



CREDIT UNION COMMISSION AUDIT COMMITTEE MEETING

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

**March 9, 2023
2:00 p.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 on the day of the meeting, March 9, 2023 at 2:00 p.m.

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 March 17, 2023. 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.

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A. Call to Order (2:00 p.m.) – Chair Kay Swan	3
1. Ascertain Quorum	
2. Appoint Recording Secretary	
3. Invitation for Public Input	
4. Acknowledge Guests	
B. Receive and Approve Minutes of the November 3, 2022, Audit Committee Meeting	5
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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.

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*

B

AUDIT COMMITTEE MEETING MINUTES

B. A draft copy of the minutes of the Committee's meeting held on November 3, 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 November 3, 2022, meeting be approved as presented.

**CREDIT UNION COMMISSION AUDIT COMMITTEE
MEETING MINUTES
914 East Anderson Lane, Austin, Texas
November 3, 2022**

A. CALL TO ORDER – Chair Kay Swan called the meeting to order at 10:00 a.m. pursuant to Chapter 551 of the Texas Government Code. Other Commission members present included Liz Bayless, David Bleazard and Ex-officio Jim Minge. The Chair introduced General Counsel Nancy Elmilady, who will serve as legal counsel for the committee at this meeting. Staff members in attendance were Michael S. Riepen, Commissioner, Robert W. Etheridge, Deputy Commissioner, and Executive Assistant, Isabel Velasquez. The Chair appointed Isabel Velasquez as recording secretary. The Chair inquired and the Commissioner confirmed that the notice of the meeting was properly posted with the Secretary of State (**October 17, 2022, TRD#2022006257**).

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

B. RECEIVE MINUTES OF PREVIOUS MEETING (March 10, 2022) – Mr. Bleazard moved to approve the minutes of March 10, 2022, as presented. Mrs. Bayless seconded the motion, and the motion was unanimously adopted.

C. STATE AUDITOR'S OFFICE (SAO) AUDIT DELEGATION REQUEST – General Counsel Elmilady reported that 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 Department has submitted this request to SAO for purposes of procuring and contracting with an internal auditor for FY 2023. Ms. Elmilady reported that SAO has since approved the Department's Audit

Delegation Request and the Department may move forward with posting the RFQ for solicitation of a private internal auditor. The Department may award one contract resulting from this solicitation to the responsible Respondent, whose Response meets or exceeds qualifications that is most advantageous to the Department. Furthermore, Ms. Elmilady reported that the cost or price will be considered after the qualifications have been evaluated to determine the best value.

After a short discussion, the Committee took no action.

D. PROPOSED INTERNAL AUDITOR SOLICITATION REQUEST FOR QUALIFICATIONS (RFQ) – General Counsel Elmilady briefly highlighted that as part of the sunset review process, a recommendation was made asking the Department to initiate an internal audit program that exceeds statutory requirement for an agency of the Department's size and nature. The Department's staff and Commission agreed to implement a program and formed an Audit Committee. The Committee has been working with the Department's staff to initiate the required procurement process including a Request for Qualifications (RFQ) to procure and contract with such vendor. During FY 2022 the Department solicited bids via RFQ 469-22-001, for which no contract was awarded. The Department is seeking solicitation for an internal auditor for FY 2023, via RFQ 469-2023-001.

After a lengthy discussion, Mrs. Bayless moved that the Committee approve Staff's proposed RFQ to solicit bids for a private internal auditor and incorporate within the proposed RFQ two non-substantive edits made by the Committee. Mr. Bleazard seconded the motion, and the motion was unanimously adopted.

E. NEXT COMMITTEE MEETING – Chair Swan reminded everyone that the next meeting of the Committee has been tentatively scheduled for Thursday, March 9, 2023.

ADJOURNMENT – There being no further business for the Committee, Chair Swan adjourned the meeting at 10:13 a.m.

Kay Swan
Chair

Isabel Velasquez
Recording Secretary

Distribution:

Legislative Reference Library

C

INTERNAL AUDITING SERVICES CONTRACT

C. Discussion, Consideration, and Potential Action Regarding the Award of the Internal Auditing Services Contract.

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. CUD management and the Commission agreed to implement a program and formed an Audit Committee. At the November 4, 2022, Commission Meeting, the Commission approved Request for Qualifications (RFQ) 469-23-001 to post for solicitation of bids for internal auditing services contract. The RFQ was posted on the ESBD (Electronic State Business Daily) on December 1, 2022; and on January 10, 2023, bid proposals were submitted to the CUD. Subsequently, the Evaluation Committee for the solicitation conducted its review and scoring of the bid proposal(s) for a recommendation to the Audit Committee of which Respondent to tentatively award the contract to. At this meeting, the Audit Committee will discuss and consider the Evaluation Committee's recommendation, to subsequently make a recommendation of tentative award of contract to the Commission at the March 10, 2023, meeting, subject to the successful completion of any final contract drafting, negotiation, and final execution.

RECOMMENDED ACTION: Approve the Evaluation Committee's recommendation of the Respondent to tentatively award the contract to for conducting internal auditing services of the CUD as a result of the RFQ 469-23-001 solicitation.

RECOMMENDED MOTION: I would ask for a motion to approve the Evaluation Committee's recommendation of the Respondent to award the contract to for conducting internal auditing services of the CUD as a result of the RFQ 469-23-001 solicitation, subject to successful completion of any final contract drafting, negotiation, and final execution; and to recommend that staff have the authority to draft and work on the contract and the Commissioner to execute said contract.

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

D

NEXT MEETING AND ADJOURNMENT

D. 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

FUTURE COMMITTEE MEETING DATES

Thursday, July 13, 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.