



# CREDIT UNION COMMISSION AUDIT COMMITTEE MEETING

*Credit Union Department Building  
914 East Anderson Lane  
Austin, Texas*

**November 3, 2022  
10:00 a.m.**

## **AGENDA**

This meeting of the Texas Credit Union Commission's Audit Committee will be held at the Credit Union Department Building at 914 E. Anderson Ln., Austin, Texas 78752 and is open to the public. Only onsite testimony will be allowed; however, the meeting will be transmitted live through a link on the Department's webpage at [www.cud.texas.gov](http://www.cud.texas.gov) on the day of the meeting, November 3, 2022 at 10:00 a.m.

An electronic copy of the agenda is now available at [www.cud.texas.gov](http://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 November 12, 2022. To obtain a recording, please contact Isabel Velasquez at 512-837-9236.

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

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

<b><u>TAB</u></b>	<b><u>PAGE</u></b>
<b>A.</b> Call to Order (10:00 a.m.) – Chair Kay Swan	<b>3</b>
1. Ascertain Quorum	
2. Appoint Recording Secretary	
3. Invitation for Public Input	
4. Acknowledge Guests	
<b>B.</b> Receive and Approve Minutes of the March 10, 2022, Audit Committee Meeting	<b>6</b>
<b>C.</b> State Auditor's Office (SAO) Audit Delegation Request	<b>11</b>
<b>D.</b> Proposed Internal Auditor Solicitation Request for Qualifications (RFQ)	<b>31</b>
<b>E.</b> Future Meetings: Agenda Items, Arrangements, and Dates	<b>34</b>

## **Adjournment**

**Executive Session:** 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.

A

# **CALL TO ORDER**

## **TEXAS CREDIT UNION COMMISSION**

### **AUDIT COMMITTEE**

#### **Members**

- *Kay Swan, Chair*
- *Liz Bayless*
- *David Bleazard*
- *Jim Minge, Ex-officio*

#### **Legal Counsel**

- *Nancy Elmilady*

#### **Staff**

- *Michael S. Riepen*
- *Robert W. Etheridge*
- *Isabel Velasquez*

# **FUTURE COMMITTEE MEETING DATES**

---

**Thursday, March 9, 2023**

---

**All regular scheduled meetings will begin at 10:00 a.m.  
unless notified differently.**

**If anyone has conflicts with the proposed date, please  
contact Isabel Velasquez at (512) 837-9236.**

B

## **AUDIT COMMITTEE MEETING MINUTES**

A draft copy of the minutes of the Committee's meeting held on March 10, 2022 is located under ***TAB B***.

**RECOMMENDED ACTION:** The Department requests that the Committee approve the minutes as presented.

**RECOMMENDED MOTION:** I move that the minutes of the Committee's March 10, 2022 meeting be approved as presented.

**CREDIT UNION COMMISSION AUDIT COMMITTEE  
MEETING MINUTES  
914 East Anderson Lane, Austin, Texas  
March 10, 2022**

**A. CALL TO ORDER** – Chairman James Minge called the meeting to order at 1:05 p.m. pursuant to Chapter 551 of the Texas Government Code. Other Commission members present included Kay Swan, Liz Bayless, Karyn Brownlee and Ex-officio Yusuf Farran. The Chair introduced general counsel Nancy Elmilady, who will serve as legal counsel for the committee at this meeting. Staff member in attendance was John J. Kolhoff, Commissioner. Isabel Velasquez was appointed as recording secretary. The Chair inquired and the Commissioner confirmed that the notice of the meeting was properly posted with the Secretary of State (**February 24, 2022, TRD#2022001229**).

❖ **INVITATION FOR PUBLIC INPUT FOR FUTURE CONSIDERATION**  
– Chairman Minge invited public input for future consideration by the committee. There was none.

**B. RECEIVE MINUTES OF PREVIOUS MEETING (June 29, 2021)** – Mrs. Swan moved to approve the minutes of June 29, 2021, as presented. Mrs. Bayless seconded the motion, and the motion was unanimously adopted.

**C. DISCUSSION, CONSIDERATION AND POTENTIAL ACTION OF INTERNAL AUDITING SERVICES CONTRACT** – Commissioner Kolhoff reported that as part of the sunset review process, a recommendation was made asking the Department to initiate an internal audit program that exceeds statutory requirements for an agency of the Department's size and nature. The Department's management and the Commission agreed to implement a program and formed an Audit Committee, whose first meeting was held on June 2021. Furthermore, Commissioner Kolhoff stated that he would be speaking on the recommendation of

our procurement staff member, Cheli Castro, who could not be present. On behalf of Ms. Castro, staff recommendation to the committee is to recommend “no award” for the recent Request for Qualifications (RFQ) procurement contract for the internal auditor and to rebid the procurement contract at a future date to be determined.

Chairman Minge stated that the Committee would be entering into Executive Session as provided under Section 551.071(2) of the Government Code for the purposes of consultation and advice of counsel for legal matters subject to attorney-client privilege. The Committee entered into Executive Session at 1:08 pm., and reconvened in open session at 2:26 p.m. Chairman Minge noted that no formal action was taken by the Committee during the closed session.

Mr. Farran made a motion that the Committee recommend to the Commission approve the proposed action of not awarding an Internal Auditing Services Contract for the published RFQ and to repost the solicitation at a future date with a goal of posting by December 31, 2022. Mrs. Brownlee seconded the motion, and the motion was unanimously adopted.

**D. DEPARTMENT’S ANNUAL RISK ASSESSMENT REPORT FOR FY 2022 AS REQUIRED BY SECTION 2102.004, GOVERNMENT CODE –**

Commissioner Kolhoff noted that Section 2102.013 of the Texas Government Code requires state agencies which meet certain requirements to conduct a formal risk assessment each year and submit the assessment to the State Auditor’s Office. He indicated that staff had completed the internal risk review for 2022 and had prepared a written assessment of the risks along with the controls the Department has in place to mitigate those risks.

After a short discussion, Mrs. Swan moved that the Commission approve the Department's Internal Risk Assessment Report for 2022 and authorize its submission to the State Auditor's Office. Mrs. Bayless seconded the motion, and the motion was unanimously adopted.

**E. NEXT COMMITTEE MEETING** – Chair Minge reminded everyone that the next meeting of the Committee has been tentatively scheduled for June 9, 2022.

**ADJOURNMENT** – There being no further business for the Committee, Chair Minge adjourned the meeting at 2:35 p.m.

---

Jim Minge  
Chair

---

Isabel Velasquez  
Recording Secretary

**Distribution:**

Legislative Reference Library

C

**STATE AUDITOR'S OFFICE AUDIT DELEGATION**

**C. State Auditor's Office (SAO) Audit Delegation Request.**

**BACKGROUND:** Section 321.020 of the Texas Government Code requires a state agency seeking to employ a private auditor to audit the agency, to submit to the State Auditor's Office (SAO) a Request for Audit Delegation. The CUD has submitted this request to SAO for purposes of procuring and contracting with an internal auditor for FY2023 and will provide an update on this request.

**RECOMMENDED ACTION:** No action is anticipated.



A Report on

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

March 24, 2022

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, 2020, through August 31, 2021, the State Auditor's Office received and approved 128 delegation of authority requests from 65 state entities.

Some delegations of authority covered more than one project. The 128 delegation of authority requests included 147 projects with an estimated total cost of approximately \$36.3 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 respects, 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

## 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.

SAO Report No. 22-022

function). In those instances, a state entity requested the authority to outsource the internal audit function. This category also included 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 147 projects included in the 128 delegation of authority requests reviewed, 61 (41 percent) were for financial audits, 54 (37 percent) were for other services, and 32 (22 percent) were for internal audit services.

In addition, 10 state entities accounted for 74 (50 percent) of the 147 requested projects. Table 1 lists those 10 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, 2020, through August 31, 2021. 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:

- Rebecca Franklin, CISA, CGAP, CICA, CFE (Project Manager)
- Ryan Walther
- Jennifer Lehman, MBA, CIA, CFE, CGAP
- Dana Musgrave, MBA, CFE (Quality Control Reviewer)
- Michael A. Simon, MBA, CGAP (Audit Manager)

Table 1

Ten State Entities With the Most Projects Requested Under Delegation of Authority Requests From September 1, 2020, Through August 31, 2021	
State Entity	Number of Projects
The University of Texas System	21
Health and Human Services Commission	15
The University of Texas at Austin	6
Stephen F. Austin State University	5
Texas State University	5
University of Houston	5
University of North Texas System	5
Prairie View A&M University	4
Texas Lottery Commission	4
The University of Texas M.D. Anderson Cancer Center	4

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

Members of the Legislative Audit Committee

March 24, 2022

Page 3

Sincerely,

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

Attachment

cc: The Honorable Greg Abbott, Governor



This document is not copyrighted. Readers may make additional copies of this report as needed. In addition, most State Auditor's Office reports may be downloaded from our Web site: [www.sao.texas.gov](http://www.sao.texas.gov).

In compliance with the Americans with Disabilities Act, this document may also be requested in alternative formats. To do so, contact our report request line at (512) 936-9500 (Voice), (512) 936-9400 (FAX), 1-800-RELAY-TX (TDD), or visit the Robert E. Johnson Building, 1501 North Congress Avenue, Suite 4.224, Austin, Texas 78701.

The State Auditor's Office is an equal opportunity employer and does not discriminate on the basis of race, color, religion, sex, national origin, age, or disability in employment or in the provision of services, programs, or activities.

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 2021

Table 2 lists the approved delegations of authority that 65 entities requested between September 1, 2020, and August 31, 2021. 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 2021			
Project Title	Project Type	Contractor Name	State Entity Estimated Cost
Article I - General Government			
301 - Office of the Governor			
Audit of Specific Programs at the Office of the Governor. This delegation included an audit of:	Other Services	Weaver and Tidwell, LLP	\$97,500
▪ The Small Business Assistance Program for Fiscal Year 2019			
▪ The Enterprise Zone Program for Fiscal Year 2020			
▪ The Spaceport Trust Fund Program for Fiscal Year 2021			
Office of the Governor - Total			\$97,500
303 - Texas Facilities Commission			
Construction Audit Services	Internal Audit Services	R.L. Townsend & Associates, LLC	\$50,000
Texas Facilities Commission - Total			\$50,000
304 - Office of the Comptroller of Public Accounts			
System and Organization Controls (SOC 1) Report on the Description of its Centralized Accounting Payroll/Personnel System and the Suitability of the Design and Operating Effectiveness of Controls for Fiscal Year 2021	Other Services	KPMG, LLP	\$113,325
Office of the Comptroller of Public Accounts - Total			\$113,325
306 - Library and Archives Commission			
Internal Audit Services for Fiscal Year 2022	Internal Audit Services	Weaver and Tidwell, LLP	\$101,920
Library and Archives Commission - Total			\$101,920

Delegations of Authority Requested in Fiscal Year 2021			
Project Title	Project Type	Contractor Name	State Entity Estimated Cost
<b>313 - Department of Information Resources</b>			
Audit of the Cooperative Contracts of Selected Vendor Sales Reporting and Administrative Fees for the Period September 1, 2017, through August 31, 2019	Internal Audit Services	Weaver and Tidwell, LLP	\$32,275
Department of Information Resources - Total			\$32,275
<b>403 - Texas Veterans Commission</b>			
Internal Audit Services for Fiscal Year 2021	Internal Audit Services	McConnell & Jones, LLP	\$45,284
Texas Veterans Commission - Total			\$45,284
<b>479 - State Office of Risk Management</b>			
Internal Audit Services for Fiscal Year 2022	Internal Audit Services	McConnell & Jones, LLP	\$39,700
State Office of Risk Management - Total			\$39,700
<b>542 - Cancer Prevention and Research Institute of Texas</b>			
Audit of Financial Statements for the Year Ended August 31, 2021	Financial Audits	McConnell & Jones, LLP	\$38,500
Cancer Prevention and Research Institute of Texas - Total			\$38,500
<b>813 - Commission on the Arts</b>			
Internal Audit Services for Fiscal Year 2021	Internal Audit Services	Monday Rufus & Co., P.C.	\$15,000
Commission on the Arts - Total			\$15,000
Article I - Total			\$533,504
<b>Article II - Health and Human Services</b>			
<b>529 - Health and Human Services Commission</b>			
Retrospective Cost Settlement Audit (Accenture) for the Period of September 1, 2020, through August 31, 2021	Other Services	DK Partners, P.C.	\$175,000
Recovery Audit of Payments Made by the State of Texas to Medicaid Enrolled Providers for Fiscal Year 2021	Other Services	Health Management Systems, Inc.	0 <sup>a</sup>
Audits of Medicaid Managed Care and/or Fee-for-Service Providers	Other Services	Myers and Stauffer, LC	272,306
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	Myers and Stauffer, LC	137,445
Review of Managed Care Organization (MCO) Self-Reported Data	Other Services	DK Partners, P.C.	1,450,000
Audit of the Vendor Drug Program's (Conduent) Compliance with HIPAA	Other Services	Myers and Stauffer, LC	150,000

Delegations of Authority Requested in Fiscal Year 2021			
Project Title	Project Type	Contractor Name	State Entity Estimated Cost
Agreed-upon Procedures on Medicaid and CHIP Managed Care Financial Statistical Reports	Other Services	Myers and Stauffer, LC DK Partners, P.C. Eide Bailly, LLP	5,164,704
Agreed-upon Procedures on Medicaid Patient Transportation Services Provided by the Medical Transportation Program	Other Services	DK Partners, P.C. Myers and Stauffer, LC	1,196,616
Disproportionate Share Hospital Program Audit and Uncompensated Care Reconciliations	Other Services	Myers and Stauffer, LC	5,932,685
Agreed-upon Procedures on Electronic Health Records Incentive Payments	Other Services	DK Partners, P.C.	385,100
Retrospective Cost Settlement Audits of the Eligibility Support Services Program, CHIP, and Enrollment Broker Services	Other Services	Myers and Stauffer, LC	261,367
Texas Delivery System Reform Incentive Payments Program Mid-Point Assessment	Other Services	Myers and Stauffer, LC	4,138,680
System and Organization Controls (SOC 1) Report on Conduent State Healthcare, LLC Description of the Texas Pharmacy Claims and Rebate Administration System and on the Suitability of the Design and Operating Effectiveness of Controls for Fiscal Year 2020	Other Services	Myers and Stauffer, LC	137,970
Report on Accenture State Healthcare Services, LLC's Description of Its Texas Medicaid Management Information Systems and on the Suitability of the Design and Operating Effectiveness of Its Controls for the Period of September 1, 2019, to August 31, 2020	Other Services	Eide Bailly, LLP	88,750
Review of Supporting Documents Related to United Healthcare Agreed-upon Procedures Report	Other Services	DK Partners, P.C.	50,000
Health and Human Services Commission - Total			\$19,540,623
Article II - Total			\$19,540,623
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, 2021	Financial Audits	Crowe, LLP	\$51,000
Teacher Retirement System - Total			\$51,000
506 - The University of Texas M.D. Anderson Cancer Center			
Internal Audit Services Related to:	Internal Audit Services		
▪ Information Technology		Protiviti, Inc.	\$600,000
▪ Compensation		Korn Ferry	200,000
▪ Facilities Management		Protiviti, Inc.	120,000
▪ Clinical Research Billing		Davis Wright Tremaine, LLP	300,000
The University of Texas M.D. Anderson Cancer Center - Total			\$1,220,000

Delegations of Authority Requested in Fiscal Year 2021			
Project Title	Project Type	Contractor Name	State Entity Estimated Cost
<b>556 - Texas A&amp;M AgriLife Research</b>			
Audit of the Schedule of Expenditures of Cancer Prevention and Research Institute of Texas Awards for the Year Ended August 31, 2020	Financial Audits	Ingram, Wallis & Co., P.C.	\$6,800
Texas A&M AgriLife Research - Total			\$6,800
<b>711 - Texas A&amp;M University</b>			
Program - Specific Audit of Cancer Prevention and Research Institute of Texas Grant Program For the Year Ended August 31, 2020, for Texas A&M University	Financial Audits	Ingram, Wallis & Co., P.C.	\$59,375
Texas A&M University - Total			\$59,375
<b>712 - Texas A&amp;M Engineering Experiment Station</b>			
Audit of the Schedule of Expenditures of Cancer Prevention and Research Institute of Texas Awards for the Year Ended August 31, 2020	Financial Audits	Ingram, Wallis & Co., P.C.	\$7,200
Texas A&M Engineering Experiment Station - Total			\$7,200
<b>713 - Tarleton State University</b>			
Agreed-upon Procedures Related to the 2019-2020 Financial Aid Year, as Required by the Southern Association of Colleges and Schools Commission on Colleges	Other Services	Weaver and Tidwell, LLP	\$179,281
Tarleton State University - Total			\$179,281
<b>714 - The University of Texas at Arlington</b>			
Agreed-upon Procedures on Cancer Prevention and Research Institute of Texas Grants for the Year Ended August 31, 2020	Other Services	Weaver and Tidwell, LLP	\$9,150
The University of Texas at Arlington - Total			\$9,150
<b>715 - Prairie View A&amp;M University</b>			
Audit of KPVO-FM Radio Station Financial Statements for the Year Ended August 31, 2020	Financial Audits	Ingram, Wallis & Co., P.C.	\$13,000
Audit of KPVO-FM Radio Station Financial Statements for the Year Ended August 31, 2021	Financial Audits	Ingram, Wallis & Co., P.C.	15,000
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, 2020	Other Services	BKD, LLP	35,050
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, 2021	Other Services	BKD, LLP	18,000
Prairie View A&M University - Total			\$81,050
<b>717 - Texas Southern University</b>			
Audit of KTSU-FM Radio Station Financial Statements for the Year Ended August 31, 2020	Financial Audits	J. Walker & Company, APC	\$12,200

Delegations of Authority Requested in Fiscal Year 2021			
Project Title	Project Type	Contractor Name	State Entity Estimated Cost
Agreed-upon Procedures on Texas Southern University's Athletic Program in Accordance with National Collegiate Athletic Association Requirements for the Year Ended August 31, 2020	Other Services	BKD, LLP	17,680
Audit of the Earl Carl Institute for Legal and Social Policy, Inc., Financial Statements for the Year Ended December 31, 2020	Financial Audits	John F. Coggin, CPA PLLC	5,900
Texas Southern University - Total			\$35,780
<b>720 - The University of Texas System</b>			
Agreed-upon Procedures of the University of Texas/Texas A&M Investment Management Company Performance Incentive Plan for Performance Period Ended June 30, 2020	Other Services	Deloitte & Touche, LLP	\$17,000
Audit of the Schedule of Expenditures of Cancer Prevention and Research Institute of Texas Awards for the Year Ended August 31, 2020. That delegation authority request also included the following Institutions of Higher Education:	Financial Audits	Deloitte & Touche, LLP	350,000
<ul style="list-style-type: none"> <li>▪ The University of Texas at Austin</li> <li>▪ The University of Texas Health Science Center at Houston</li> <li>▪ The University of Texas Health Science Center at San Antonio</li> <li>▪ The University of Texas Health Science Center at Tyler</li> <li>▪ The University of Texas M.D. Anderson Cancer Center</li> <li>▪ The University of Texas Medical Branch at Galveston</li> </ul>			
Audit of the University Texas System Consolidated Fund Financial Statements for the Year Ended August 31, 2021. That delegation authority request also included the following:	Financial Audits	Deloitte & Touche, LLP	3,718,407
<ul style="list-style-type: none"> <li>▪ General Endowment Fund Financial Statements</li> <li>▪ Intermediate Term Fund Financial Statements</li> <li>▪ Long-term Fund Financial Statements</li> <li>▪ Permanent Health Fund Financial Statements</li> <li>▪ Permanent University Fund Financial Statements</li> <li>▪ Permanent University Fund Schedules of Investment Securities</li> </ul>			
This Delegation Request also included an Audit of the Consolidated Financial Statements for the following Institutions of Higher Education:			
<ul style="list-style-type: none"> <li>▪ The University of Texas at Austin</li> <li>▪ The University of Texas M.D. Anderson Cancer Center</li> <li>▪ The University of Texas Medical Branch at Galveston</li> <li>▪ The University of Texas Southwestern Medical Center and University Hospitals</li> </ul>			

Delegations of Authority Requested in Fiscal Year 2021			
Project Title	Project Type	Contractor Name	State Entity Estimated Cost
Audit of the University of Texas/Texas A&M Investment Management Company Financial Statements for the Year Ended August 31, 2021	Financial Audits	Deloitte & Touche, LLP	48,000
Audit of the Federal Student Financial Aid Program at the University of Texas at Tyler for the 2020-2021 Federal Student Financial Assistance Year. This delegation also includes:	Financial Audits	Deloitte & Touche, LLP	162,000
▪ Review of the Financial Statements for the Year Ended August 31, 2021, as Required by the Southern Association of Colleges and Schools Commission on Colleges	Financial Audits		
Audit of the Federal Student Financial Aid Program at the University of Texas Rio Grande Valley for the 2020-2021 Federal Student Financial Assistance Year	Financial Audits	Deloitte & Touche, LLP	62,500
The University of Texas System - Total			\$4,357,907
721 - The University of Texas at Austin			
Audit of the University of Texas Elementary School Financial Statements for the Year Ended August 31, 2020	Financial Audits	Belt Harris Pechacek, LLLP	\$19,884
Audit of the University of Texas at Austin Charter School Financial Statements for the Year Ended August 31, 2020	Financial Audits	West, Davis & Company, LLP	15,000
Agreed-upon Procedures on the University of Texas at Austin's Athletic Program in Accordance with National Collegiate Athletic Association Requirements for the Year Ended August 31, 2020	Other Services	Maxwell Locke & Ritter, LLP	29,500
Audit of the University Interscholastic League Financial Statements for the Year Ended August 31, 2020	Financial Audits	West, Davis & Company, LLP	19,500
Internal Audit Services related to:	Internal Audit Services	Postlethwaite & Netterville, APAC (P&N) and Baker Tilly	
▪ Information Technology for Fiscal Year 2021, and			400,000
▪ Information Technology for Fiscal Year 2022			400,000
The University of Texas at Austin - Total			\$883,884
723 - The University of Texas Medical Branch at Galveston			
Review of Accounts Payable and Contract Compliance at the University of Texas Medical Branch at Galveston	Other Services	Spendmend, LLC	\$180,000
The University of Texas Medical Branch at Galveston - Total			\$180,000
724 - The University of Texas at El Paso			
Audit of KTEP-FM Radio Station Financial Statements for the Year Ended August 31, 2020	Financial Audits	Pena Briones McDaniel & Co.	\$11,000
The University of Texas at El Paso - Total			\$11,000
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, 2020	Other Services	Weaver and Tidwell, LLP	\$13,800

Delegations of Authority Requested in Fiscal Year 2021			
Project Title	Project Type	Contractor Name	State Entity Estimated Cost
Audit of the Schedule of Expenditures of Federal Awards for the United States Department of Education Student Financial Assistance Cluster for the 2019-2020 Program Award Year	Financial Audits	Deloitte & Touche, LLP	50,000
The University of Texas Southwestern Medical Center -Total			\$63,800
<b>730 - University of Houston</b>			
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, 2021. This delegation request also included:	Other Services	James Moore & Co., P.L.	\$475,000
▪ Audit of Houston Public Media Financial Statements for the Year Ended August 31, 2021	Financial Audits		
Audit of the University of Houston Charter School Financial Statements for the Year Ended August 31, 2021	Financial Audits	Belt Harris Pechacek, LLLP	45,000
Audit of the University of Houston System Endowment Fund Financial Statements for the Year Ended August 31, 2021	Financial Audits	BKD, LLP	94,500
Agreed-upon Procedures on Cancer Prevention and Research Institute of Texas Grants for the Year Ended August 31, 2021	Other Services	BKD, LLP	58,100
University of Houston - Total			\$672,600
<b>732 - Texas A&amp;M University - Kingsville</b>			
Audit of Texas A&M University-Kingsville Student Financial Aid Program, as Required by the Southern Association of Colleges and Schools Commission on Colleges	Other Services	BKD, LLP	\$75,000
Agreed-upon Procedures on Texas A&M University - Kingsville's Athletic Department in Accordance with National Collegiate Athletic Association Requirements	Other Services	BKD, LLP	30,000
Texas A&M University at Kingsville - Total			\$105,000
<b>735 - Midwestern State University</b>			
Internal Audit Services Related to Information Technology	Internal Audit Services	Myers and Stauffer, L.C.	\$26,376
Midwestern State University - Total			\$26,376
<b>738 - The University of Texas at Dallas</b>			
Agreed-upon Procedures on Cancer Prevention and Research Institute of Texas Grants for the Year Ended August 31, 2020	Other Services	Weaver and Tidwell, LLP	\$9,000
The University of Texas at Dallas - Total			\$9,000
<b>743 - The University of Texas at San Antonio</b>			
Agreed-upon Procedures on Cancer Prevention and Research Institute of Texas Grants for the Year Ended August 31, 2020	Other Services	Weaver and Tidwell, LLP	\$8,750
The University of Texas at San Antonio - Total			\$8,750

Delegations of Authority Requested in Fiscal Year 2021			
Project Title	Project Type	Contractor Name	State Entity Estimated Cost
<b>744 - The University of Texas Health Science Center at Houston</b>			
Audit of UT Physicians' Financial Statements for the Year Ended August 31, 2021	Financial Audits	Blazek & Vetterling	\$55,000
Audit of the Harris County Psychiatric Center Financial Statements for the Year Ended August 31, 2020	Financial Audits	BKD, LLP	55,000
The University of Texas Health Science Center at Houston - Total			\$110,000
<b>750 - The University of Texas at Tyler</b>			
Audit of the University of Texas at Tyler Charter School Financial Statements for the Year Ended August 31, 2021	Financial Audits	Belt Harris Pechacek, LLLP	\$20,395
The University of Texas at Tyler - Total			\$20,395
<b>751 - Texas A&amp;M University - Commerce</b>			
Audit of KETR-FM Radio Station Financial Statements for the Year Ended August 31, 2020	Financial Audits	Rutherford, Taylor & Co., P.C.	\$10,000
Audit of the Texas A&M University - Commerce Foundation Financial Statements for the Year Ended August 31, 2020	Financial Audits	BKD, LLP	12,600
Audit of the Alumni Association Financial Statements for the Year Ended August 31, 2020	Financial Audits	BKD, LLP	9,200
Texas A&M University - Commerce - Total			\$31,800
<b>752 - University of North Texas</b>			
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, 2020	Other Services	Merki & Associates, P.C.	\$4,750
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, 2021	Other Services	James Moore & Co., P.L.	14,000
University of North Texas - Total			\$18,750
<b>753 - Sam Houston State University</b>			
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, 2020	Other Services	Webb & Wells, P.C.	\$4,500
Audit of the Sam Houston State University Charter School Financial Statements for the Year Ended August 31, 2020	Financial Audits	Belt Harris Pechacek, LLLP	15,750
Sam Houston State University - Total			\$20,250
<b>754 - Texas State University</b>			
Agreed-upon Procedures on Texas State University's Athletic Program in Accordance with the National Collegiate Athletic Association for the Year Ended August 31, 2020	Other Services	James Moore & Co., P.L.	\$14,000

Delegations of Authority Requested in Fiscal Year 2021			
Project Title	Project Type	Contractor Name	State Entity Estimated Cost
Agreed-upon Procedures on Texas State University's Athletic Program in Accordance with the National Collegiate Athletic Association for the Year Ended August 31, 2021	Other Services	James Moore & Co., P.L.	14,300
Audit of the Financial Statements for the Emmett & Miriam McCoy College of Business Administration Development Foundation for the Year Ended August 31, 2021	Financial Audits	Atchley & Associates, LLP	9,950
Review of Texas 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	Montemayor, Britton Bender, P.C.	30,000
Audit of the Schedule of Federal Expenditures of Federal Awards for the Student Financial Aid Program at Texas State University for the Year Ended August 31, 2021	Financial Audits	Montemayor, Britton Bender, P.C.	30,000
Texas State University - Total			\$98,250
755 - Stephen F. Austin State University			
An Audit of the Stephen F. Austin State University Charter School Financial Statements for the Year Ended August 31, 2021	Financial Audits	Goff & Herrington, P.C.	\$9,000
Internal Audit Services Related to Information Technology for Fiscal Year 2022	Internal Audits	Myers and Stauffer, LC	100,000
Agreed-upon Procedures Related to the Liquidation of the Federal Perkins Loan Program	Other Services	Myers and Stauffer, LC	13,750
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, 2021	Other Services	Goff & Herrington, P.C.	6,190
Audit of Construction Billings for Compliance with Terms of Agreement	Other Services	R.L. Townsend & Associates, LLC	40,000
Stephen F. Austin State University - Total			\$168,940
758 - Texas State University System			
Audit Services Related to the Billing of the Texas State University System's Construction Costs	Other Services	R.L. Townsend & Associates, LLC	\$100,000
Texas State University System - Total			\$100,000
760 - Texas A&M University - Corpus Christi			
Agreed-upon Procedures on Texas A&M University at Corpus Christi's Athletic Program in Accordance with National Collegiate Athletic Association Requirements for the Year Ended August 31, 2020	Other Services	Weaver and Tidwell, LLP	\$13,000
Texas A&M University - Corpus Christi - Total			\$13,000
761 - Texas A&M International University			
Audit of Texas A&M International University Student Financial Aid Program, as Required by the Southern Association of Colleges and Schools Commission on Colleges	Financial Audits	Weaver and Tidwell, LLP	\$26,000

Delegations of Authority Requested in Fiscal Year 2021			
Project Title	Project Type	Contractor Name	State Entity Estimated Cost
Agreed-upon Procedures on Texas A&M International 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	13,000
Texas A&M International University - Total			\$39,000
<b>765 - University of Houston - Victoria</b>			
Review of the University of Houston - Victoria 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	\$25,000
University of Houston - Victoria - Total			\$25,000
<b>769 - University of North Texas System</b>			
Internal Audit Services for Fiscal Year 2021	Internal Audit Services	Protiviti, Inc.	\$930,000
Internal Audit Services for Fiscal Year 2022	Internal Audit Services	Protiviti, Inc.	1,200,000
Audit of the University of North Texas System Consolidated Financial Statements for the Year Ended August 31, 2021	Financial Audits	BKD, LLP	418,000
Audit of the Schedule of Expenditures of Cancer Prevention and Research Institute of Texas Awards for the Year Ended August 31, 2021	Financial Audits	BKD, LLP	20,600
Audit of Compliance with Title IV Program Processes for the Year Ended August 31, 2021	Other Services	BKD, LLP	25,000
University of North Texas System - Total			\$2,593,600
<b>772 - School for the Deaf</b>			
Internal Audit Services for Fiscal Year 2022	Internal Audit Services	Garza/Gonzalez & Associates	\$33,800
School for the Deaf - Total			\$33,800
<b>781 - Higher Education Coordinating Board</b>			
Audit of Financial Statements for the Year Ended August 31, 2021	Financial Audits	KPMG, LLP	\$200,000
Higher Education Coordinating Board - Total			\$200,000
<b>783 - University of Houston System</b>			
Internal Audit Services Related to Information Technology for Fiscal Year 2021	Internal Audit Services	Schneider Downs & Co., Inc.	\$200,000
Review of the University of 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	Belt Harris Pechacek, LLLP	300,000
University of Houston System - Total			\$500,000

Delegations of Authority Requested in Fiscal Year 2021			
Project Title	Project Type	Contractor Name	State Entity Estimated Cost
<b>785 - The University of Texas Health Science Center at Tyler</b>			
Audit of East Texas Quality Care Network Financial Statements for the Year Ended August 31, 2020	Financial Audits	CliftonLarsonAllen, LLP	\$12,775
Audit of East Texas Quality Care Network Financial Statements for the Year Ended August 31, 2021	Financial Audits	CliftonLarsonAllen, LLP	12,775
The University of Texas Health Science Center at Tyler - Total			\$25,550
<b>788 - Lamar State College - Port Arthur</b>			
Audit of the Schedule of Expenditures of Federal Awards for the Grants Included in the Student Financial Assistance Cluster for the Year Ended August 31, 2021, as Required by the Southern Association of Colleges and Schools Commission on Colleges	Financial Audits	Weaver and Tidwell, LLP	\$25,000
Review of Lamar State College - Port Arthur Financial Statements for the Year Ended August 31, 2021, as Required by the Southern Association of Colleges and Schools Commission on Colleges	Other Services	Belt Harris Pechacek, LLLP	40,000
Lamar State College - Port Arthur - Total			\$65,000
Article III - Total			\$12,031,288
<b>Article V - Public Safety and Criminal Justice</b>			
<b>401 - Military Department</b>			
Internal Audit Services for Fiscal Year 2022	Internal Audit Services	McConnell & Jones, LLP	\$700,000
Military Department - Total			\$700,000
<b>696 - Department of Criminal Justice</b>			
Audit of Compliance with the Prison Rape Elimination Act	Other Services	PREA Auditors of America, LLC	\$148,375
Department of Criminal Justice - Total			\$148,375
Article V - Total			\$848,375
<b>Article VI - Natural Resources</b>			
<b>551 - Department of Agriculture</b>			
Audit of the Texas Agricultural Finance Authority Financial Statements for the Year Ended August 31, 2021	Financial Audits	Martinez, Rosario & Company	\$20,000
Department of Agriculture - Total			\$20,000
<b>554 - Animal Health Commission</b>			
Internal Audit Services for Fiscal Year 2020	Internal Audit Services	Monday Rufus & Co., P.C.	\$54,000
Animal Health Commission - Total			\$54,000

Delegations of Authority Requested in Fiscal Year 2021			
Project Title	Project Type	Contractor Name	State Entity Estimated Cost
<b>592 - Soil and Water Conservation Board</b>			
Internal Audit Services for Fiscal Year 2021	Internal Audit Services	Monday Rufus & Co., P.C.	\$25,000
Soil and Water Conservation Board - Total			\$25,000
Article VI - Total			\$99,000
<b>Article VII - Business and Economic Development</b>			
<b>362 - Texas Lottery Commission</b>			
Audit of Financial Statements for the Year Ended August 31, 2021	Financial Audits	Weaver and Tidwell, LLP	\$74,000
Internal Audit Services for Fiscal Year 2022	Internal Audit Services	McConnell & Jones, LLP	300,000
Agreed-upon Procedures on Lottery Drawings for Fiscal Year 2022	Other Services	Weaver and Tidwell, LLP	904,500
Comprehensive Study and Evaluation of Lottery Security	Other Services	Berry Dunn McNeil & Parker, LLC	260,000
Texas Lottery Commission - Total			\$1,538,500
<b>601 - Department of Transportation</b>			
Audit of Financial Statements for the Year Ended August 31, 2021, of the Department of Transportation, the Texas Mobility Fund, the Central Texas Turnpike System, and the Grand Parkway Transportation Corporation	Financial Audits	Crowe, LLP	\$555,000
Department of Transportation - Total			\$555,000
<b>608 - Department of Motor Vehicles</b>			
Internal Audit Services for Fiscal Year 2021	Internal Audit Services	Workquest	\$85,000
Internal Audit Services for Fiscal Year 2022	Internal Audit Services	Workquest	150,000
Internal Audit Services Related to Information Technology for Fiscal Year 2022	Internal Audit Services	Weaver and Tidwell, LLP	80,000
Department of Motor Vehicles - Total			\$315,000
Article VII - Total			\$2,408,500
<b>Article VIII - Regulatory</b>			
<b>312 - State Securities Board</b>			
Internal Audit Services for Fiscal Year 2021	Internal Audit Services	Garza/Gonzalez & Associates	\$31,250
State Securities Board - Total			\$31,250

Delegations of Authority Requested in Fiscal Year 2021			
Project Title	Project Type	Contractor Name	State Entity Estimated Cost
<b>452 - Department of Licensing and Regulation</b>			
Internal Audit Services for Fiscal Year 2022	Internal Audit Services	Weaver and Tidwell, LLP	\$68,000
Department of Licensing and Regulation - Total			\$68,000
<b>473 - Public Utility Commission of Texas</b>			
Audit of the Texas Universal Service Fund's Financial Statements for the Year Ended August 31, 2020. 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, 2020	Other Services		
Public Utility Commission of Texas - Total			\$39,000
<b>507 - Board of Nursing</b>			
Internal Audit Services for Fiscal Year 2022	Internal Audit Services	Monday Rufus & Co., P.C.	\$50,000
Board of Nursing - Total			\$50,000
<b>515 - Board of Pharmacy</b>			
Internal Audit Services for Fiscal Year 2021	Internal Audit Services	Garza/Gonzalez & Associates	\$100,000
Board of Pharmacy - Total			\$100,000
Article VIII - Total			\$288,250
<b>Other State Entities<sup>b</sup></b>			
<b>014 - Texas A&amp;M Research Foundation</b>			
Audit of Financial Statements and Uniform Guidance Compliance Audit for the Year Ended August 31, 2021	Financial Audits	Ingram, Wallis & Co., P.C.	\$57,150
Texas A&M Research Foundation - Total			\$57,150
<b>315 - Office of the Comptroller of Public Accounts - Prepaid Higher Education Tuition Board</b>			
Audit of the Texas Prepaid Higher Education Tuition Board Financial Statements for the Year Ended August 31, 2021	Financial Audits	RSM US, LLP	\$60,000
Office of the Comptroller - Prepaid Higher Education Tuition Board - Total			\$60,000
<b>329 - Real Estate Commission</b>			
Internal Audit Services for Fiscal Year 2022	Internal Audit Services	McConnell & Jones, LLP	\$27,494
Real Estate Commission - Total			\$27,494

Delegations of Authority Requested in Fiscal Year 2021			
Project Title	Project Type	Contractor Name	State Entity Estimated Cost
<b>449 - Finance Commission of Texas <sup>c</sup></b>			
Internal Audit Services for Fiscal Year 2022	Internal Audit Services	Garza/Gonzalez & Associates	\$72,600
Finance Commission of Texas - Total			\$72,600
<b>469 - Credit Union Department</b>			
Internal Audit Services for Fiscal Year 2022	Internal Audit Services	Contract Pending <sup>d</sup>	\$50,000
Credit Union Department - Total			\$50,000
<b>930 - Treasury Safekeeping Trust Company</b>			
Audits of Financial Statements of the Texas Treasury Safekeeping Trust Company, TexPool, TexPool Prime, and the State Water Implementation Fund for Texas for the Year Ended August 31, 2021, and Audit of Financial Statements of Tobacco Settlement Permanent Trust Fund for the Year Ended December 31, 2021	Financial Audits	RSM US, LLP	\$241,542
Treasury Safekeeping Trust Company - Total			\$241,542
Other State Entities - Total			\$508,786
Delegations of Authority Estimated Cost for Fiscal Year 2021 - Total			\$36,258,326
<sup>a</sup> 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. <sup>b</sup> Other state entities are entities that are not included in the General Appropriations Act. <sup>c</sup> 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. <sup>d</sup> As of March 09, 2022, the entity self-reported that a contract had not been executed.			

D

## **PROPOSED INTERNAL AUDITOR SOLICITATION**

### **D. Proposed Internal Auditor Solicitation Request for Qualifications (RFQ).**

**BACKGROUND:** As part of the sunset review process, a recommendation was made asking the CUD to initiate an internal audit program that exceeds statutory requirement for an agency of the CUD's size and nature. Department management and the Commission agreed to implement a program and formed an Audit Committee. The Committee has been working with staff of the CUD to initiate the required procurement process including a Request for Qualifications (RFQ) to procure and contract with such vendor. In FY2022, the CUD solicited bids via RFQ 469-22-001, for which no contract was awarded. Thus, the CUD seeks solicitation for an internal auditor for FY2023, via RFQ 469-23-001.

**RECOMMENDED ACTION:** Approve Staff's proposed RFQ for procuring and a private internal auditor and incorporating within the proposed RFQ edits made by the Committee.

**RECOMMENDED MOTION:** I move that the Committee approve the proposed RFQ to solicit bids for a private internal auditor.

**ANY ADDITIONAL MATERIAL WILL BE SUPPLIED  
AT THE MEETING**

E

## **NEXT MEETING AND ADJOURNMENT**

**E. 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**