC	200,000
Agreed-upon Procedures on Medicaid and CHIP Managed Care Financial Statistical Reports	Other Services	Myers and Stauffer LC DK Partners, PC Eide Bailly, LLP	2,696,312
Agreed-upon Procedures on Medicaid Patient Transportation Services Provided by the Medical Transportation Program	Other Services	DK Partners, PC	1,196,616
Disproportionate Share Hospital Program Audit and Uncompensated Care Reconciliations	Other Services	Myers and Stauffer LC	5,954,821
Agreed-upon Procedures on Electronic Health Records Incentive Payments	Other Services	DK Partners, PC	951,011
Health and Human Services Commission - Total			**$13,033,510**
Article II - Total			**$13,033,510**

Delegations of Authority Requested in Fiscal Year 2020			
Project Title	**Project Type**	**Contractor Name**	**State Entity Estimated Cost**
Article III - Education			
323 - Teacher Retirement System			
Audit of the Teacher Retirement Investment Company of Texas, Ltd. Financial Statements for the Year Ended August 31, 2020	Financial Audits	Crowe LLP	$50,000
Teacher Retirement System - Total			**$50,000**
506 - The University of Texas M.D. Anderson Cancer Center			
Internal Audit Services Related to Information Technology	Internal Audit Services	PricewaterhouseCoopers LLP	$600,000
Internal Audit Services Related to Facilities Management	Internal Audit Services	Protiviti	120,000
Internal Audit Services Related to Business Continuity	Internal Audit Services	PricewaterhouseCoopers LLP	100,000
Internal Audit Services Related to Clinical Research Billing	Internal Audit Services	Huron Consulting Group Inc.	300,000
The University of Texas M.D. Anderson Cancer Center - Total			**$1,120,000**
556 - Texas A&M AgriLife Research			
Audit of the Schedule of Expenditures of Cancer Prevention and Research Institute of Texas Awards for the Year Ended August 31, 2019	Financial Audits	Ingram, Wallis & Co., PC	$7,300
Texas A&M AgriLife Research - Total			**$7,300**
712 - Texas A&M Engineering Experiment Station			
Audit of the Schedule of Expenditures of Cancer Prevention and Research Institute of Texas Awards for the Year Ended August 31, 2019	Financial Audits	Ingram, Wallis & Co., PC	$7,000
Texas A&M Engineering Experiment Station - Total			**$7,000**
714 - The University of Texas at Arlington			
Agreed-upon Procedures on Cancer Prevention and Research Institute of Texas Grants for the Year Ended August 31, 2019	Other Services	Weaver and Tidwell, LLP	$9,000
The University of Texas at Arlington - Total			**$9,000**
715 - Prairie View A&M University			
Audit of KPVU-FM Radio Station Financial Statements for the Year Ended August 31, 2019	Financial Audits	Ingram, Wallis & Co., PC	$12,250
Agreed-upon Procedures on Prairie View A&M University's Athletic Program in Accordance with National Collegiate Athletic Association Requirements for the Year Ended August 31, 2019	Other Services	PricewaterhouseCoopers LLP	35,000
Audit of Prairie View A&M University Financial Statements for the Year Ended August 31, 2020	Financial Audits	Weaver and Tidwell, LLP	40,000
Prairie View A&M University - Total			**$87,250**
717 - Texas Southern University			
Audit of KTSU-FM Radio Station Financial Statements for the Year Ended August 31, 2019	Financial Audits	J. Walker & Co.	$11,500
Audit of Financial Statements for the Year Ended August 31, 2020	Financial Audits	BKD, LLP	83,200
Texas Southern University - Total			**$94,700**

Delegations of Authority Requested in Fiscal Year 2020			
Project Title	**Project Type**	**Contractor Name**	**State Entity Estimated Cost**
720 - The University of Texas System			
Agreed-upon Procedures of the University of Texas/Texas A&M Investment Management Company Performance Incentive Plan for Performance Period Ended August 31, 2019	Other Services	Deloitte & Touche LLP	$15,000
Review of the University of Texas at Tyler's Financial Statements for the Year Ended August 31, 2018, as Required by the Southern Association of Colleges and Schools Commission on Colleges. That delegation authority request also included:	Other Services	Deloitte & Touche LLP	200,000
▪ Review of the University of Texas at Tyler's Financial Statements for the Year Ended August 31, 2019, as Required by the Southern Association of Colleges and Schools Commission on Colleges	Other Services		
▪ Review of the University of Texas Health Science Center at Tyler's Financial Statements for the Year Ended August 31, 2018, as Required by the Southern Association of Colleges and Schools Commission on Colleges	Other Services		
Audit of the Schedule of Expenditures of Cancer Prevention and Research Institute of Texas Awards for the Year Ended August 31, 2019, at the University of Texas at Austin. That delegation authority request also included:	Other Services	Deloitte & Touche LLP	346,603
▪ Audit of the Schedule of Expenditures of Cancer Prevention and Research Institute of Texas Awards for the Year Ended August 31, 2019, at the University of Texas Medical Branch at Galveston	Other Services		
▪ Audit of the Schedule of Expenditures of Cancer Prevention and Research Institute of Texas Awards for the Year Ended August 31, 2019, at the University of Texas Health Science Center at Houston	Other Services		
▪ Audit of the Schedule of Expenditures of Cancer Prevention and Research Institute of Texas Awards for the Year Ended August 31, 2019, at the University of Texas Health Science Center at San Antonio	Other Services		
▪ Audit of the Schedule of Expenditures of Cancer Prevention and Research Institute of Texas Awards for the Year Ended August 31, 2019, at the University of Texas M.D. Anderson Cancer Center	Other Services		
▪ Audit of the Schedule of Expenditures of Cancer Prevention and Research Institute of Texas Awards for the Year Ended August 31, 2019, at the University of Texas Health Science Center at Tyler	Other Services		
Audit of the University Texas System Consolidated Financial Statements for the Year Ended August 31, 2020. That delegation authority request also included:	Financial Audits	Deloitte & Touche LLP	3,655,589
▪ Audit of the Permanent University Fund Schedules of Investment Securities, Managed by the University of Texas/Texas A&M Investment Management Company, for the Year Ended August 31, 2020	Financial Audits		
▪ Audit of the Intermediate Term Fund Financial Statements, Managed by the University of Texas/Texas A&M Investment Management Company, for the Year Ended August 31, 2020	Financial Audits		
▪ Audit of the Permanent University Fund Financial Statements, Managed by the University of Texas/Texas A&M Investment Management Company, for the Year Ended August 31, 2020	Financial Audits		
▪ Audit of the Long Term Fund Financial Statements, Managed by the University of Texas/Texas A&M Investment Management Company, for the Year Ended August 31, 2020	Financial Audits		

Delegations of Authority Requested in Fiscal Year 2020			
Project Title	**Project Type**	**Contractor Name**	**State Entity Estimated Cost**
▪ Audit of the General Endowment Fund Financial Statements, Managed by the University of Texas/Texas A&M Investment Management Company, for the Year Ended August 31, 2020	Financial Audits		
▪ Audit of the Permanent Health Fund Financial Statements, Managed by the University of Texas/Texas A&M Investment Management Company, for the Year Ended August 31, 2020	Financial Audits		
▪ Audit of the University of Texas M.D. Anderson Cancer Center Financial Statements for the Year Ended August 31, 2020	Financial Audits		
▪ Audit of the University of Texas Southwestern Medical Center and University Hospitals Financial Statements for the Year Ended August 31, 2020	Financial Audits		
▪ Audit of the University of Texas at Austin Consolidated Financial Statements for the Year Ended August 31, 2020	Financial Audits		
▪ Audit of the University of Texas Medical Branch at Galveston Financial Statements for the Year Ended August 31, 2020	Financial Audits		
Audit of the University of Texas/Texas A&M Investment Management Company Financial Statements for the Year Ended August 31, 2020	Financial Audits	Deloitte & Touche LLP	46,300
Audit of the Federal Student Financial Aid Program at the University of Texas M.D. Anderson Cancer Center for the 2019-2020 Federal Student Financial Assistance Year. This delegation request also included:	Financial Audits	Deloitte & Touche LLP	56,000
▪ Review of the University of Texas Health Science Center at Houston's Financial Statements for the Year Ended August 31, 2020, as Required by the Southern Association of Colleges and Schools Commission on Colleges	Other Services		
▪ Agreed-upon Procedures on the Network Settlement Calculation for the Years Ended August 31, 2019, and August 31, 2020	Other Services		
The University of Texas System - Total			**$4,319,492**
721 - The University of Texas at Austin			
Audit of the University of Texas Elementary School Financial Statements for the Year Ended August 31, 2019	Financial Audits	Belt Harris Pechacek, LLLP	$19,385
Audit of the University Charter School Financial Statements for the Year Ended August 31, 2019	Financial Audits	West, Davis & Company, LLP	15,000
Audit of the University of Texas at Austin Charities Aid Foundation Grant Financial Statements for the Year Ended August 31, 2019	Financial Audits	West, Davis & Company, LLP	6,500
An Audit of Decentralized IT Controls. This delegation request also included:	Internal Audit Services	Postlethwaite & Netterville	139,725
▪ An Audit of Server and Workstation Configuration and Change Management	Internal Audit Services		
▪ An Audit on the Texas Education Research Center	Internal Audit Services		
Audit of the Medical Billing and Revenue Cycle Management for the Dell Medical School	Internal Audit Services	Baker, Tilly, Virchow and Krause, LLP	45,000
The University of Texas at Austin - Total			**$225,610**
723 - The University of Texas Medical Branch at Galveston			
Audit of POWER Application Cloud Controls	Internal Audit Services	Postlethwaite & Netterville	$25,000
The University of Texas Medical Branch at Galveston - Total			**$25,000**

Delegations of Authority Requested in Fiscal Year 2020			
Project Title	**Project Type**	**Contractor Name**	**State Entity Estimated Cost**
724 - The University of Texas at El Paso			
Audit of KTEP-FM Radio Station Financial Statements for the Year Ended August 31, 2019	Financial Audits	Gibson, Ruddock, Patterson, LLC	$14,900
The University of Texas at El Paso - Total			**$14,900**
729 - The University of Texas Southwestern Medical Center			
Agreed-upon Procedures on Cancer Prevention and Research Institute of Texas Grants for the Year Ended August 31, 2019	Other Services	Weaver and Tidwell, LLP	13,500
The University of Texas Southwestern Medical Center - Total			**$13,500**
730 - University of Houston			
Agreed-upon Procedures on Cancer Prevention and Research Institute of Texas Grants for the Year Ended August 31, 2020	Other Services	BKD, LLP	$50,343
Audit of the University of Houston Charter School Financial Statements for the Year Ended August 31, 2020	Financial Audits	Belt Harris Pechacek, LLLP	38,870
Agreed-upon Procedures on the University of Houston's Athletic Program in Accordance with National Collegiate Athletic Association Requirements for the Year Ended August 31, 2020	Other Services	Belt Harris Pechacek, LLLP	45,590
Audit of Houston Public Media Financial Statements for the Year Ended August 31, 2020	Financial Audits	BKD, LLP	136,881
University of Houston - Total			**$271,684**
733 - Texas Tech University			
Program Specific Audit of Student Financial Aid for the Year Ended August 31, 2019	Financial Audits	Baker, Tilly, Virchow and Krause, LLP	$125,000
Audit of Texas Tech Public Media Financial Statements for the Year Ended August 31, 2020	Financial Audits	Bolinger, Segars, Gilbert & Moss, LLP	25,000
Agreed-upon Procedures on Texas Tech University's Athletic Program in Accordance with the National Collegiate Athletic Association for the Year Ended August 31, 2020	Other Services	BKD, LLP	18,500
Texas Tech University - Total			**$168,500**
734 - Lamar University			
Audit of KVLU-FM Radio Station Financial Statements for the Year Ended August 31, 2020.	Financial Audits	Mitchell T. Fontenote CPA, Inc.	$12,000
Agreed-upon Procedures on Lamar University's Athletic Program in Accordance with the National Collegiate Athletic Association for the Year Ended August 31, 2020	Other Services	Weaver and Tidwell, LLP	12,000
Lamar University - Total			**$24,000**
735 - Midwestern State University			
Review of Midwestern State University's Financial Statements for the Year Ended August 31, 2019, as Required by the Southern Association of Colleges and Schools Commission on Colleges	Other Services	Belt Harris Pechacek, LLLP	$57,252
Agreed-upon Procedures on Midwestern State University's Athletic Program in Accordance with the National Collegiate Athletic Association for the Year Ended August 31, 2020	Other Services	Edgin, Parkman, Fleming & Fleming, PC	12,000
Midwestern State University - Total			**$69,252**

Delegations of Authority Requested in Fiscal Year 2020			
Project Title	**Project Type**	**Contractor Name**	**State Entity Estimated Cost**
737 - Angelo State University			
An Audit of the Carr Foundation Financial Statements for the Year Ended August 31, 2020	Financial Audits	Bolinger, Segars, Gilbert & Moss, LLP	$17,000
Angelo State University - Total			**$17,000**
738 - The University of Texas at Dallas			
Audit of University-Wide Cash Management and Cash Processing Controls. This delegation authority request also included:	Internal Audit Services	Baker, Tilly, Virchow and Krause, LLP	$60,000
▪ Audit of Campus Construction for Efficiency, Compliance, and Billing	Internal Audit Services		
The University of Texas at Dallas - Total			**$60,000**
739 - Texas Tech University Health Sciences Center			
Program Specific Audit of Student Financial Aid for the Year Ended August 31, 2019	Financial Audits	Baker, Tilly, Virchow and Krause, LLP	$100,000
Texas Tech University Health Sciences Center - Total			**$100,000**
742 - The University of Texas of the Permian Basin			
Audit of the University of Texas of the Permian Basin STEM Academy Financial Statements for the Year Ended August 31, 2020	Financial Audits	Belt Harris Pechacek, LLLP	$21,000
The University of Texas of the Permian Basin - Total			**$21,000**
743 - The University of Texas at San Antonio			
Agreed-upon Procedures on Cancer Prevention and Research Institute of Texas Grants for the Year Ended August 31, 2019	Other Services	Weaver and Tidwell, LLP	$9,000
The University of Texas at San Antonio - Total			**$9,000**
744 - The University of Texas Health Science Center at Houston			
Audit of UT Physicians' Financial Statements for the Year Ended August 31, 2020	Financial Audits	Blazek & Vetterling	$50,000
Audit of the University of Texas System Medical Foundation Financial Statements for the Year Ended August 31, 2019	Financial Audits	Blazek & Vetterling	18,500
The University of Texas Health Science Center at Houston - Total			**$68,500**
750 - The University of Texas at Tyler			
Audit of the University of Texas at Tyler University Academy Financial Statements for the Year Ended August 31, 2020	Financial Audits	Belt Harris Pechacek, LLLP	$20,000
The University of Texas at Tyler - Total			**$20,000**
751 - Texas A&M University - Commerce			
Audit of KETR-FM Radio Station Financial Statements for the Year Ended August 31, 2019	Financial Audits	Rutherford, Taylor & Co., PC	$10,000
Audit of Compliance with Title IV Program Processes for the Period of November 1, 2019, through February 29, 2020	Internal Audit Services	Weaver and Tidwell, LLP	35,000
Audit of the Texas A&M University - Commerce Foundation Financial Statements for the Year Ended August 31, 2019	Financial Audits	BKD, LLP	11,700
Audit of the Alumni Association Financial Statements for the Year Ended August 31, 2019	Financial Audits	BKD, LLP	8,400
Texas A&M University - Commerce - Total			**$65,100**

Delegations of Authority Requested in Fiscal Year 2020			
Project Title	**Project Type**	**Contractor Name**	**State Entity Estimated Cost**
752 - University of North Texas			
Agreed-upon Procedures on the University of North Texas's Athletic Program in Accordance with National Collegiate Athletic Association Requirements for the Year Ended August 31, 2019	Other Services	Merki & Associates, PC	$4,500
University of North Texas - Total			**$4,500**
753 - Sam Houston State University			
Agreed-upon Procedures on Sam Houston State University's Athletic Program in Accordance with National Collegiate Athletic Association Requirements for the Year Ended August 31, 2019	Other Services	Bickley, Prescott, Webb & Wells, PC	$4,400
Audit of the Sam Houston State University Charter School Financial Statements for the Year Ended August 31, 2019	Financial Audits	Belt Harris Pechacek, LLLP	15,478
Sam Houston State University - Total			**$19,878**
754 - Texas State University			
Agreed-upon Procedures on Texas State University's Athletic Program in Accordance with the National Collegiate Athletic Association for the Year Ended August 31, 2019	Other Services	Rick C. Reed & Company, PLLC	$10,000
Agreed-Upon Procedures Related to the National Collegiate Athletic Association Division I Membership Requirements Certification - Football Bowl Subdivision	Other Services	Rick C. Reed & Company, PLLC	2,500
Review of Texas State University's Financial Statements for the Year Ended August 31, 2019, as Required by the Southern Association of Colleges and Schools Commission on Colleges	Other Services	Montemayor Britton Bender PC	30,000
Audit of the Federal Student Financial Aid Program at Texas State University for the Year Ended August 31, 2019	Financial Audits	Montemayor Britton Bender PC	30,000
Texas State University - Total			**$72,500**
755 - Stephen F. Austin State University			
Internal Audit Services Related to Information Technology for Fiscal Year 2020	Internal Audit Services	Myers and Stauffer LC	$109,000
Review of Stephen F. Austin State University's Financial Statements for the Year Ended August 31, 2019, as Required by the Southern Association of Colleges and Schools Commission on Colleges	Other Services	Belt Harris Pechacek, LLLP	42,528
Agreed-upon Procedures on Stephen F. Austin State University's Athletic Program in Accordance with the National Collegiate Athletic Association for the Year Ended August 31, 2019	Other Services	Goff & Herrington, PC	5,835
Audit of the Stephen F. Austin State University Charter School Financial Statements for the Year Ended August 31, 2019	Financial Audits	Goff & Herrington, PC	8,487
Agreed-upon Procedures on Stephen F. Austin State University's Athletic Program in Accordance with the National Collegiate Athletic Association for the Year Ended August 31, 2020	Other Services	Goff & Herrington, PC	6,010
Audit of the Stephen F. Austin State University Charter School Financial Statements for the Year Ended August 31, 2020	Financial Audits	Goff & Herrington, PC	8,742
Review of Stephen F. Austin State University's Financial Statements for the Year Ended August 31, 2020, as Required by the Southern Association of Colleges and Schools Commission on Colleges	Other Services	Belt Harris Pechacek, LLLP	42,528
Internal Audit Services Related to Information Technology for Fiscal Year 2021	Internal Audit Services	Myers and Stauffer LC	75,000
Stephen F. Austin State University - Total			**$298,130**

Delegations of Authority Requested in Fiscal Year 2020			
Project Title	**Project Type**	**Contractor Name**	**State Entity Estimated Cost**
757 - West Texas A&M University			
Agreed-upon Procedures on West Texas A&M University's Athletic Program in Accordance with the National Collegiate Athletic Association for the Year Ended August 31, 2019	Other Services	PricewaterhouseCoopers LLP	$30,000
West Texas A&M University - Total			**$30,000**
758 - Texas State University System			
Audit of Texas State University System Foundation Financial Statements for the Year Ended August 31, 2019	Financial Audits	Calhoun, Thomson + Matza, LLP	$14,000
Internal Audit Services	Internal Audit Services	Deloitte & Touche LLP	50,000
Audit of Texas State University System Foundation Financial Statements for the Year Ended August 31, 2020	Financial Audits	Allman & Associates, Inc.	10,000
Texas State University System - Total			**$74,000**
759 - University of Houston - Clear Lake			
Review of University of Houston - Clear Lake's Financial Statements for the Year Ended August 31, 2020, as Required by the Southern Association of Colleges and Schools Commission on Colleges	Other Services	Contract Pending [C]	$55,000
University of Houston - Clear Lake - Total			**$55,000**
763 - University of North Texas Health Science Center at Fort Worth			
Review of the University of North Texas Health Science Center at Fort Worth Financial Statements for the Year Ended August 31, 2019, as Required by the Southern Association of Colleges and Schools Commission on Colleges	Other Services	Grant Thornton LLP	$20,000
Audit of Compliance with Title IV Program Processes for the Period July 1, 2018, through June 30, 2019	Internal Audit Services	Grant Thornton LLP	24,000
Audit of Compliance with Title IV Program Processes for the Period July 22, 2019, through August 14, 2019	Internal Audit Services	Grant Thornton LLP	27,000
Audit of the Schedule of Expenditures of Cancer Prevention and Research Institute of Texas Awards for the Year Ended August 31, 2019	Financial Audits	BKD, LLP	19,500
Audit of Compliance with Title IV Program Processes for the Year Ended August 31, 2020	Internal Audit Services	BKD, LLP	24,000
Review of University of North Texas Health Science Center at Fort Worth's Financial Statements for the Year Ended August 31, 2020, as Required by the Southern Association of Colleges and Schools Commission on Colleges	Other Services	BKD, LLP	20,000
Audit of the Schedule of Expenditures of Cancer Prevention and Research Institute of Texas Awards for the Year Ended August 31, 2020	Financial Audits	BKD, LLP	20,000
University of North Texas Health Science Center at Fort Worth - Total			**$154,500**
768 - Texas Tech University System			
Audit of Texas Tech Foundation Inc. Financial Statements for the Year Ended August 31, 2020	Financial Audits	Bolinger, Segars, Gilbert & Moss, LLP	$47,500
Agreed-upon Procedures on Expenses of the Board of Regents, Chancellor, and Presidents for the Year Ended August 31, 2020	Other Services	Bolinger, Segars, Gilbert & Moss, LLP	8,500
Audit of the Schedule of Expenditures of Cancer Prevention and Research Institute of Texas Awards for the Year Ended August 31, 2020	Financial Audits	Bolinger, Segars, Gilbert & Moss, LLP	20,000

Delegations of Authority Requested in Fiscal Year 2020			
Project Title	**Project Type**	**Contractor Name**	**State Entity Estimated Cost**
Internal Audit Services Related to Construction	Internal Audit Services	CBIZ Risk & Advisory Services, LLC R.L. Townsend & Associates, LLC RSM US LLP	150,000
Texas Tech University System - Total			**$226,000**
769 - University of North Texas System			
Audit of the University of North Texas System Consolidated Financial Statements for the Year Ended August 31, 2019	Financial Audits	Grant Thornton LLP	$366,000
Audit of the University of North Texas System Consolidated Financial Statements for the Year Ended August 31, 2020	Financial Audits	BKD, LLP	425,000
University of North Texas System - Total			**$791,000**
771 - School for the Blind and Visually Impaired			
Audit of Policy and Procedure for Reporting and Investigating Allegations of Student Abuse, Neglect, Exploitation, or Improper Care	Internal Audit Services	Jay Stepp, CPA	$12,000
Internal Audit Services	Internal Audit Services	Garza/Gonzalez & Associates	50,000
School for the Blind and Visually Impaired - Total			**$62,000**
772 - School for the Deaf			
Internal Audit Services for Fiscal Year 2021	Internal Audit Services	Garza/Gonzalez & Associates	$45,000
School for the Deaf - Total			**$45,000**
774 - Texas Tech University Health Sciences Center at El Paso			
Program Specific Audit of Student Financial Aid for the Year Ended August 31, 2020	Financial Audits	Belt Harris Pechacek, LLLP	$250,000
Program Specific Audit of Student Financial Aid for the Year Ended August 31, 2021	Financial Audits	Belt Harris Pechacek, LLLP	25,685
Texas Tech University Health Sciences Center at El Paso - Total			**$275,685**
781 - Higher Education Coordinating Board			
Audit of Financial Statements for the Year Ended August 31, 2020	Financial Audits	KPMG LLP	$250,000
Higher Education Coordinating Board - Total			**$250,000**
783 - University of Houston System			
Information Technology Auditing Services for Fiscal Year 2020	Internal Audit Services	Schneider Downs & Co., Inc.	$200,000
Audit of the University of Houston System Endowment Fund Financial Statements for the Year Ended August 31, 2020	Financial Audits	BKD, LLP	73,221
University of Houston System - Total			**$273,221**
785 - The University of Texas Health Science Center at Tyler			
Audit of East Texas Quality Care Network Financial Statements for the Year Ended August 31, 2019	Financial Audits	CliftonLarsonAllen LLP	$12,450
The University of Texas Health Science Center at Tyler - Total			**$12,450**

Delegations of Authority Requested in Fiscal Year 2020			
Project Title	Project Type	Contractor Name	State Entity Estimated Cost
787 - Lamar State College - Orange			
Program Specific Audit of Student Financial Aid for the Year Ended August 31, 2019	Financial Audits	Belt Harris Pechacek, LLLP	$4,000
Lamar State College - Orange - Total			**$4,000**
Article III - Total			**$9,515,652**
Article V - Public Safety and Criminal Justice			
401 - Military Department			
Internal Audit Services for Fiscal Year 2021	Internal Audit Services	McConnell & Jones LLP	$165,000
Military Department - Total			**$165,000**
696 - Department of Criminal Justice			
Audit of Compliance with the Prison Rape Elimination Act	Other Services	PREA Auditors of America, LLC	$149,480
Department of Criminal Justice - Total			**$149,480**
Article V - Total			**$314,480**
Article VI - Natural Resources			
305 - General Land Office			
Audit Activities Related to the General Land Office's Administration of Community Development Block Grants for Disaster Recovery	Other Services	Ernst & Young U.S. LLP	$2,500,000
An Audit of the Deepwater Horizon Restoration Natural Resource Damage Assessment Funds Received by the Texas Trustees as a Result of the Deepwater Horizon Oil Spill for the Period January 1, 2017, through December 31, 2019 [d]	Financial Audits	CohnReznick LLP	100,000
General Land Office - Total			**$2,600,000**
592 - Soil and Water Conservation Board			
Internal Audit Services for Fiscal Year 2020	Internal Audit Services	Monday Rufus & Co., PC	$25,000
Soil and Water Conservation Board - Total			**$25,000**
Article VI - Total			**$2,625,000**
Article VII - Business and Economic Development			
362 - Texas Lottery Commission			
Audit of Financial Statements for the Year Ended August 31, 2020	Financial Audits	Weaver and Tidwell, LLP	$74,000
Internal Audit Services for Fiscal Year 2021	Internal Audit Services	McConnell & Jones LLP	300,000
Agreed-upon Procedures on Lottery Drawings for Fiscal Year 2021	Other Services	Weaver and Tidwell, LLP	876,000
Texas Lottery Commission - Total			**$1,250,000**

Delegations of Authority Requested in Fiscal Year 2020			
Project Title	**Project Type**	**Contractor Name**	**State Entity Estimated Cost**
601 - Department of Transportation			
Audit of Financial Statements for the Year Ended August 31, 2020, of the Department of Transportation, the Texas Mobility Fund, the Central Texas Turnpike System, and the Grand Parkway Transportation Corporation	Financial Audits	Crowe LLP	$550,000
Department of Transportation - Total			**$550,000**
608 - Department of Motor Vehicles			
Internal Audit Services for Fiscal Year 2021	Internal Audit Services	Weaver and Tidwell, LLP	$160,000
Department of Motor Vehicles - Total			**$160,000**
Article VII - Total			**$1,960,000**
Article VIII - Regulatory			
312 - State Securities Board			
Internal Audit Services for Fiscal Year 2020	Internal Audit Services	Garza/Gonzalez & Associates	$31,250
State Securities Board - Total			**$31,250**
360 - State Office of Administrative Hearings			
Internal Audit Services for Fiscal Year 2020	Internal Audit Services	Garza/Gonzalez & Associates	$26,800
Internal Audit Services for Fiscal Year 2021	Internal Audit Services	Garza/Gonzalez & Associates	26,800
State Office of Administrative Hearings - Total			**$53,600**
452 - Department of Licensing and Regulation			
Internal Audit Services for Fiscal Year 2020	Internal Audit Services	Weaver and Tidwell, LLP	$67,500
Internal Audit Services for Fiscal Year 2021	Internal Audit Services	Weaver and Tidwell, LLP	67,500
Department of Licensing and Regulation - Total			**$135,000**
473 - Public Utility Commission of Texas			
Audit of the Texas Universal Service Fund's Financial Statements for the Year Ended August 31, 2019. That delegation authority request also included:	Financial Audits	Hurlbert CPA, LLC	$39,000
▪ Statement of Standards for Attestation Engagements No. 18 Report on Internal Controls of the Texas Universal Service Fund Administrator for the Year Ended August 31, 2019	Other Services		
Public Utility Commission of Texas - Total			**$39,000**
476 - Racing Commission			
Internal Audit Services for Fiscal Year 2021	Internal Audit Services	Monday Rufus & Co., PC	$15,000
Racing Commission - Total			**$15,000**
507 - Board of Nursing			
Internal Audit Services for Fiscal Year 2021	Internal Audit Services	Monday Rufus & Co., PC	$50,000

Delegations of Authority Requested in Fiscal Year 2020			
Project Title	Project Type	Contractor Name	State Entity Estimated Cost
Board of Nursing - Total			$50,000
Article VIII - Total			$323,850
Other State Entities [e]			
014 - Texas A&M Research Foundation			
Audit of Financial Statements and OMB Circular A-133 Uniform Guidance Compliance Audit for the Year Ended August 31, 2020	Financial Audits	Ingram, Wallis & Co., PC	$55,000
Texas A&M Research Foundation - Total			$55,000
315 - Office of the Comptroller of Public Accounts - Prepaid Higher Education Tuition Board			
Audit of the Texas Prepaid Higher Education Tuition Board Financial Statements for the Year Ended August 31, 2020	Financial Audits	RSM US LLP	$59,800
Office of the Comptroller - Prepaid Higher Education Tuition Board - Total			$59,800
329 - Real Estate Commission			
Internal Audit Services for Fiscal Year 2021	Internal Audit Services	McConnell & Jones LLP	$27,494
Real Estate Commission - Total			$27,494
449 - Finance Commission of Texas [f]			
Internal Audit Services for Fiscal Year 2021	Internal Audit Services	Garza/Gonzalez & Associates	$76,600
Finance Commission of Texas - Total			$76,600
930 - Treasury Safekeeping Trust Company			
Audit of Financial Statements for the Year Ended August 31, 2020, for the Texas Treasury Safekeeping Trust Company, Texas Local Government Investment Pool, Texas Local Government Investment Pool Prime, and State Water Implementation Fund for Texas	Financial Audits	RSM US LLP	$230,496
Treasury Safekeeping Trust Company - Total			$230,496
Other State Entities - Total			$449,390
Delegations of Authority Estimated Cost for Fiscal Year 2020 - Total			$28,821,042

[a] Some entities may submit several audit delegation requests annually for ongoing audit services. These projects may appear identical in the table; however, they are unique delegation requests.

[b] The estimated cost reported by the Health and Human Services Commission does not reflect the actual estimated cost. Instead, this contract is a contingency fee agreement, and the contractor is paid based on the amount of recoveries identified and subsequently collected.

[c] As of April 14, 2021, the entity self-reported that a contract had not been executed.

[d] The General Land Office submitted this request on behalf of multiple state agencies that received Deepwater Horizon Restoration Natural Resource Damage Assessment funds, which includes the General Land Office, Commission on Environmental Quality, and the Parks and Wildlife Department, collectively referred to as the "Texas Trustees."

[e] Other state entities are entities that are not included in the General Appropriations Act.

[f] The Finance Commission of Texas is responsible for overseeing and coordinating the activities of the Department of Banking, the Department of Savings and Mortgage Lending, and the Office of Consumer Credit Commissioner. The internal audit services requested include each of those three state entities.

E

F

NEXT MEETING AND ADJOURNMENT

F. Discussion of and Vote to Establish Date for Next Committee Meeting.

BACKGROUND: If necessary, the next regular meeting of the Committee will be scheduled at this meeting.

ADJOURNMENT