



CREDIT UNION COMMISSION MEETING

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

March 10, 2023

9:00 a.m.

AGENDA

This meeting of the Texas Credit Union Commission 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 10, 2023 at 9:00 a.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 Commission may discuss and/or take action regarding any item on this agenda

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Adjournment

Executive Session: The Credit Union Commission 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 Commission does not finish deliberation of an item on the first day for which it was posted, the Commission 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 MEMBERS

- ***Jim Minge, Chair***
- ***Elizabeth L. “Liz” Bayless***
- ***David Bleazard***
- ***Karyn C. Brownlee***
- ***Beckie Stockstill Cobb***
- ***Sherri B. Merket***
- ***David F. Shurtz***
- ***Kay Rankin Swan***

Legal Counsel

- ***Nancy S. Elmilady***

Staff

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

B

CREDIT UNION COMMISSION MEETING MINUTES

Draft copies of the minutes for the November 4, 2022, meeting, and the corresponding follow-up action report, are located under **Tab B**.

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

RECOMMENDED MOTION: I move that the minutes of the Commission's regular meeting of November 4, 2022, be approved as presented.

CREDIT UNION COMMISSION MEETING MINUTES

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CREDIT UNION COMMISSION MEETING MINUTES
Credit Union Department Building
914 East Anderson Lane, Austin, Texas
November 4, 2022

A. CALL TO ORDER -- Chair Jim Minge called the meeting to order at 9:00 a.m. in the conference room of the Credit Union Department Building, Austin, Texas, pursuant to Chapter 551 of the Texas Government Code, and declared that a quorum was present. Other members present included, Liz Bayless, David Bleazard, Karyn Brownlee, Beckie Stockstill Cobb, Sherri Merket, David Shurtz and Kay Swan. The Chair introduced general counsel Nancy Elmilady, who will serve as legal counsel for the commission at the meeting. Representing the Department staff were Commissioner, Michael S. Riepen, Deputy Commissioner Robert W. Etheridge, Director of Information and Technology Joel Arevalo, and Executive Assistant Isabel Velasquez. Chair Minge 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#2022006271**).

❖ **CEREMONIAL SWEARING-IN OF COMMISSIONER RIEPEN –** Chair Minge welcomed everyone to the swearing-in ceremony of Michael S. Riepen as the Commissioner of the Credit Union Department. Mr. Minge expressed the importance of this event and being named the Texas Credit Union Commissioner is an extraordinary responsibility and the Commission is very pleased to have been fortunate enough to appoint someone with Mr. Riepen's knowledge and experience. Mr. Riepen was ceremoniously sworn in. Mr. Riepen thanked the Commission, for allowing him the opportunity to serve as Commissioner.

❖ **GENERAL PUBLIC COMMENT --** Chair Minge invited public input on and the following individuals commented:

✚ **Melodie Durst – Executive Director – Credit Union Coalition of Texas** welcomed Commissioner Riepen. Ms. Durst stated to be so glad to have him on board and certainly look forward to working with him going forward and we stand ready to help in any way they can.

✚ **Suzanne Yashewski – Regulatory & Compliance Counsel – Cornerstone League** welcomed Commissioner Riepen. Ms. Yashewski stated they were glad to have him on board and certainly looking forward to working with him and stand ready to help in any way they can.

❖ **RECEIVE REQUESTS AND MOTIONS FOR EXCUSED ABSENCES --**

Chair Minge inquired if there were any requests or motions to excuse an absence. Ms. Merket moved to excuse commission member Yusuf Farran from the Commission meeting on November 4, 2022. Mrs. Cobb seconded the motion, and the motion was unanimously adopted.

B. MINUTES OF PREVIOUS MEETINGS (September 16, 2022) --

The Chair referred the members to the draft minutes of the previous meeting included in the agenda packet and asked for any proposed edits. Hearing none, the Chair asked for a motion to approve the minutes. Mr. Bleazard moved for approval of the minutes of September 16, 2022, as presented. Mr. Shurtz seconded the motion, and the Commission carried the motion unanimously.

C. DEPARTMENT'S FY 2023 BUDGET AND FINANCIAL

PERFORMANCE – Commissioner Riepen reported that in 2022 the Commission adopted a strategic plan for Fiscal Years 2023-2027. The \$4.8 million FY 2022 budget approved by the Commission in June 2021 includes the maintenance and operating and capital improvement budget in support of the Strategic Plan. At the end of August 2022 total expenditures were \$956,269 or approximately 20% less than budgeted projections. Aggregate expenses for each major expenditure category ended the year below budget, with only two sub-categories ending the year above

budget estimates. Mr. Etheridge further reported that those sub-categories, the largest over budget variances were a result of higher than anticipated costs related to state services (SWCAP), and costs related to temporary staffing utilized for the Legal Assistant position. Mr. Etheridge reported that significant costs savings realized for FY 2022 was due primarily to travel related savings as a result of a reduction of on-site examination work, and personnel savings due to vacancies, and the budgeted roof replacement which did not occur due to an assessment indicating only repairs were necessary.

After a brief discussion, the Commission took no action.

D. COMMITTEE REPORTS

(1)(a) FY 2023 Commissioner Performance Evaluation Process and Plan.

Chair Brownlee reported that at the Commissioner Evaluation Committee meeting of November 3, 2022, it is the Committee's responsibility to develop, establish and review the policies, procedures and forms used to carry out the Commissioner's annual performance review. It is also the Committee's responsibility to make recommendations to the Commission with respect to the establishment of performance standards for the coming fiscal year.

Chair Minge officially announced that under the Texas Open Meetings Act, Texas Government Code, Section 551.074 for this agenda item, the Commission will now enter into Executive Session to deliberate on personnel matters for this agenda item. The Commission entered Executive Session at 9:10 a.m.

At 9:31 a.m., the Commission returned to open session. Chair Minge inquired if there were any members who wished to bring forth any motion. Mrs. Brownlee moved to adopt the FY 2023 performance evaluation process and plan for the new commissioner. Mrs. Bayless seconded the motion, and the motion was unanimously carried.

D. COMMITTEE REPORTS

(2)(a) Policy Manual – Proposed Changes to Reserve Policy, Section XX.

Chair of the Policy Manual Review Committee, Mr. Bleazard reported that the Committee had a general discussion about potential changes in the overall Commission policy manual. The recommendation directs the commission to change its Reserve Fund Policy to base the balance of the fund on the Department's budget and expenditures, rather than a fixed amount that may not accurately reflect our long-term needs. These recommended changes to the policy will result in the Reserve Fund balance being evaluated and adjusted during each fiscal year's budgetary process based on the projected budget for the next fiscal year. Furthermore, the changes will also make sure adequate funds are set aside to for an adequate financial cushion, and for major projects, such as building improvements and information technology needs.

After a brief discussion, Mrs. Brownlee moved to adopt the proposed changes to the Reserve Policy, under Section XX of the Commission Policy. Mrs. Cobb seconded the motion, and the motion was unanimously carried.

D. COMMITTEE REPORTS

(3)(a) State Auditor's Office (SAO) Audit Delegation Request. Chair of the Audit Committee, Mrs. Swan reported that under 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 submitted this request to SAO for purposes of procuring and contracting with an internal auditor for FY 2023 and the Department received the approval from SAO for audit delegation authority; thus, the Department can move forward with procuring a private auditor.

After a short discussion, the Commission took no action.

D. COMMITTEE REPORTS

(3)(b) Proposed Internal Auditor Solicitation Request for Qualifications (RFQ). 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. Staff and the Commission agreed to implement a program and formed an Audit Committee. The Committee has been working with staff to initiate the requirement procurement process including a Request for Qualifications (RFQ) to procure and contract with such vendor. In FY 2022, the Department solicited bids via RFQ 469-22-001, for which no contract was awarded. Thus, the Department seeks solicitation for an internal auditor for FY 2023, via RFQ 469-23-001 and the proposed RFQ was presented to the Commission for review to consider for approval and possible adoption, to post on the ESBD.

After a short discussion, Ms. Merket moved to approve the proposed RFQ to solicit bids for a private internal auditor. Mrs. Swan seconded the motion, and the motion was unanimously carried.

E. RULEMAKING REVIEW

(1) Adoption of the Rule Review of 7 TAC, Part 6, Chapter 91, Subchapter H, and Subchapter F (Accounts and Services) and Re-adoption of §91.801, 91.802, 91.803, 91.804, 91.805, 91.808, and 91.809 (Investments), and Subchapter I §§91.901 and 91.902 (Reserves and Dividends) and Re-adoption of Rules. Commissioner Riepen reported that Section 2001.039, Texas Government Code, requires that a state agency review and consider for readoption each rule not later than the fourth anniversary of the date on which the rule took effect and every four years after that date. At its February 2020 meeting, the Commission approved a plan which establishes a date for the required review for each of the affected rules. In accordance with that plan, staff has reviewed 7 TAC,

Part 6, Chapter 91, Subchapters H (Investments), and I (Reserves and Dividends). Prior to the rule review, the Commission determined that certain changes were necessary for **7 TAC, Section 91.901**, which was published, and scheduled for adoption at the previous commission meeting of September 16, 2022.

Notice of the review and a request for comments on the rules in this Chapter were published in the September 30, 2022 issue of the *Texas Register*. No comments were received regarding the review.

After a brief discussion, Mr. Shurtz moved that the Commission find that the reasons for adopting **7 TAC, Part 6, Chapter 91, Subchapters H (Investments); and I (Reserves and Dividends)** continue to exist and that the Commission readopt these rules. Mrs. Brownlee seconded the motion, and the motion carried unanimously.

F. LITIGATION UPDATE REGARDING PENDING LITIGATION.

General Counsel Elmilady gave an update to the Commission. Since the last report, no significant meetings or filings to update today.

After a short discussion, the Commission took no action.

G. FUTURE COMMISSION MEETINGS: AGENDA ITEMS, ARRANGEMENTS, AND DATES.

Chair Minge reminded everyone that the next regular meeting of the Commission has been tentatively scheduled for Friday, March 10, 2023 at 9:00 a.m., in Austin. Mr. Minge asked Commissioner Riepen if he wished to pose a question to the Commission. Mr. Riepen responded the desire to be able to go back to the three meetings a year that we have had for a long standing before Sunset. Furthermore, he expressed not wanting to make a decision solely on his own and wanted to make sure everybody was comfortable with going back to

three meetings. There was no objection from the Commission to go back to three meetings.

ADJOURNMENT – There being no further business for the Credit Union Commission, Chair Minge adjourned the meeting at 9:45 a.m.

Jim Minge
Chairman

Isabel Velasquez
Recording Secretary

Distribution:

Legislative Reference Library

FOLLOW-UP ACTION REPORT CREDIT UNION COMMISSION MEETINGS

MINUTES DATE AND REFERENCE/TOPIC	FOLLOW-UP ACTION REQUIRED	STATUS (As of 02-17-2023)
<u>November 4, 2022</u>		
7 TAC, Part 6, Chapter 91 Subchapter H (Investments) and Subchapter F (Accounts and Services)	Published in <i>Texas Register</i> as readopted rules.	Published in <i>Texas Register</i> on 09/30/2022.

C

DEPARTMENT'S FY 2023 BUDGET FINANCIAL PERFORMANCE

C. Discussion and Consideration of the Department's FY 2023 Budget and Financial Performance.

BACKGROUND: In 2022 the Commission adopted a strategic plan for Fiscal Years 2023-2027. The \$5.0 million FY 2023 Budget approved by the Commission in June 2022 includes the maintenance and operating budget and capital improvement budget in support of the Strategic Plan.

The following report highlights the Department's FY 2023 financial results for the period ending January 31, 2023. At the end of the five months total expenditures were \$354.5 thousand or approximately 17 percent less than budgeted projections of \$1.691 million. Almost all expense categories performed below budgeted levels. Due to personnel vacancies, total personnel expenses accounted for about 50 percent of the budget variance. Other below budget items include travel related savings as well as several expense categories under other operating expenses.

RECOMMENDED ACTION: No action is anticipated.

Credit Union Department
BY 2023 Budget Analysis
For the Period Ended 1/31/23

	BY 2023 Budget	BY 2023 YTD Budgeted	BY 2023 YTD Actual	Budget Variance	Percent of YTD Budget
REVENUES:					
Operating Income					
Operating Fees	\$5,057,455	\$2,528,728	\$2,914,256	\$385,528	115%
Out-of-State Branch Fees	\$0	\$0	\$9,500	\$9,500	100%
Examination Fees	\$0	\$0	\$0	\$0	
Application Fees	\$0	\$0	\$0	\$0	
Penalties	\$0	\$0	\$0	\$0	
Other	(\$51,250)	(\$51,250)	(\$51,250)	\$0	
Operating Income Subtotal	\$5,006,205	\$2,477,478	\$2,872,506	\$395,028	116%
Interest Income (Operating Acct)	\$0	\$0	\$45,001	\$45,001	
Interest Income (Contingency Acct)	\$0	\$0	\$14,793	\$14,793	
TOTAL REVENUES - FUNDS AVAILABLE TO COVER EXPENDITURES	\$5,006,205	\$2,477,478	\$2,932,299	\$454,822	118%
EXPENDITURES:					
Personnel Expenses:					
Salaries and Wages	\$3,025,772	\$1,245,405	\$1,134,183	\$111,222	91%
Employee Benefits	\$951,369	\$396,404	\$329,694	\$66,710	83%
Total Personnel Expenses	\$3,977,141	\$1,641,809	\$1,463,877	\$177,932	89%
Travel Expenses:					
In State					
Examinations			\$83,732		
Training/Conferences			\$13,756		
Meetings			\$897		
Public Forums			\$0		
Other			\$14,342		
Total In-State	\$412,381	\$171,826	\$112,727	\$59,099	66%
Out-of-State	\$30,000	\$12,500	\$0	\$12,500	0%
Commission	\$26,500	\$11,042	\$7,637	\$3,405	69%
Total Travel Expenses	\$468,881	\$195,367	\$120,363	\$75,004	62%
Other Operating Expenses:					
Communication/Utilities	\$52,475	\$21,865	\$23,868	(\$2,003)	109%
Professional Services/Fees	\$248,450	\$103,521	\$40,931	\$62,590	40%
Supplies/Materials	\$59,470	\$24,779	\$18,568	\$6,211	75%
Printing and Reproduction	\$2,755	\$1,148	\$171	\$977	15%
Repairs/Maintenance	\$45,165	\$18,819	\$2,673	\$16,146	14%
Rentals and Leases	\$5,500	\$2,292	\$1,887	\$404	82%
Other Operating	\$146,369	\$36,404	\$19,124	\$17,280	53%
Total Other Operating Expenses	\$560,184	\$208,827	\$107,221	\$101,605	51%
TOTAL EXPENDITURES	\$5,006,206	\$2,046,003	\$1,691,462	\$354,541	83%
REMAINING FUNDS TO COVER EXPENDITURES (Actuals)			\$1,240,838		

D

**DEPARTMENT'S GENERAL BUDGET ASSUMPTIONS AND
PARAMETERS**

D. Budget Assumptions and Parameters to be used in Guiding the Development of the Department's FY 2024 Budget.

BACKGROUND: Finance Code Section 16.003 gives the Commission the exclusive responsibility for approving the Department's budget each year. Since the budget must be adopted at the July meeting, staff is seeking approval of guidelines for developing the FY 2024 budget to present at the July meeting.

RECOMMENDED ACTION: The Department recommends that the Commission adopt the necessary budget policies and guidelines for the FY 2024 budget.

RECOMMENDED MOTION: I move that the Commission adopt the proposed budget assumptions and parameters for FY 2024 as recommended by staff.

BUDGET ASSUMPTIONS FOR BUDGET YEAR 2024

The following broad assumptions will establish the foundation for the development of the Department's Budget Year (BY) 2024 budget and provide a framework to staff and the Commission for setting priorities, determining service levels, and allocating limited financial resources.

1. **Balance Budget** – In accordance with Commission policy, the budget will be balanced using BY 2023 ending reserve balance funds exceeding the aggregate contingency reserves limit.
2. **Contingency Fund Reserve** – The budget will provide for the funding of the Department's Contingency Fund Reserve account, in accordance with the Commission's Reserve Policy.
3. **Contractual Obligations** – The Department intends to meet all contractual obligations. Purchase orders or contracts which were placed and committed prior to the end of Fiscal Year (FY) 2023 for which the requested services performed until after the start of FY 2024 are considered obligated funds. The budget authority for these obligated funds will automatically be carried over to BY 2024 and the BY 2024 budget will be increased by an amount exactly equal to the obligated amount.
4. **Compliance** – The budget shall provide enough funding to continue compliance with all applicable statutes, governmental requirements, administrative rules, and Department policy in regulating and supervising the safety and soundness of credit unions.
5. **Strategic Plan Initiatives** – Consistent with the FY 2023-2027 strategic plan, the budget will provide appropriate funding to implement the delineated initiatives for FY 2024.
6. **Salary and Benefits** – The expenditures for FY 2024 will be based on authorized and existing positions as of April 30, 2023, and include any scheduled salary increases/promotions based on the satisfactory performance and progression of staff. Filled positions will be budgeted at the actual salary for the individual in that position and vacant examiner positions will be budgeted at the base salary level for a Financial Examiner (FE) III position. Vacant office positions and above FEIII level examiner positions will be budgeted at the mid-point of the salary range for the positions. Employee Benefits will be automatically calculated on all salaries with the appropriate benefit rates established for state agencies. The Department will also monitor legislative initiatives which could result in required legislative pay increases for State of Texas employees.
7. **Merit Increases** – To foster, support, and reward outstanding performance and to retain key high performing staff, aggregate merit increase awards

for staff are estimated at an amount equivalent to 4.00% of the total salaries for those positions and will be awarded based on the established merit pay tiers. The corresponding increase in Employee Benefits, resulting from the proposed merit awards, will also be properly reflected in the budget.

8. **Retiree Insurance Cost** – Retiree Insurance Cost are a result of staff retiring from the Department. Changes in retiree insurance costs are anticipated to be allowable budget adjustments.
9. **Inflation Factor** – When rapid inflationary trends occur, the commission may consider additional funding for merit increase awards (#6 above). No additional inflationary increases are anticipated, except for increases in the cost of utilities and in state staff travel. Increases in utility costs will be based on the prior year ending Consumer Price Index for the U.S. published by the U.S. Bureau of Labor Statistics. In-state travel costs will be adjusted based on the ability of examination staff to complete 25% of its work remotely.
10. **Statewide Indirect Cost** – Statewide indirect cost allocations are a result of a statewide plan established by the Comptroller of Public Accounts. Changes in indirect cost allocations are anticipated to be allowable budget adjustments.
11. **Out-of-State Travel** – Out of state travel related to examinations, conferences, training, or other authorized purposes. Includes travel for office staff to NASCUS and other relevant regulatory related meetings. The annual budget for this category is being reduced from \$30,000 to \$25,000.
12. **Commission Travel** – At the November 2022 commission meeting, it was decided that the number of commission meetings would be reduced from four to three per year. Because of the reduction in the number of meetings, the budgeted annual travel costs for these meetings of \$14,500 per year is being reduced to \$12,000 beginning with BY2024.
13. **Internal Audit Services** – As outlined in the Sunset Advisory Commission's (SAC) report on the Department and the SAC's recommendation, the budget will provide funding for annual audits (i.e., third-party internal audits) of the Department, including other related costs, such as travel, etc.
14. **Electronic Document Management System (EDMS)** – The budget shall provide for the costs associated with the further development and maintenance of our EDMS.
15. **Information Technology** – The budget shall provide enough funding for computer network upgrades and computer equipment replacement in accordance with the Department's technology needs.
16. **Improvements** – The budget shall provide enough funding for scheduled maintenance and repairs in accordance with the Replacement/Capital Improvement Plan.

17. **NASCUS Dues** – The budget shall provide enough funding to accommodate the projected increase in the professional association's dues.
18. **Accreditation Fees** – The budget shall provide enough funding to accommodate the fees associated with the Department's continued NASCUS accreditation.
19. **Overnight Travel Stipend** – The budget shall provide enough funding to pay examiners an overnight travel stipend in accordance with the qualifying conditions included in the Department's policy. The stipend will not be considered a one-time merit award and may be paid to the eligible examiners regardless of their last merit pay or promotion action.
20. **Examiners' Laptops and Support** – The budget will be adequate to provide laddered funding for the replacement of Department laptops (office and field staff) every three years. Under this assumption, up to 11 laptops will be replaced each fiscal year. The budget will also include any additional costs associated with procuring all software licensing, security and support for the new machines. The Department will exercise diligence and discretion with this assumption and whenever possible, the life of certain laptops may be extended (i.e., from 3 to 4 years, etc.).
21. **Legal Research Tools** – The budget will provide funding to provide the Department's General Counsel with the funds to obtain the necessary research tools (i.e., Westlaw subscription, etc.) to perform the duties of the position.

E

STATUS OF THE STATE CREDIT UNION SYSTEM

E. Status of the State Credit Union System.

BACKGROUND: The Texas economy performed well and rebounded quickly from the impact of the COVID-19 pandemic. However, persistently higher than desired inflationary data pose concerns about the possibility of an economic recession at the local and national levels, and potentially higher delinquency and loan losses. On a positive note, according to a senior economist at the Federal Reserve Bank, the state of Texas is still likely to see a slight increase in job growth in 2023 of between 0.7 percent and 2.2 percent, after leading the country in new jobs in 2022. Overall, the Texas forecast is more optimistic than much of the country due to our robust energy sector and a continued movement of companies and jobs into our state from areas outside of Texas.

The unemployment rate declined to 3.9 percent at month-end December 2022, down from 5.0 percent twelve months earlier. The Texas Workforce Commission reported that Texas ended 2022 with approximately 13.71 million non-agricultural jobs, marking the 14th consecutive record employment high in Texas. Further, over 650,000 new jobs were added in Texas in 2022, and the unemployment rates for three of our four metropolitan areas remain below the national average of 3.5 percent.

The financial performance of Texas credit unions was excellent during 2022, with capital, earnings and asset quality ratios at some of their strongest levels in the last seven years. The strong financial performance for Texas state-chartered credit unions is depicted below:

Key Ratio	2016	2017	2018	2019	2020	2021	2022
Net Worth/Total Assets	10.26	10.30	10.82	11.10	10.36	10.43	10.86
Delinquent Loans to Total Loans	0.82	0.89	0.75	0.71	0.75	0.52	0.61
Net Charge-Offs to Average Loans	0.69	0.75	0.68	0.69	0.57	0.36	0.37
Return on Average Assets	0.62	0.72	0.88	0.88	0.70	1.08	0.96

Note: Highlighted fields represent the best year-end financial performance ratios for each category shown, over the last seven years.

With the discontinuance of stimulus payments and the conversion of a large state-chartered credit union to a federal charter, deposit growth slowed considerably in 2022 to 1.50 percent. The limited asset growth, coupled with strong net worth growth of over 11 percent resulted in a strengthening of net worth ratios for Texas charters. While the performance outlook for Texas industry still appears good, it will remain essential for credit unions to

adapt to the ever-changing political events and economic trends (i.e., the Russia and Ukraine conflict, inflation, a weaker economy, etc.) to safeguard the financial interests of Texas credit unions and its members.

INDUSTRY STATUS: As of **December 31, 2022**, there were **170** state-chartered credit unions in Texas, down five charters from one year ago. Total assets in these credit unions are **\$56.99 billion**, an increase of **\$0.84 billion** since **December 31, 2021**, for an annualized growth rate of **1.5 percent**. The average net worth ratio is **10.86 percent**, an increase from the **10.43 percent level** from twelve months ago.

Loans for Texas chartered credit unions totaled **\$41.67 billion** as of **December 31, 2022**. This is an increase of **\$4.35 billion** since **December 31, 2021**, for an annualized growth rate of **11.7 percent**.

Shares for Texas chartered credit unions totaled **\$48.22 billion** as of **year-end 2022**. This is a decline of **\$0.71 billion**, or **(1.5) percent** since **December 31, 2021**.

Texas chartered credit unions average loan delinquency ratio has increased slightly to **0.61 percent** as of **December 31, 2022**, compared to a ratio of **0.52 percent** as of **December 31, 2021**.

At **December 31, 2022**, **170** state-chartered credit unions reported aggregate net income of **\$541.48 million**; down from a record net income level of **\$576.40 million** from 12 months ago.

PROBLEM INSTITUTIONS: As of **December 31, 2022**, there were **24** credit unions assigned a CAMELS rating of 3 or higher, compared to **22** credit unions as of **December 31, 2021**. Credit unions in this category are monitored through a combination of off-site monitoring, regular on-site or remote contacts, and ongoing reviews for compliance with outstanding Documents of Resolution and other supervisory agreements or orders.

ENFORCEMENT ISSUES: The Department had the following administrative sanctions outstanding as of **December 31, 2022**:

Dividend Restrictions	0
LUAs	0
Determination Letters	1
Conservatorships	1
Cease and Desist	4

CHARTERING ACTIVITY

New Charters* **0**

***Since last commission meeting**

RECOMMENDED ACTION: No formal action is anticipated

F

STATE AUDITOR'S OFFICE REPORT

F. State Auditor's Office Report on the Self-reported Implementation of Sunset Advisory Commission Management Actions, SAO Report No. 23-017.

BACKGROUND: The objective of this State Auditor's Office project was to report on the implementation status of the management actions included in the *Sunset Advisory Commission's Report to the 87th Legislature*. The Sunset Advisory Commission provided a list of 100 selected management actions to the State Auditor's Office for this report. Texas Government Code, Section 325.012(d), provides for the State Auditor's Office examination of the non-statutory recommendations (management actions) that the Sunset Advisory Commission makes.

The scope of this project included eleven entities to which the Sunset Advisory Commission directed management actions in its report to the 87th Legislature. For purposes of this project, auditors requested the implementation status of the management actions from each entity, including the Credit Union Department.

State entities, including the Credit Union Department, provided their self-reported implementation statuses for non-statutory recommendations (management actions) included in the Sunset Advisory Commission Report to the 87th Legislature. The State Auditor's Office reviewed the implementation statuses of selected management actions that some entities reported as fully implemented and that the Sunset Advisory Commission related as having either a high or medium priority.

Chapter 1 of the State Auditor's Office Report contains the implementation status as determined by the State Auditor's Office for selected management actions; and Chapter 2 contains the Credit Union Department's self-reported status of the management actions as reported to the State Auditor's Office in September 2022.

The following pages in the Report reference the Credit Union Department: 2, 7, 11, 19-25, and 47.

RECOMMENDED ACTION: No action is anticipated.



A Report on

The Self-reported Implementation of Sunset Advisory Commission Management Actions

- The State Auditor's Office (SAO) obtained state entities' self-reported implementation statuses for 100 nonstatutory recommendations (management actions).
- SAO auditors reviewed the implementation statuses of 37 selected management actions.

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

State entities provided their self-reported implementation statuses for nonstatutory recommendations (management actions) included in the *Sunset Advisory Commission Report to the 87th Legislature*. SAO auditors reviewed the implementation statuses of selected management actions that some of those entities reported as fully implemented and that the Sunset Advisory Commission rated as having either a high or medium priority.

Texas Government Code, Section 325.012(d), provides for the State Auditor's Office's examination of the nonstatutory recommendations (management actions) that the Sunset Advisory Commission makes.

IMPLEMENTATION STATUS DETERMINED BY THE STATE AUDITOR'S OFFICE

The SAO selected and reviewed the implementation statuses for 37 management actions from 10 state entities and made the following determinations:

- 31 (83.8 percent) of the management actions were fully implemented.
- 3 (8.1 percent) were substantially implemented.
- 3 (8.1 percent) had an incomplete or ongoing implementation.

[Chapter 1 | p. 2](#)

ENTITIES' SELF-REPORTED STATUS

The SAO obtained from 11 state entities their self-reported implementation statuses for 100 management actions. The entities reported to the SAO that on or before September 2022:

- 69 (69.0 percent) management actions were fully implemented.
- 9 (9.0 percent) were substantially implemented.
- 19 (19.0 percent) had an incomplete or ongoing implementation.
- 3 (3.0 percent) were not implemented.

[Chapter 2 | p. 11](#)

For more information about this audit, contact Audit Manager Hillary Eckford or State Auditor Lisa Collier at 512-936-9500.

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DETAILED RESULTS

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Chapter I Implementation Status Determined by the State Auditor's Office

Figure 1 summarizes the implementation statuses that the State Auditor's Office determined for 37 nonstatutory recommendations (management actions) directed to 10 state entities in the *Sunset Advisory Commission Report to the 87th Legislature*. Those entities reported that the 37 management actions had been fully implemented as of September 2022. Auditors verified that 31 of those management actions were fully implemented, 3 were substantially implemented, and 3 were incomplete or ongoing.

Figure 1

Summary of State Auditor's Office Determination of the Implementation of Sunset Advisory Commission Management Actions

Entity	Total Number of Management Actions	Fully Implemented	Substantially Implemented	Incomplete or Ongoing
Animal Health Commission	8	8		
Brazos River Authority	7	6	1	
Commission on Fire Protection	4	3		1
Commission on Jail Standards	3	1		2
Credit Union Department	1	1		
Department of Agriculture	1	1		
Department of Licensing and Regulation	1	1		
Parks and Wildlife Department	10	8	2	
Prepaid Higher Education Tuition Board	1	1		
Teacher Retirement System	1	1		
Total	37	31	3	3

For instances in which auditors determined that a management action was not fully implemented, comments in Figure 2 explain the reasoning for that determination. For those management actions with no comment, auditors confirmed that the management action had been fully implemented.

Implementation Status Definitions



Fully Implemented: Successful development and use of a process, system, or policy to implement a recommendation.



Substantially Implemented: Successful development but inconsistent use of a process, system, or policy to implement a recommendation.



Incomplete or Ongoing: Ongoing development of a process, system, or policy to address a recommendation.

















Not Implemented: Lack of a formal process, system, or policy to address a recommendation.




Figure 2






State Auditor's Office Determination of the Implementation Status of Selected Sunset Advisory Commission Management Actions









Management Action	State Auditor's Office's Determination of the Implementation Status	State Auditor's Office Comments ^a
Animal Health Commission (TAHC)		
Direct TAHC to complete and implement its penalty matrix by February 1, 2021.		
Direct TAHC to include explicit guidance in all field manuals on documenting incidents of noncompliance and corresponding educational conversations.		
Direct TAHC to share its compliance database with regional office to facilitate information flow between Austin and the field by February 1, 2021.		





Management Action	State Auditor's Office's Determination of the Implementation Status	State Auditor's Office Comments ^a
Direct TAHC and TDA [Texas Department of Agriculture] to enter into a memorandum of understanding to ensure TAHC is notified when animals are rejected at state animal export facilities by February 1, 2021.		
Direct TAHC to work with TDA to conduct a study that tracks animals rejected at any export facility, which should include the reason for rejection, length of time between when a rejection occurs and when it is reported to TAHC, final resolution of rejection, solutions to resolve any gaps in reporting requirements, and any other significant findings. The report findings should be reported to the Legislature and the Sunset Commission by June 30, 2022.		
Direct TAHC to review and update all training materials and guidelines for consistency and conformity with statute and rules.		
Direct TAHC to provide clear, consistent public information about state animal health laws and rules, regulatory programs, and appeals processes by February 1, 2021.		
Direct TAHC to adopt a policy to ensure each rule undergoes meaningful review pursuant to state law, and to update the Sunset Commission on its progress by February 1, 2021.		
Direct TAHC and Texas A&M AgriLife Extension Service to enter into a memorandum of understanding to jointly develop and coordinate educational programs and information about animal health.		
Brazos River Authority (BRA)		
Direct BRA to develop and adopt an objective process and evaluation criteria for prioritizing its projects.		
Direct BRA to provide clearer information on project progression and expenditures.		

Management Action	State Auditor's Office's Determination of the Implementation Status	State Auditor's Office Comments ^a
Direct BRA to involve its board of directors more directly in developing its strategic plan.		
Direct the authority to develop a public engagement policy for water supply projects.		
Direct BRA to adopt objective criteria for awarding professional services contracts and document the basis for award decisions.		
Direct BRA to improve its contracting processes to ensure sufficient transparency and fairness, including publishing on its website the conflict-of-interest statements of the members of the vendor evaluation committees.		
Direct BRA to more comprehensively plan and monitor its efforts to increase workforce diversity.		BRA had a diversity plan that (1) included the analysis of quarterly reports and (2) directed the agency to develop metrics for measuring success. Further, the BRA board received workforce demographics reports. However, the status of this management action was determined to be substantially implemented because BRA had not established targeted performance goals to be used to measure progress, as recommended by the Sunset Advisory Commission in the details of this management action.
Commission on Fire Protection (TCFP)		
Direct TCFP to maintain documentation on complaints.		
Direct TCFP to create a standard complaint form and publish it in a prominent location on the agency's website.		

Management Action	State Auditor's Office's Determination of the Implementation Status	State Auditor's Office Comments ^a
Direct the commission to review rules covering how criminal convictions relate to eligibility for certification.		<p>An ad hoc firefighter advisory committee reviewed Texas Administrative Code, Title 37, Chapter 403 (Criminal Convictions and Eligibility for Certification), per the recommendation.</p> <p>However, the status of this management action was determined to be incomplete/ongoing because the TCFP rule review did not consider the Texas Occupations Code, Section 53.022 (Factors In Determining Whether Conviction Directly Relates To Occupation), as recommended by the Sunset Advisory Commission in the details of this management action. Further, TCFP did not have procedures to ensure that certification denial complied with all requirements in Texas Occupations Code, Chapter 53 (Consequences of Criminal Conviction).</p>
Direct TCFP to adopt a policy to ensure each rule undergoes meaningful review pursuant to state law.		
Commission on Jail Standards (TCJS)		
Direct the agency to adopt a policy to ensure each rule undergoes meaningful review pursuant to state law.		<p>TCJS developed a policy that requires the review of each of its rules every four years. However, the status of this management action was determined to be incomplete/ongoing because the Rules Workshop Advisory Committee that will conduct the four-year review had not been assembled as of November 2022. Further, as of November 2022, TCJS does not have a written policy showing that the rule review will include consideration of current factual, legal, and policy reasons, as well as practical experience for readopting each rule, as recommended by the Sunset Advisory Commission in the details of this management action. ^b</p>

Management Action	State Auditor's Office's Determination of the Implementation Status	State Auditor's Office Comments ^a
Direct the agency to develop clear, detailed procedures for investigating complaints.		TCJS expanded its written procedures to include some of the items recommended by the Sunset Advisory Commission in the details of this management action. However, the status of this management action was determined to be incomplete/ongoing because as of November 2022 TCJS did not have a policy regarding when and how field inspectors must review complaints as part of the inspection process nor what investigatory information should be reported back to the complaint inspector for inclusion in the agency database, as recommended by the Sunset Advisory Commission in the details of this management action. In addition, TCJS complaint inspectors had not finalized the checklist to be used to review documents in response to complaints as of November 2022. ^b
Direct the agency to conduct a staffing analysis to better align resource allocation with its core inspection function.		
Credit Union Department		
Direct the department to disclose summary complaint resolution information to complainants and document final disposition.		
Department of Agriculture		
Direct the department to adopt a policy to ensure each rule undergoes meaningful review pursuant to state law by February 1, 2021, rather than December 1, 2020.		
Department of Licensing and Regulation (TDLR)		
Direct TDLR to discontinue comprehensive pre-license review of curricula.		

Management Action	State Auditor's Office's Determination of the Implementation Status	State Auditor's Office Comments ^a
Parks and Wildlife Department (TPWD)		
Direct TPWD to actively monitor its efforts to increase workforce diversity and report success measures to the Texas Parks and Wildlife Commission.		TPWD actively monitors its efforts to increase work force diversity. However, the status of this management action was determined to be substantially implemented because TPWD did not report the success measures at its Commission meeting. Instead, TPWD reported to the Commission some of the strategic actions the agency completed.
Authorize the Texas Parks and Wildlife Commission to provide an opportunity to access an informal review panel process for nonrecreational license and permit types at its discretion. Under this recommendation, any review panel process should occur after the agency sends notice of its intent to revoke or suspend a license.		
Direct TPWD to review and update all reporting deadlines and timeframes for licenses.		
Direct TPWD to improve and use the Natural Agenda as the agency's sole, agencywide strategic plan.		
Direct TPWD to institute processes to better ensure consistent, actionable policies and practices across the agency's divisions.		
Direct TPWD to fully identify and prioritize the risks of all of the agency's activities in its risk assessment process.		
Direct TPWD to develop a more complete and diversified internal audit plan.		
Direct TPWD to use its newly developed quarterly audit status report to provide more information about the status and implementation of audit recommendations.		

Management Action	State Auditor's Office's Determination of the Implementation Status	State Auditor's Office Comments ^a
Direct the agency to ensure there is an opportunity for the public to submit written comments online for every Texas Parks and Wildlife Commission action item that requires a vote.		
Direct the agency to improve transparency of its advisory committees by providing easy access to the names of the advisory committees, the members and who they represent, and the committees' meeting dates and minutes.		TPWD improved the transparency of its advisory committees by providing easy access to the names of the advisory committees, the members, and who they represent. However, the status of this management action was determined to be substantially implemented because TPWD provided access to the advisory committees' meeting dates and minutes only for fiscal year 2021, not for fiscal year 2022.
Prepaid Higher Education Tuition Board		
Direct the board to update its websites to provide more user-friendly information, including information about the board and its operations.		
Teacher Retirement System (TRS)		
As a management action, direct TRS to provide more comprehensive information on TRS-Care healthcare costs to the Legislature and the Texas Department of Insurance in the consolidated TRS-Care report, including out-of-pocket costs for retirees such as co-payments, deductibles, and non-covered services. Also direct TRS to provide information on incentive payments to TRS investment staff in its Comprehensive Annual Financial Report, including the method of calculating incentive pay and the amounts paid.		

Management Action	State Auditor's Office's Determination of the Implementation Status	State Auditor's Office Comments ^a
<p>^a Auditors reviewed the <i>Sunset Advisory Commission Report to the 87th Legislature</i> and the Sunset Advisory Commission's entity-specific reports to determine the implementation status of selected management actions for the 10 state entities included in this table.</p> <p>The Sunset Advisory Commission's reports include further details related to the management actions, such as the intent of the management actions and additional actions required to implement each recommendation.</p> <p>Auditors also consulted with Sunset Advisory Commission staff in making determinations on the implementation status for some management actions. Sunset Advisory Commission reports are available on its website at https://www.sunset.texas.gov/node/222.</p> <p>^b After receiving the draft of this report for review, the Commission on Jail Standards management provided additional information, asserting that this management action was fully implemented in January 2023.</p>		

Chapter 2

Entities' Self-reported Status

Figure 3 summarizes the implementation statuses that entities self-reported for 100 nonstatutory recommendations (management actions) directed to 11 state entities in the *Sunset Advisory Commission Report to the 87th Legislature*.¹

Figure 3

Summary of Entities' Self-reported Status of Implementation of Sunset Advisory Commission Management Actions

Entity	Total Number of Management Actions	Fully Implemented	Substantially Implemented	Incomplete or Ongoing	Not Implemented
Animal Health Commission	8	8			
Brazos River Authority	8	7	1		
Commission on Fire Protection	5	4		1	
Commission on Jail Standards	15	10	1	3	1
Credit Union Department	10	6	1	2	1
Department of Agriculture	14	4	4	5	1
Department of Licensing and Regulation	6	3	1	2	
Parks and Wildlife Department	15	12	1	2	
Prepaid Higher Education Tuition Board	1	1			
Racing Commission	7	3		4	
Teacher Retirement System	11	11			
Total	100	69	9	19	3

¹ The Sunset Advisory Commission (Commission) issued management action recommendations to 13 entities during the 87th Legislature review cycle. However, auditors did not obtain the implementation status for the recommendations at two entities that are subject to Commission review again in the current year.

Figure 4 presents information on the entities' self-reported status of the implementation of management actions. The State Auditor's Office requested that the entities report the status of implementation of these management actions in September 2022. Some entities updated implementation dates and/or comments after receiving the draft of this report for review in January 2023.

Implementation Status Definitions



Fully Implemented: Successful development and use of a process, system, or policy to implement a recommendation.



Substantially Implemented: Successful development but inconsistent use of a process, system, or policy to implement a recommendation.






Incomplete or Ongoing: Ongoing development of a process, system, or policy to address a recommendation.










Not Implemented: Lack of a formal process, system, or policy to address a recommendation.





Figure 4







Entities' Self-reported Status of Implementation of Sunset Advisory Commission Management Actions









Management Action	Self-reported Implementation Status	Entity Comments
Animal Health Commission (TAHC)		
Direct TAHC to complete and implement its penalty matrix by February 1, 2021. ^a	 as of June 29, 2020	
Direct TAHC to include explicit guidance in all field manuals on documenting incidents of noncompliance and corresponding educational conversations. ^a	 as of August 26, 2022	
Direct TAHC to share its compliance database with regional office to facilitate information flow between Austin and the field by February 1, 2021. ^a	 as of May 1, 2020	








Management Action	Self-reported Implementation Status	Entity Comments
Direct TAHC and TDA [Texas Department of Agriculture] to enter into a memorandum of understanding to ensure TAHC is notified when animals are rejected at state animal export facilities by February 1, 2021.	 as of June 30, 2022	"(a) As a result of HB 1958 (87-R) and in consultation with Sunset Commission staff, the TAHC determined Tex. Agric. Code § 161.0445 and rules adopted pursuant to that section (See 4 TAC Ch. 45) substantially complies with and exceeds the management action because the requirement to notify TAHC of rejected animals applies to both state and privately owned facilities.
Direct TAHC to work with TDA to conduct a study that tracks animals rejected at any export facility, which should include the reason for rejection, length of time between when a rejection occurs and when it is reported to TAHC, final resolution of rejection, solutions to resolve any gaps in reporting requirements, and any other significant findings. The report findings should be reported to the Legislature and the Sunset Commission by June 30, 2022. ^a		(b) The TAHC collaborated with TDA [Texas Department of Agriculture], USDA [United States Department of Agriculture] and SENASICA [The National Service of Health, Food Safety, and Food Quality, Mexico] to complete and submit the report on June 30, 2022."
Direct TAHC to review and update all training materials and guidelines for consistency and conformity with statute and rules. ^a	 as of October 9, 2020	
Direct TAHC to provide clear, consistent public information about state animal health laws and rules, regulatory programs, and appeals processes by February 1, 2021. ^a	 as of August 26, 2022	
Direct TAHC to adopt a policy to ensure each rule undergoes meaningful review pursuant to state law, and to update the Sunset Commission on its progress by February 1, 2021. ^a	 as of February 2, 2021	
Direct TAHC and Texas A&M AgriLife Extension Service to enter into a memorandum of understanding to jointly develop and coordinate educational programs and information about animal health. ^a	 as of July 27, 2021	


Management Action	Self-reported Implementation Status	Entity Comments
Brazos River Authority (BRA)		
Direct BRA to develop and adopt an objective process and evaluation criteria for prioritizing its projects. ^a	 as of April 2022	<p>"BRA has implemented a definitive process to evaluate and prioritize projects from the following perspectives: resource availability, organization and department workload, organizational priorities, level of effort, funding, and associated risks.</p> <p>This formal process is followed in developing an accurate Capital Improvement Plan to support our Annual Operating Plan and the organization's activities. This process encompasses the prioritization activities that were already in place, while adding a additional aspects such as our project portfolio schedule and a project prioritization matrix.</p> <p>In addition, BRA is implementing a Risk-Based Asset Management and Capital Planning Program and Integrated Water Resources Plan. Both initiatives will further supplement the capital planning and prioritization process."</p>
Direct BRA to provide clearer information on project progression and expenditures. ^a	 as of November 2021	<p>"BRA has developed a 'Project Update' section of its website. This section allows the public and BRA customers the ability to view the status of various projects throughout the basin, including timeline and budget.</p> <p>BRA has also begun holding virtual public meetings the week after each Board meeting to provide updates on projects and strategic initiatives to both the public and our customers.</p> <p>BRA staff continues to provide weekly project updates to the Board of Directors via 'GM Update' emails, in addition to project updates provided at bi-monthly Board meetings."</p>


Management Action	Self-reported Implementation Status	Entity Comments
Direct BRA to involve its board of directors more directly in developing its strategic plan. ^a	 as of March 2021	<p>"BRA has begun holding annual Strategic Planning Workshops. This allows the Board to view and make suggested changes to the strategic plan prior to any changes being recommended by staff. The plan is then placed on the BRA website for public viewing and input before again being taken before the Board for final consideration.</p> <p>The BRA Board has begun meeting every other month as opposed to quarterly, and linking staff agenda items to specific goals in the Strategic Plan.</p> <p>Additionally, the BRA has made improvements to its strategic planning process to track, assess, and report the implementation of the strategic initiatives identified in the plan."</p>
Direct the authority to develop a public engagement policy for water supply projects. ^a	 as of September 2021	"BRA amended its Operations Policies Manual to include a public engagement policy for water supply projects."
Direct BRA to adopt objective criteria for awarding professional services contracts and document the basis for award decisions. ^a	 as of November 2021	"BRA amended its Purchasing Procedure to include the requirement to use scoring matrices during the vendor selection process."
Direct BRA to evaluate and document vendor performance.		<p>"BRA amended its Purchasing Procedure to include a requirement that vendor performance be documented for certain contracts. This process is being integrated into BRA's Contract Management Database. A vendor evaluation form has been created. Project managers will automatically be prompted to complete the form at project close-out or when a contract comes up for renewal. Since this recommendation has been put in place, BRA has not had a contract reach a point where the vendor evaluation form would be used. Therefore we consider this recommendation to be substantially implemented until the vendor evaluation process and form are actually used with a specific vendor contract."</p>
Direct BRA to improve its contracting processes to ensure sufficient transparency and fairness, including publishing on its website the conflict-of-interest statements of the members of the vendor evaluation committees. ^a	 as of November 2021	"Each of the recommendations included in [this management action] have been implemented either through amendments to BRA's Purchasing Procedure or through creation and use of new forms."


Management Action	Self-reported Implementation Status	Entity Comments
Direct BRA to more comprehensively plan and monitor its efforts to increase workforce diversity. ^a	 as of May 2022	"BRA has developed a diversity plan with specific goals and an annual reporting requirement."
Commission on Fire Protection (TCFP)		
Direct TCFP to evaluate the continued usefulness and effectiveness of its advisory committees.		"The proposed rule was on the Commission agenda in April and again in July 2022. The Ad Hoc committee has a meeting scheduled for Sept 2 to discuss a few matters that were brought up in July and then the final draft of the proposed rule will go to the Commission on Oct. 27."
Direct TCFP to maintain documentation on complaints. ^a	 as of April 1, 2022	"This was a staff project which was completed and implemented. We have already had a positive response."
Direct TCFP to create a standard complaint form and publish it in a prominent location on the agency's website. ^a	 as of April 22, 2022	"In conjunction with [the above management action], this recommendation was completed and implemented in April 2022. The complaint form can be found on the Agency's web site. On the home page, there are three separate icons under the agency name. One of these icons reads 'File Complaint'. Once you click that icon, you will be directed to the complaint form. Once the form is completed and submitted, it is assigned a tracking # and it is routed to the appropriate division Chief to investigate the complaint."
Direct the commission to review rules covering how criminal convictions relate to eligibility for certification. ^a	 as of April 22, 2022	"A formal review of TAC [Texas Administrative Code] Title 37 Part 13 Chapter 403 Criminal Convictions & Eligibility for Certification was completed per TCFP Policy # 002 during the April 2022 Commission meeting."
Direct TCFP to adopt a policy to ensure each rule undergoes meaningful review pursuant to state law. ^a	 as of April 22, 2022	"On October 1, 2021 TCFP implemented Policy 002 Rule Review. This policy relates to Rule reviews for the agency."



Management Action	Self-reported Implementation Status	Entity Comments
Commission on Jail Standards		
Direct the commission to review its rules for vague and ineffective standards, and improve their specificity and usefulness.		
Direct the agency to adopt a policy to ensure each rule undergoes meaningful review pursuant to state law. ^a	 as of August 26, 2022	"The agency has created [a] schedule and policy for reviewing all rules every four years." "The Commission members will review and approve/modify the schedule at the November 2022 commission meeting. The agency also created [a] related policy."
Direct the agency to adjust its operational plan approval process so jails may have plans that implement higher-than-minimum standards.	 as of August 26, 2022	
Direct the agency to develop clear, consistent procedures for conducting its monthly risk assessment.		
Direct the agency to create a procedures manual detailing its inspection process.		
Direct the agency to develop clear, detailed procedures for investigating complaints. ^a	 as of September 1, 2022	"The agency has completed a detailed policy for investigating complaints as outlined in the sunset recommendations."
Direct the agency to develop a formal process to refer non-jurisdictional complaints to the appropriate agency.	 as of September 1, 2022	
Direct the commission to prioritize complaint investigations by risk level.	 as of September 1, 2022	



Management Action	Self-reported Implementation Status	Entity Comments
Direct the agency to publicize additional information about its complaints process.	 as of January 19, 2023 ^b	<p>"1. Under this recommendation, the agency would publish information on its website about the complaints process, Fully implemented. https://www.tcjs.state.tx.us/information/</p> <p>2. including the types of complaints that are outside of the agency's jurisdiction Fully implemented.</p> <p>3. and how the appeals process works Fully implemented.</p> <p>4. The commission should also include information about how to appeal the agency's complaint decision in the notification letter sent to complainants to close out each complaint. The inspectors have added this to each response that falls within the commissions purview. It has now been added to the policy 01/19/2023. Fully implemented."</p>
Direct the agency to publish certain information on its website for a specified amount of time.		
Direct the agency to regularly review its Public Information Act requests and determine what information could be proactively published to optimize staff resources.		
Direct the agency to ensure consistent, cohesive data tracking.	 as of January 2023 ^c	
Direct the agency to expand certain procedures for information gathering and sharing to include more diverse groups of stakeholders.	 as of May 1, 2022	
Direct the agency to conduct a staffing analysis to better align resource allocation with its core inspection function. ^a	 as of March 1, 2022	"Management reviewed staff duties and developed a plan to reassign existing staff in an effort to better address demands."
The agency should use its annual reporting requirement to proactively identify statutory changes needed to conduct its work more efficiently and effectively.	 as of February 1, 2022	



Management Action	Self-reported Implementation Status	Entity Comments
Credit Union Department (CUD)		
Direct the department to regularly analyze and report on complaint and enforcement data and trends.	 as of November 2022 ^d	<p>"As part of our November 2021 Commission packet the Department reported our statistics on complaints. Also, the CUD hired a general counsel [GC] who started October 1, 2021. Part of the GC's responsibilities includes complaints and overseeing assigned staff that process complaints. The GC also worked with former Commissioner Kolhoff on complaints. Mr. Kolhoff resigned from the CUD as of July 15, 2022, and the GC is now working with the Interim Commissioner on addressing complaints. Since the Sunset Review the CUD has experienced staffing turnover; including, losing the assigned staff person for processing complaints within a couple of weeks after the GC started. Subsequently, we encountered challenges filling the position with a qualified applicant and over the timeframe we contracted three temps to keep things going as we continued to search for a permanent replacement to process complaints. Overall, we've made underlying changes to our systems to better track the 'types' of complaints consistently across our systems and are working on what our reporting will look like for FY2023. As part of analyzing and reporting on complaints, the CUD created a new database that it intends to implement once permanent staff begins the week of September 6, 2022. The anticipated date of implementation of the database is during the fourth quarter of 2022; however, the effective date of the data is September 1, 2022—in preparation for the next fiscal year. This management action was fully implemented in November 2022."</p>




Management Action	Self-reported Implementation Status	Entity Comments
Direct the department to establish clear procedures for processing and investigating all complaints it receives.	 as of November 2022 ^e	<p>"New rules were recently adopted regarding complaints; and the CUD has been implementing them into the complaint process. Thus, we have updated our complaint processes and our complaint forms and continue to work to always better the process. Further, we have streamlined the complaint process so that all complaint related emails are funneled through one email account except for mailed complaints. Due to previously mentioned staff turnover during a year in which the new complaint rules were adopted, there has been some delay in fully implementing this Sunset recommendation. However, we recently hired permanent staff anticipated to start the week of September 6, 2022. This individual will be responsible for processing complaints under the direction of the GC. All required reporting categories have been created for tracking in a new database as well in a tracking spreadsheet. For fiscal year 2023, we anticipate utilizing the categories for the annual compilation of statistical analysis of the CUD's complaint and enforcement processes for the preceding fiscal year. Finally, in conjunction with the development of our strategic plan for BY2023 – 2027 we're also evaluating the addition of a compliance examiner FTE [full-time employee] who would spend approximately half of their time handling complex complaints, including field investigations if necessary, and the rest of their time performing compliance reviews as part of a regular examination process. Until such time the position is created, we will continue to utilize current examination staff with compliance concentrations when field investigations are necessary. Our website has been updated to streamline the complaint process for consumers seeking to file a complaint via our website. This management action was fully implemented in November 2022."</p>





Management Action	Self-reported Implementation Status	Entity Comments
Direct the department to disclose summary complaint resolution information to complainants and document final disposition. ^a	 as of June 1, 2022	<p>"The CUD continually strives to better complaint processing and resolution/disposition information provided to consumers. The CUD on average responds to consumer complaints within 30 days, if not sooner. The responses include a description of the outcome and always strives to follow the rules' guidance on complaint disposition. The response is sent to the consumer in the form of a letter explaining and documenting the outcome of the complaint. The letter provides a reason to the consumer for the resolution/disposition of the complaint. There are complaints we receive that trigger a more in-depth review of a particular credit union's practice. These can be anonymous and open complaints or can also result in a pattern of complaints we receive for a particular credit union. In such an instance, we refer the complaint to the appropriate field examiner(s) for contemporaneous review or next examination review of a particular topic."</p>






Management Action	Self-reported Implementation Status	Entity Comments
Direct the department to develop a penalty matrix.		<p>"Administrative penalties and late fees are prescribed by three sections of the Tex. Finance Code (TFC). TFC §15.4044 provides the Department authority to assess a late fee against a credit union for the late payment of operating fees, TFC §122.101 provides the agency authority to charge late fees for the late filing of quarterly call reports, and TFC §122.260 provides the commissioner the ability to assess an administrative penalty against a credit union or designated person for violating an administrative action/order. Furthermore, the commission has adopted rules which provide clarity on when the fees can be assessed and provide the commissioner with flexibility to waive and/or reduce the fees at his/her discretion under certain situations, such as: good cause; if NCUA [National Credit Union Administration] is imposing a penalty for the late filing of a call report; a staff related issue (i.e. sickness, death, death of a family member, etc.) resulted in the late filing of a call report; the credit union has a sound history of compliance with the applicable section of the TFC and/or rule for which the penalty is being contemplated; the non-compliance of being late is not of a significant duration; the penalty/fee will not further exacerbate the unsafe and/or unsound condition of the credit union; etc.</p> <p>In July 2022, the Department's Commissioner resigned from the Department. At present, the Commission is working diligently to fill the position. Once the position is filled, discussions with the new commissioner regarding this management action will ensue and it is anticipated a penalty matrix will be developed in accordance with the recommendations made by the Sunset Staff and presented to the commission for review and possible approval at its March 2023 commission meeting."</p>
Direct the department to more clearly communicate its authority and processes for investigating complaints, and complaint determinations.	 as of June 2022	<p>"With every complaint that the CUD receives, as well as general complaint inquiries, the CUD provides the consumer with a complaint form, a link to how to file a complaint on the CUD website, and provides a pamphlet outlining the complaint process/investigation. Each complainant receives an acknowledgement letter and a closing letter. The complaint determination is contained in the closing letters. These letters provide an explanation as to the reason for the CUD's determination regarding a complaint."</p>





Management Action	Self-reported Implementation Status	Entity Comments
Direct the department to incorporate examiners' review of all jurisdictional complaints into the credit union examination process.		"The Department has substantially initiated this recommendation and in some instances, refers complaints to examiners for follow-up review(s). Before referring a complaint, the office will make a documented determination of whether our agency possesses the proper regulatory authority to adjudicate the issue which resulted in the filing of the complaint and whether the issue should be incorporated into the Department's risk focused examination process. Further, during FY23 the Department intends to implement a process to compile complaint data in periodic complaint reports, in order to review complaint processes at credit unions with the highest number of filed complaints, those credit unions who consistently receive complaints of the same nature/type(s), etc. This data will be provided to examiners to utilize as part of their scoping process prior to the start of an examination."
Direct the Credit Union Commission to implement a more streamlined and reliable fee assessment policy and process.		"After receipt of the Sunset Report in 2020, the Commission reviewed and readopted the present operating fee rule without making any changes. Although the Department did not receive any public comments recommending potential changes to the rule, the Department continues to seek input from credit union executives and other interested parties. However, to date, a new operating fee process that is mutually acceptable to all interested parties has not been identified. The current operating fee structure has been in place since 2009 and continues to provide adequate funding of the Department's budget. In addition, the current semi-annual billing structure was designed to ensure the state-chartered credit unions receive credit for any excess operating fees paid in, quickly after the agency completes its AFR [Annual Financial Report] and determines the amount of unexpended funds for the prior fiscal year. Generally, the final unexpended funds amount for a fiscal year is determined in November following the end of the preceding fiscal year end (August 31). The suggested annual operating fee billing could result in the credit unions not receiving credit for these unexpended funds until the following billing cycle (August of following year), which would be the second fiscal year after the period for which the funds were unused. With COVID-19 impacting Department spending for the last two budget years, the ability to return unspent funds has assisted the industry's ability to absorb the



Management Action	Self-reported Implementation Status	Entity Comments
Direct the commission to update its reserve fund policy to address long-term capital funding needs and maintain an adequate reserve balance.	 as of November 2022 ^d	<p>impact of the pandemic and ensured that an excess reserve is not being accumulated by the Department. In July 2022, the Commissioner resigned from the Department. At present, the Commission is working diligently to fill the position. Once a permanent commissioner is hired, discussions regarding potential changes to the operating fee rule will resume."</p> <p>"The Commission approved an updated Reserve policy on November 6, 2020 increasing the contingency reserve maximum from \$845,000 to \$1,050,000. The increase is being funded over 5 budget years at \$51,250/year. As of May 31, 2022, the contingency reserve fund contained \$949,648.80. As of August 2022, the Commission is reviewing its policy manual for potential changes/improvements. An aggregate reserve balance policy which is adjusted each year and based on a percentage (i.e. 25% to 33%) of the Department's annual budget, will ensure the reserve balance equals or exceeds three to four months of budgeted operating costs to cover unplanned expenses and possible revenue shortages. Recommended changes to the Commission Policy Manual are to be discussed at the November 2022 commission meeting. The Commission will be reminded of this Sunset Advisory Commission Management Action at that time.</p> <p>This management action was fully implemented in November 2022."</p>
Direct the commission to implement an independent audit process for the department.		<p>"In December the CUD posted a RFQ [Request for Quote] and received a couple of responses. At the March 2022 Audit Committee and Credit Union Commission meetings, the members voted to not award the contract and to rebid it for a future date with the end of December 2022 being the goal. The contract is intended to be award sometime in early 2023."</p>



Management Action	Self-reported Implementation Status	Entity Comments
Direct the department to regularly update its website content.	 as of February 26, 2022	"The Credit Union Department launched a redesigned website on Friday, February 26, 2022 to improve clarity to the user and their overall experience. Some of the new features/information included on the new web site include: 1) An improved content organization from the prior version; 2) Instructions and a Q&A pamphlet are included on the website on how to file a complaint; 3) Information is included for new charter applications; 4) A document explaining the conversion process for federal to state credit union conversions is on the site; 5) Department contracts are listed and up to date; 6) A general explanation is included with the informational memorandum and regulatory bulletin portion of the site. 7) The website is monitored regularly by the IT Department and included on an internal tracking report for monitoring. 8) The new design offers a user-friendly layout; 9) New color schemes; and 10) The new design allows the user to access the website from any device. This means that users can access it from a browser such as Google, Edge, or Safari on any laptop, tablet, or mobile phone."
Department of Agriculture (TDA)		
Direct TDA to establish a mission, goals, and objectives for the GO TEXAN program.		"TDA has also worked with an outside firm to make program recommendations. Through their research phase, they contacted a sample of GO TEXAN Partners and have come back to TDA with some recommended changes to our program structure. We will be holding stakeholder listening sessions this fall and then filing rule changes to implement any changes."
Direct TDA to develop a policy to ensure expired members comply with department rules.		<p>"TDA sends cease and desist letters to all expired GO TEXAN Partners to officially notify them that they are no longer authorized to use the GO TEXAN Certification Mark.</p> <p>▪ Over the past year, TDA has worked to implement a Customer Relationship Management (CRM) system to track communications with GO TEXAN partners and other program participants. Staff will be required to adopt and utilize the CRM effective 9/1/22.</p> <p>▪ TDA's Trade & Business Development Division will implement a process to randomly select expired, non-renewing GO TEXAN partners for additional monitoring or inspection step which will be tracked in the CRM."</p>

Management Action	Self-reported Implementation Status	Entity Comments
Direct TDA to establish clear performance measures to evaluate its progress in meeting GO TEXAN program goals.		<p>"Current LBB [Legislative Budget Board] Measures include:</p> <ul style="list-style-type: none"> ▪ Number of companies enrolled in TDA's GO TEXAN Program ▪ Number of businesses assisted <p>In addition to these formal measures, TDA has reviewed identified other measures to help us better analyze the effectiveness of the GO TEXAN Program:</p> <ul style="list-style-type: none"> ▪ Number of businesses not renewing their GO TEXAN certification ▪ Number of opportunities offered by TDA to GO TEXAN partners <p>Additionally, TDA has re-established an annual partner survey to better understand the things TDA is doing well and where improvements are needed."</p>
Direct TDA to comply with statute directing rules and procedures for military service members, veterans, and military spouses by February 1, 2021, rather than December 1, 2020.		<p>"This was added to the rules for structural and ag pesticide applicators several years ago, as well as added to license application forms. We do not have a written procedure, but we expedite all license applications. We also have provisions for those that have prior Dept. of Defense applicator licenses (EPA [Environmental Protection Agency] federally approved license), that will count towards training requirements, but some knowledge tests must be passed. We will get these procedures in writing."</p>
Direct TDA to establish a consistent policy for auditing continuing education providers and courses.		<p>"Continuing education monitoring forms have been in place and random courses have been monitored in the past. A consistent policy for ag pesticide and structural pest control licensees is being developed to monitor the providers and courses throughout the state."</p>
Direct TDA and HHSC [Health and Human Services Commission] to share information about the licensing and registration status of food program participants.		<p>"The notification procedure between HHSC and TDA regarding adverse action against Child and Adult Care Food Program (CACFP) participating sites is documented in Sec. 7600 the HHSC Child Care Regulation Handbook. TDA and HHSC have reviewed the handbook and made recommendations to further formalize the process to share information between agencies. This clarification in the HHSC procedure should resolve the potential gap identified in the Sunset Staff Recommendations report."</p>

Management Action	Self-reported Implementation Status	Entity Comments
Direct TDA to collect and analyze data from its regulatory programs to increase their effectiveness.		"TDA has collected data on licensing, inspections and enforcement for years. The data is being used, but procedures are being developed to analyze the data to monitor inspections and licensing statistics on a consistent basis across programs for trends, staffing purposes, and needs for particular inspection types."
Direct TDA to improve its stakeholder engagement, website content, and public information.		<p>"TDA Communications will orchestrate expedited updates and curation of the website, following a current IT initiative to update the web content management software</p> <ul style="list-style-type: none"> ○ The software update will better secure the TDA website and infrastructure; ○ The update includes processes to upgrade through several versions, discover incompatibilities with each phase, stabilize, then continue, so the initiative has been several months ongoing, with completion expected this Fall; ○ The completed update will provide a distributed, delegated workflow for content changes, therefore spreading the work and expediting content revisions. <p>Following this technology prerequisite, agency leaders and managers will be in a better position to begin a coordinated update to regulatory and grant program information, along with all other content on the website."</p>
Direct TDA to provide a list to the Sunset Commission of any committees under this recommendation that would be removed from statute, but that are actively being used and that TDA intends to re-create. The sunset Commission changed the due date of this list from December 31, 2020, to February 1, 2021.		"All rulemaking actions associated with adoption of necessary repeals to implement this Sunset recommendation will be completed by August 31, 2022. TDA plans to re-establish the Wine Advisory Committee, Citrus Budwood Advisory Committee and Cotton Pest Management Zone Administrative Committees as a result of the rule review Texas Administrative Code, Chapter 1, Subchapter E (Advisory Committees) currently underway."
Direct the department to adopt a policy to ensure each rule undergoes meaningful review pursuant to state law by February 1, 2021, rather than December 1, 2020. ^a	 as of January 1, 2021	"Action Fully Implemented"
Direct TDA to adopt policies implementing alternative rulemaking and dispute resolution by February 1, 2021, rather than December 1, 2020.	 as of August 1, 2020	"Action Fully Implemented"



Management Action	Self-reported Implementation Status	Entity Comments
Direct the State Seed and Plant Board to adopt policies regarding the separation of duties of board members from those of the department by February 1, 2021, rather than December 1, 2020.		"TDA staff will discuss with the Texas State Seed and Plant Board chairman for board action to develop and adopt policies on duties of board members and staff."
Direct the Prescribed Burning board to remove subjective criteria from its certification application by February 1, 2021, rather than December 1, 2020.	 as of June 24, 2021	"The process was delayed due in part to Covid accommodations and waiting for the completion of session. The Board meets a minimum of two times a year and wanted to make sure to include any changes that may have occurred during the 87th Session."
Direct the Boll Weevil Eradication Foundation to implement a reserve fund balance policy by February 1, 2021, rather than December 1, 2020.	 as of August 31, 2021	"The process was delayed due in part to COVID accommodations because the Foundation desired the policy development process to occur in person to the extent possible. The Chairman of the Board appointed a committee of the Board to study the issue and develop a recommendation in February of 2021. The committee made an interim report to the full Board in June of 2021, requested and received additional technical information during the summer of 2021, and presented its recommendation to the full Board for discussion and adoption at the August, 2021 meeting. The Board adopted the policy at that meeting."
Department of Licensing and Regulation (TDLR)		
Direct TDLR to remove from rule certain driver education school inspection requirements.		"Ongoing. SECTION 5.71 of HB 1560 (87R) provides that rules must be adopted no later than June 1, 2023. Rules have been drafted and were approved by the advisory board on January 23, 2023, for publication in the Texas Register for public comment. These proposed rules will complete the implementation of risk-based inspections for this program. General rules setting out risk-based inspection procedures in TDLR's Chapter 60 rules were separately adopted by the Texas Commission of Licensing and Regulation on January 6, 2023, and effective January 15, 2023." ^f

Management Action	Self-reported Implementation Status	Entity Comments
Direct TDLR to discontinue comprehensive pre-license review of curricula. ^a	 as of September 2, 2021	<p>"Fully Implemented. All changes to implement this recommendation have been completed. Forms were updated to include a certification statement, rather than requiring submission of the curriculum, for the below programs on the following dates:</p> <ul style="list-style-type: none"> - Parent Taught: November 2, 2020 - Driver Education: December 11, 2020 - Driving Safety: December 11, 2020 - Exclusively for Adult: September 2, 2021"
Direct TDLR to list on its website only licensed instructors and providers, not the specific courses they offer.		<p>"Ongoing. SECTION 5.71 of HB 1560 (87R) provides that rules must be adopted no later than June 1, 2023. TDLR is currently migrating the program to another licensing application, which will implement the required change to display only instructors and providers."^f</p>



Management Action	Self-reported Implementation Status	Entity Comments
Direct TDLR to adopt policies to train intake staff, investigators, legal assistants, and attorneys on how to apply new policies regarding prioritization of complaint investigations to their caseloads.		<p>"Policies to Train Staff on Applying Risk-based Prioritization Policies – Substantially Implemented. Beginning in June 2021, Enforcement developed detailed procedures for handling prioritized complaints through the Intake, Investigations, and Prosecution sections. Enforcement also made several modifications in its case management system to provide for improved identification and tracking of prioritized cases.</p> <p>Initial Implementation In October 2021, Enforcement selected Air Conditioning and Refrigeration (ACR), a program with a significant consumer complaint component, as the first program in which to deploy a prototype complaint prioritization schedule. Managers provided training to staff in each section in anticipation of the deployment of prioritization in the ACR program in October 2021.</p> <p>Ongoing Review of Procedures Enforcement has monitored the new procedure at work in ACR and identified needed improvements that will benefit the division as it moves forward with prioritization in each of the 37 regulatory programs administered by TDLR. Staff training on the improved procedures was provided in October 2022 to the Intake, Investigations, and Prosecution sections. In November 2022, complaint prioritization was deployed for the Massage Therapy program. Work is in progress to implement prioritization for Towing, Vehicle Storage, and Electricians complaints. By September 2023, TDLR expects to have complaint prioritization operational for programs constituting 75% of consumer complaint-based cases against licensees. As prioritization is deployed for each new program, the relevant teams in each section of the division will receive refresher training."</p>
Direct TDLR to develop a comprehensive, data-driven strategy for assessing program risks and setting regulatory priorities.	 as of January 15, 2023 ^h	<p>"Recommendation 6.3(a) Standardize data collected for each inspection – Fully Implemented. Development of eInspections. Using funds allocated by the Texas Department of Information Resources, TDLR worked with Microsoft to develop an electronic Inspections system called eInspections. Work began in November 2021 and Field Inspections began production use in the field in July 2022, beginning with</p>



Management Action	Self-reported Implementation Status	Entity Comments
		<p>the Massage Therapy program. Elnspections allows for creation of proof of inspection forms, direct to enforcement violation reports, and complaints. Elnspections integrates human trafficking reporting directly into the workflow of each inspector, and TDLR's Anti-Trafficking Unit and Enforcement Division are alerted when inspections contain such concerns.</p> <p>Reduced data entry, increased data validity. Elnspections requires inspectors to select and use standardized violations when creating a proof of inspection, and allows inspectors to use data entered one time across a variety of work products, reducing administrative burden and increasing data validity. Elnspections serves as a unified repository for violation data, eliminating the need for inspectors to enter violation data into differing agency databases. Licensees receive an electronic proof of inspection form via email that contains standardized descriptions of each violation – replacing inconsistent handwritten descriptions – helping to make sure that licensees know what corrective actions they need to take. In July 2022, field use of elnspections was implemented for the Massage Therapy program. As of January 2023 it has now been implemented for all programs inspected by the Field Inspections division, other than the Mold program (previously outsourced to DSHS) and the Driver Education and Safety program (to begin after data migration to a different database).</p> <p>Recommendation 6.3(b) Adopt clear, consistent definitions for inspection-related performance measures – Fully Implemented.</p> <p>TDLR worked with the Legislative Budget Board (LBB) to change the method of calculation for our inspection coverage rate performance measure, specifically to simplify the method of determining the number of inspections due during the reporting period. TDLR then made corrections to the programs that are included and not included in the data used for calculating two performance measures: (1) inspection coverage rate, and (2) number of inspections completed. All changes were approved by LBB on August 26, 2020. Starting in FY 2021, these measures are now being calculated using the new methodologies.</p> <p>Recommendation 6.3(c) Develop and implement consistent inspection protocols and procedures – Fully Implemented.</p>




Management Action	Self-reported Implementation Status	Entity Comments
		<p>Adoption of rules. The Texas Commission on Licensing and Regulation adopted rules on January 6, 2023, to incorporate risk-based inspections, effective January 15, 2023.</p> <p>Develop and implement consistent inspection protocols and procedures. Field Inspections has worked with supervisory, administrative, and field staff to study inspection protocols and procedures and implement improvements that increase efficiencies and consistencies. As a part of this process, Field Inspections has developed risk-based inspection protocols that use data to prioritize inspections and assign inspection activities to inspectors.</p> <p>Training for consistency. Field Inspections has worked to make sure that trainers conduct training consistently. Standardized procedures for using eInspections have been developed. Field inspectors have received multiple trainings to ensure consistent use of the new system. Field Inspections continues work to standardize training and inspection procedures using the Massage Therapy program as a template for other programs. On December 13 and 14, 2022, Field Inspections division staff provided eInspection training to TDLR's Anti-trafficking Unit.</p> <p>Common risk factors. Field Inspections has done extensive work to establish common risk factors for inspections. Since December 2021, Field Inspections has conducted risk-based inspections in the Massage Therapy program using a risk-based work plan that establishes an inspection due date for each licensee based on recidivism, last inspection result, history of violations, and date of last inspection. Field Inspections staff have now implemented risk-based inspections for all programs inspected by the Field Inspections division, other than the Mold program (previously outsourced to DSHS) and the Driver Education and Safety program (to begin after data migration to a different database).</p> <p>Protocols for inspectors. During development of eInspections, particular attention was paid to ensure implementation of a mechanism to track whether licensees take corrective actions and to allow inspectors to systematically conduct follow-up inspections. EInspections was designed to improve documentation of inspections over time, including</p>



Management Action	Self-reported Implementation Status	Entity Comments
		<p>data that will improve visibility regarding repeat violations.</p> <p>Recommendation 6.3(d) Update recidivism rate methodology – Fully Implemented.</p> <p>TDLR recalculated the recidivism performance measure for fiscal years 2017, 2018, and 2019 using the correct method of calculation, and submitted the new calculations to the Legislative Budget Board (LBB) on June 30, 2020. Our LBB analyst approved the new calculations on July 22, 2020, so starting with the required report at year-end FY 2020, we began calculating the recidivism measure correctly.</p> <p>Recommendation 6.3(e) Update agency policy to ensure each rule undergoes more meaningful review – Fully Implemented.</p> <p>TDLR has updated its rule review policy, which now requires the relevant divisions to provide data for the previous four years, an analysis of that data, and impacts on the regulatory environment. The review process also includes substantive analysis of the legal and factual reasons for each rule, and takes into account practical impacts to the regulated population through internal and external meetings and comments. TDLR started using the new process for all rule reviews, beginning with those proposed in April 2022 and adopted in October 2022.”</p>
Direct the agency to maintain complainants’ confidentiality when possible.	 as of September 8, 2021	<p>“Fully Implemented. All changes to implement this recommendation have been completed. TDLR has:</p> <ul style="list-style-type: none"> - modified enforcement documents to maintain complainant confidentiality by removing personally identifying information; - established procedures to emphasize complainant confidentiality in the handling of complaints; - modified intake processes to ensure complainant information is redacted from enforcement documents provided to respondents; and - trained staff on processes to maintain complainant confidentiality to the extent possible.”
Parks and Wildlife Department (TPWD)		
Direct TPWD to actively monitor its efforts to increase workforce diversity and report success measures to the Texas Parks and Wildlife Commission. ^a	 as of March 1, 2022	<p>“Human Resources created and implemented demographic information for all full-time employees at TPWD known as the EEO [Equal Employment Opportunity] dashboard in January 2022. The internal EEO dashboard’s data includes the following:</p>




Management Action	Self-reported Implementation Status	Entity Comments
		<p>Personnel by gender, ethnicity/race, age, and agency tenure. The demographic information can be separated into the following categories: Division, Job title or position, separation, new hires, pay, and turnover. A recruitment dashboard has also been developed and implemented. Demographic information includes the following: gender, ethnicity/race, veteran status. The categories of the applicants can be separated by division, requisition/ job applied for, number of applicants, and hire status. Access is provided to Division Directors and the Chief Diversity and Inclusion Officer. These internal dashboards are updated quarterly.</p> <p>In addition to the quarterly reports, Human Resources and the Chief Diversity and Inclusion Officer met with each TPWD Division in early 2022 to provide Human Resource Annual Reports which included data regarding demographics and discussed recruitment efforts. Our efforts to further diversity and inclusion at TPWD also include the Workforce Plan and TPWD's Recruitment Plan.</p> <p>TPWD has fully implemented the recommendation, and the agency will continue to develop tools such as an external dashboard to track diversity in outdoor participation. With approval of the TPW Commission, the Urban Outreach Advisory Committee was created which provides direct feedback to TPWD's divisions on efforts directed at improving activities targeting external customers who are from diverse backgrounds.</p> <p>Bi-annual diversity and inclusion division meetings were scheduled with directors to discuss division diversity and inclusion goals. The first director meetings began March 1, 2022. The second meetings are scheduled beginning September 12, 2022.</p> <p>TPWD also provides scheduled annual diversity and inclusion reports for the TPW Commission. The first agency strategic and division specific diversity and inclusion actions and measures shared with the TPW Commission was on November 4, 2021. The next TPW Commission update is scheduled for November 2, 2022."</p>

Management Action	Self-reported Implementation Status	Entity Comments
Authorize the Texas Parks and Wildlife Commission to provide an opportunity to access an informal review panel process for nonrecreational license and permit types at its discretion. Under this recommendation, any review panel process should occur after the agency sends notice of its intent to revoke or suspend a license. ^a	 as of August 25, 2022	"The Texas Parks and Wildlife Commission has adopted new 31 TAC [Texas Administrative Code] §§56.1-56.7 concerning Agency Decision to Refuse License or Permit Issuance or Renewal and Agency Decision to Suspend or Revoke Affected License or Permit. New 31 TAC §§56.1-56.7 provides a uniform informal review panel process for all nonrecreational license and permit types regarding the review of an agency decision to refuse to issue, renew, or to initiate revocation or suspension proceedings at SOAH [State Office of Administrative Hearings]."
Direct the agency to adopt policies for using its full range of existing enforcement authority, including revocation and suspension in appropriate cases.		<p>"Policy regarding Application of Enforcement Authorities for Nonrecreational Licenses and Permits has been drafted and recently updated to include new 31 TAC [Texas Administrative Code] §§56.1-56.7 adopted by the Commission on August 25, 2022 with changes to the rules as originally published in the Texas Register. Policy is currently being reviewed by TPWD leadership for approval.</p> <p>Policy regarding Application of Enforcement Authorities for Nonrecreational Licenses and Permits covers use of: criminal enforcement; assessment of civil restitution; refusal to issue or renew nonrecreational licenses and permits, including statutory requirements for certain deer related permits; revocation and suspension of nonrecreational licenses and permits; assessment of civil penalties in lieu of revocation or suspension of licenses or permits; statutory requirements for revocation and suspension of certain commercial fishing licenses; statutory requirements for automatic termination and revocation of marl, sand, gravel, or mudshell permits; suits for injunctive relief and/or civil penalties for water quality violations; and communication of enforcement of outcomes and processes to nonrecreational licensees."</p>





Management Action	Self-reported Implementation Status	Entity Comments
Direct TPWD to clearly and actively communicate enforcement processes and outcomes to licensees.		<p>"Included within policy regarding Application of Enforcement for Nonrecreational License and Permits. Policy is currently being review by TPWD leadership for approval.</p> <p>Policy regarding Application of Enforcement Authorities for Nonrecreational Licenses and Permits covers communication of enforcement of outcomes and processes to nonrecreational licensees and requires application materials to include information regarding: statutory and regulatory requirements related to the specific license; a list of offenses that may result in revocation, suspension, civil penalties, refusal to issue, or refusal to renew the license; the procedures for revocation, suspension, refusal to issue, and refusal to renew a license, including appeal procedures; and, an explanation that criminal enforcement through issuance of citations and payment of fines may be in addition to license suspension, revocation, refusal to issue, or refusal to renew."</p>
Direct TPWD to standardize administration of its regulatory programs to the extent feasible and appropriate.		<p>"Licenses and Permits identified in Sunset Staff Report, Appendix C, belong to one of two distinct groups: 1) issued at a point of sale location, either a Licensing Agent or Law Enforcement Office; or 2) through an application submitted to resource divisions for review.</p> <p>The standard procedures for issuance of those licenses in Group 1 are documented in the Instruction Manuals for Issuing Agents and LE [Law Enforcement] Offices, which are updated annually and delivered to those locations. The Resource Division checklist draft documents the standard procedure that permit office staff have been asked to follow when reviewing applications for permits that fall in Group 2.</p> <p>This issue is assigned a Substantially Implemented status because a small number of the licenses in Group 1 still need to be incorporated into the POS [Point of Sale] manuals, and customized checklists are still being developed for several permits in Group 2. Permits staff are operating from the standardized portions of the checklist, and just need to customize the resource division review sections for the respective permits."</p>




Management Action	Self-reported Implementation Status	Entity Comments
Direct TPWD to review and update all reporting deadlines and timeframes for licenses. ^a	 as of August 2021	"A survey was conducted in August 2021 with nonrecreational license/permit holders regarding reporting deadlines and timeframes. The reporting deadlines and timeframes have been adjusted accordingly. The information collected then informed decisions on the overall implementation of [the related] recommendations."
Direct the Texas Parks and Wildlife Commission to establish a conservation and recreation planning subcommittee.	 as of November 1, 2022 ⁱ	"Fully Implemented: The conservation and recreation planning subcommittee was established on 11/1/2022 with the signing of the conservation and recreation planning subcommittee charter. The Chairman of the TPW Commission has appointed the subcommittee of commissioners: Commissioner Patton, Commissioner Abell, and Commissioner Rowling (subcommittee Chair)."
Direct TPWD to improve and use the Natural Agenda as the agency's sole, agencywide strategic plan. ^a	 as of June 2022	<p>"Reviewed Natural Resource (Article VI) agency strategic plans to strategize implementation of this recommendation.</p> <p>Conducted a comprehensive inventory of division-specific strategic plans to ensure continued strategic alignment.</p> <p>Evaluated strategic goals, objectives and action items to ensure that they are sufficiently broad and holistic to capture agency activities, across all divisions and with input from all divisions.</p> <p>Solicited, received and reviewed online public comments on the draft strategic structure.</p> <p>Integrated public comments into the proposed strategic structure.</p> <p>Integrated Executive Office's comments regarding priorities and opportunities to be highlighted within the strategic structure.</p> <p>Submitted the <i>Natural Agenda</i>, including strategic structure, as well as additional language specifying that the <i>Natural Agenda</i> is the agency's sole, agencywide strategic plan.</p> <p>Additionally, as the Land & Water Resources Conservation and Recreation Plan is being revised in 2023, the Natural Agenda team will work in tandem to ensure that any relevant Land & Water Plan content and information is integrated, if appropriate, in the next iteration of the <i>Natural Agenda</i> (expected completion in June 2024)."</p>



Management Action	Self-reported Implementation Status	Entity Comments
Direct TPWD to institute processes to better ensure consistent, actionable policies and practices across the agency's divisions. ^a	 as of August 1, 2020	“TPWD created a Policy Branch within the Support Resources Division to ensure better processes for developing and revising policies and other agency documents. Formal policies and procedures have been put in place to ensure appropriate review of all agency policies, procedures, plans, and manuals by subject matter experts, legal staff, Division Directors, and executive leadership. The Policy on Developing and Revising Policies, Procedures, Plans, and Manuals (PD-04-01) went into effect on August 1, 2020. The policy was amended on June 1, 2022, to reflect new content on developing and revising TPW Commission policies. TPWD also created PD-04-01A as the procedure document for this policy.”
Direct the Texas Parks and Wildlife Commission to formally establish an internal audit subcommittee.	 as of January 24, 2023 ⁱ	“Fully Implemented: The audit subcommittee was formalized on 1/24/2023 with the signing of the audit subcommittee charter. The Chairman of the TPW Commission has appointed the subcommittee of commissioners: Chairman Aplin, Vice-Chairman Scott, Commissioner Bell (subcommittee Chair), and Commissioner Abell.”



Management Action	Self-reported Implementation Status	Entity Comments
Direct TPWD to fully identify and prioritize the risks of all of the agency's activities in its risk assessment process. ^a	 as of August 2020	<p>"The new Risk Assessment methodology/process was revised to be more comprehensive and was reviewed by Executive Management and the Commissioners. The result was a more comprehensive and diverse audit plan for FY 2021 and fiscal years moving forward. During the Risk Assessment process, two internal auditors interview each division director and other selected management to document agency activities, risks to these major activities, and risks or issues they may be experiencing with their IT systems/applications used to carry out these activities. The potential financial, compliance, media (reputation), complexity, and IT system impacts to the agency should these risks occur are also evaluated. All risks are then recorded in the risk matrix to ensure consistent evaluation. Each risk score is also influenced by a division level risk score, which considers the time since the last audit, outstanding audit items yet to be remediated, employee and management turnover, and budget. Each risk is then ranked using the individual risk and division scores and discussed with the commissioners involved with the informal audit committee, the Executive Director, and the Chief Operating Officer. The result has been a more comprehensive and diversified audit plan for FY 2021, 22 and 23. This Risk Assessment methodology was first used in August 2020 to prepare the FY 2021 Internal Audit Plan."</p>
Direct TPWD to develop a more complete and diversified internal audit plan. ^a	 as of August 2020	<p>"The revised Risk Assessment methodology/process (described above) has resulted in a more diverse and comprehensive audit plan for FYs 2021, 22 and 23. As stated above, this Risk Assessment methodology was first used in August 2020 to prepare the FY 2021 Internal Audit Plan."</p>
Direct TPWD to use its newly developed quarterly audit status report to provide more information about the status and implementation of audit recommendations. ^a	 as of December 2020	<p>"The quarterly follow-up report was formalized in Q1 of FY 2021, and continued each quarter through Q1 of 2022 (5 quarterly reports). The Follow-Up reports tracked all audit recommendations, as well as any changes to the implementation dates, along with explanations of remediation revision dates. During FY 2022, the audit shop lost 71% (5/7) of its staff, and thus the quarterly audit follow-ups were not performed for Q2-Q4. During the first quarter of FY 2023, a follow-up report covering the remainder of FY 2022 will be performed. Going forward in FY 2023, semiannual follow-up reports will be performed."</p>




Management Action	Self-reported Implementation Status	Entity Comments
Direct the agency to ensure there is an opportunity for the public to submit written comments online for every Texas Parks and Wildlife Commission action item that requires a vote. ^a	 as of October 2021	"Completed in October 2021 for all action items at the November 2021 TPW Commission meeting. Online submission for written comments were available for action items on the Commission meeting agenda since May 2020 which was the first commission meeting that contained links for the public to submit online written comments for certain action items."
Direct the agency to improve transparency of its advisory committees by providing easy access to the names of the advisory committees, the members and who they represent, and the committees' meeting dates and minutes. ^a	 as of January 20, 2022	"Effective January 20, 2022, a link to the advisory committees was placed in the site-wide footer of TPWD's webpage that provides information to the public on each advisory committee's membership list, the community that the member represents, and the contact information for the TPWD staff liaison. The link to the advisory committees can be found here: https://tpwd.texas.gov/about/advisory-committees . The Advisory Committee Annual Report provides the previous advisory committee meeting dates and minutes. The advisory committees are currently being re-appointed by the Chairman of the TPW Commission. The website will be updated accordingly."
Prepaid Higher Education Tuition Board		
Direct the board to update its websites to provide more user-friendly information, including information about the board and its operations. ^a	 as of April 15, 2020	[See updated website:] "https://comptroller.texas.gov/programs/education/"
Racing Commission		
Direct Comptroller of Public Accounts to develop and publish guidelines for evaluating grant applications.	 as of March 21, 2022	"I meet with Mr. Glenn Hager, Ms. Lisa Cravens and their staff members on March 21, 2022. Our discussion confirmed that the Horse Industry Escrow Account is not a grant program, it is a trust fund administered by the Commission under the Texas Rules of Racing, Chapter 303, Subchapter G."
Direct the Comptroller of Public Accounts to develop processes for monitoring grant recipients and tracking performance measures.	 as of March 21, 2022	"I meet with Mr. Glenn Hager, Ms. Lisa Cravens and their staff members on March 21, 2022. During our discussion, we confirmed that the Horse Industry Escrow Account is not a grant program, it is a trust fund administered by the Commission under the Texas Rules of Racing, Chapter 303, Subchapter G."



Management Action	Self-reported Implementation Status	Entity Comments
Direct the Comptroller of Public Accounts to develop and implement a consistent timeline for grant applications.	 as of March 21, 2022	"I meet with Mr. Glenn Hager, Ms. Lisa Cravens and their staff members on March 21, 2022. During our discussion, we confirmed that the Horse Industry Escrow Account is not a grant program, it is a trust fund administered by the Commission under the Texas Rules of Racing, Chapter 303, Subchapter G."
Direct the commission to establish and consistently apply policies for testing certain licensure applicants.		"To complete this management action, the agency requires legislative support for statutory changes and an investment of General Revenue Funding set out in our 2024-2025 Legislative Appropriations Request. As part of our ongoing efforts to work toward completing this management action, we are engaged in a complete revision of the Texas Rules of Racing. We have also entered into a partnership with the Department of Information Resources to begin modernizing our license program with our current resources." ^k
Direct the commission to remove potential barriers to licensing in its examination process.		"To complete this management action, the agency requires legislative support for statutory changes and an investment of General Revenue Funding set out in our 2024-2025 Legislative Appropriations Request. As part of our ongoing efforts to work toward completing this management action, we are engaged in a complete revision of the Texas Rules of Racing. We have also entered into a partnership with the Department of Information Resources to begin modernizing our license program with our current resources." ^k
Direct the commission to establish policies for uniform use of its reciprocity authority.		"To complete this management action, the agency requires legislative support for statutory changes and an investment of General Revenue Funding set out in our 2024-2025 Legislative Appropriations Request. As part of our ongoing efforts to work toward completing this management action, we are engaged in a complete revision of the Texas Rules of Racing. We have also entered into a partnership with the Department of Information Resources to begin modernizing our license program with our current resources." ^k

Management Action	Self-reported Implementation Status	Entity Comments
Direct the commission to adopt policies to improve racetrack inspections.		"To complete this management action, the agency requires legislative support for statutory changes and an investment of General Revenue Funding set out in our 2024-2025 Legislative Appropriations Request. As part of our ongoing efforts to work toward completing this management action, we are engaged in a complete revision of the Texas Rules of Racing. We have also entered into a partnership with the Department of Information Resources to begin modernizing our license program with our current resources." ^k
Teacher Retirement System (TRS)		
Direct TRS to develop a process to submit inactive member information to the comptroller's office upon request by the comptroller's office.	 as of December 2020	<p>"A process has been developed between TRS and CPA [Office of the Comptroller of Public Accounts]. The CPA will be referring individuals to TRS if questions are received. The CPA also updated their website to provide a link back to TRS. See link to claimitexas.org and steps below.</p> <ol style="list-style-type: none"> 1. https://claimitexas.org/app/ucp-databases 2. Go to TRS Member Contribution 3. Click on Teacher Retirement System of Texas 4. This will take you to the Refunding your Member Account page on the TRS internet site. 5. The CPA is providing the following phone number: 1-800-223-8778."
Direct TRS to adopt a member engagement policy to increase transparency on key decisions by February 1, 2021, rather than September 1, 2020. In addition, direct TRS to provide an update to the Sunset Commission on the implementation of this recommendation by February 1, 2021, instead of December 1, 2020. Also direct TRS to review the TRS-Care Retirees Advisory Committee and make any changes needed to more effectively receive feedback from retirees on TRS-Care.	 as of December 2020	<p>"Benefit Counseling policy was adopted in the September 2020 board meeting.</p> <p>Member Engagement policy was adopted in the December 2020 board meeting."</p>

Management Action	Self-reported Implementation Status	Entity Comments
Direct TRS to fully centralize contracting functions and clarify roles and responsibilities between central contracts department staff and division staff managing contracts. Direct TRS to report its progress on implementing this recommendation to the Sunset Commission by February 1, 2021, rather than December 1, 2020.	 as of December 2020	"TRS has developed a <i>TRS Procurement and Contract Management Guide</i> , <i>TRS Procurement and Contract Management Process Manual</i> , and <i>TRS Procurement and Contract PAVES</i> [Procurement and Vendor e-System] <i>Procedure Manual</i> , which clarify the roles and responsibilities between central contracts department staff and division staff managing contracts."
Direct TRS to enhance its contract monitoring process and report its progress on this recommendation to the Sunset Commission by February 1, 2021, rather than December 1, 2020.	 as of December 2020	<p>"Contract Monitoring and Oversight</p> <ol style="list-style-type: none"> 1. Trained P&C [Procurement and Contracts] staff to create contract documents with monitorable deliverables. <ol style="list-style-type: none"> a. Updated SOW [Statement of Work] template to include Deliverables 2. Updated Contract Manager Acknowledgement Form. 3. Developed and enhanced contract monitoring tools and job aids as part of the Contract Manager Training. <ol style="list-style-type: none"> a. Performance Issues Log b. Contract Kick-off Meeting Agenda c. Invoice Approval Checklist d. Contract file checklist e. Scope of work development job aid f. Contract Deliverable Tracking Log g. Change management checklist h. Monitoring checklist i. Contract Termination checklist j. Lesson's Learned checklist 4. Working with Legal on Contract Writing Training. 5. Created automated contract monitoring functions in the Procurement and Vendor E-System (PAVES), i.e. Notifications on when amendments and/or solicitation are due, deliverables tab that provides notifications to the vendor and the contract manager when deliverables are due, invoice approval workflow, contract close-out, etc."

Management Action	Self-reported Implementation Status	Entity Comments
Direct TRS to include standard remedies in contracts and consistently apply enforcement tools. Direct TRS to provide an update on the implementation of this recommendation to the Sunset Commission by February 1, 2021, instead of December 1, 2020.	 as of December 2020	<p>"Remedies</p> <ul style="list-style-type: none"> a. Incorporated in the <i>TRS Procurement and Contract Process Manual</i> b. The new remedies and liquidated damages language has been included standard terms and conditions. <p>Liquidated Damages</p> <ul style="list-style-type: none"> a. Incorporated in the <i>TRS Procurement and Contract Process Manual</i> b. Developed a process to determine when liquidated damages would be required in a contract. In addition, created an issues log for contact managers to use when managing their contracts."
Direct TRS to require staff who procure or manage contracts to complete the comptroller's contract training and report to the Sunset Commission on its implementation of this recommendation by February 1, 2021, rather than December 1, 2020.	 as of December 2020	<p>"1. Developed a plan for Contract Managers to complete CPA's [Office of the Comptroller of Public Accounts] Contract Management Certification that meet the established TRS criteria</p> <p>2. Developed a Contract Managers Training Overview</p> <p>3. Identified a list of Contract Managers</p> <p>4. Developed guidance for contract managers with the development of the <i>TRS Procurement and Contract Management Guide</i>, <i>TRS Procurement and Contract Management Process Manual</i>, and <i>TRS Procurement and Contract PAVES</i> [Procurement and Vendor e-System] <i>Procedure Manual</i></p> <p>Ongoing item:</p> <p>Maintain a list of CPA certifications."</p>

Management Action	Self-reported Implementation Status	Entity Comments
Direct TRS to perform a cost-benefit analysis of implementing an enhanced investment accounting system to provide increased oversight of the custodian bank's accounting data and report to the Sunset Commission on the estimated costs and benefits and the agency's recommended approach by February 1, 2021, rather than December 1, 2020.	 as of December 2020	<p>"A cost benefit analysis was finalized and presented to the TRS Board of Trustees in December 2020. According to Cutter, the firm that conducted the analysis, at that time TRS was on par with US peer firms for custodian oversight. Ongoing analysis revealed scalability and agility issues in the current system and the need for enhanced technology and automated processes to accommodate future growth in investments. Implementing a parallel investment accounting system would provide value of improved custodian oversight, scalability and agility.</p> <p>Investments in the pension fund have grown in size and complexity since December 2020. To accommodate future growth and maintain effective oversight, the Financial Division coordinated with Investment Management Division to incorporate the implementation of a parallel investment accounting system as part the Investment Data Modernization project. This project was approved by the Board of Trustees in July 2022. Costs are described in the July 2022 Budget Committee Book."</p>
Direct TRS to have its Internal Investment Committee review internal investments and strategies.	 as of September 2020	"The Investment Policy Statement was adopted in September 2020."
Direct TRS to include clear, easily understandable information about alternative investments in its Comprehensive Annual Financial Report and report on its status in implementing this recommendation to the Sunset Commission by February 1, 2021, rather than December 1, 2020.	 as of December 2020	"Team reviewed options from ERS [Employee Retirement System], CalSTRS [California State Teacher Retirement System], and PERS [Public Employee Retirement Systems] as examples of how to best show alternative investments. A decision was made to show a bar graph with a breakdown of current year, prior year, 1, 3, 5, and 10 years, in addition to a donut chart."

Management Action	Self-reported Implementation Status	Entity Comments
Direct TRS to provide more comprehensive information on TRS-Care healthcare costs to the Legislature and the Texas Department of Insurance in the consolidated TRS-Care report, including out-of-pocket costs for retirees such as co-payments, deductibles, and non-covered services. Also direct TRS to provide information on incentive payments to TRS investment staff in its Comprehensive Annual Financial Report, including the method of calculating incentive pay and the amounts paid. ^a	 as of April 2022	<p>"This was addressed in the annual TRS Health Benefits Report. The 2020 and 2021 reports were sent to TDI and the Legislature. The 2021 report included additional information to further address these recommendations in greater detail.</p> <p>TRS has updated the ACFR with information on incentive payments to TRS investment staff."</p>
Direct TRS to develop and maintain a system for receiving and responding to complaints. Direct the agency to adopt this system and report its progress to the Sunset Commission by February 1, 2021, rather than December 1, 2020.	 as of October 2020	<p>"TRS completed implementation of its complaint handling process and procedures in October 2020, and began quarterly reporting to the board. After engaging a temporary Ombuds for much of 2021 (the TRS Board Secretary), TRS hired an Ombuds in November of 2021 to further address member concerns. The existing complaint handling process was updated and the Ombuds began reporting quarterly to the board in 2022 on complaints and other communications made through their office."</p>

Management Action	Self-reported Implementation Status	Entity Comments
		^a The SAO reviewed the implementation status of this management action; see Chapter 1.
		^b The Commission on Jail Standards (TCJS) originally reported this management action as substantially implemented. In January 2023, TCJS provided new responses for this management action, and updated the implementation status to fully implemented as of January 19, 2023.
		^c TCJS originally reported this management action as incomplete/ongoing. In January 2023, TCJS updated the implementation status to fully implemented as of January 2023.
		^d The Credit Union Department (CUD) originally reported this management action as incomplete/ongoing. In January 2023, CUD provided new responses for this management action, and updated the implementation status to fully implemented as of November 2022.
		^e CUD originally reported this management action as substantially implemented. In January 2023, CUD provided new responses for this management action, and updated the implementation status to fully implemented as of November 2022.
		^f In January 2023, the Department of Licensing and Regulation (TDLR) provided new responses for this management action.
		^g TDLR originally reported this management action as incomplete/ongoing. In January 2023, TDLR provided new responses for this management action, and updated the implementation status to substantially implemented.
		^h TDLR originally reported this management action as substantially implemented. In January 2023, TDLR provided new responses for this management action, and updated the implementation status to fully implemented as of January 15, 2023.
		ⁱ The Parks and Wildlife Department (TPWD) originally reported this management action as incomplete/ongoing. In January 2023, TPWD provided new responses for this management action, and updated the implementation status to fully implemented as of November 1, 2022.
		^j TPWD originally reported this management action as incomplete/ongoing. In January 2023, TPWD provided new responses for this management action, and updated the implementation status to fully implemented as of January 24, 2023.
		^k In January 2023, the Racing Commission provided new responses for this management action.



Appendix I

Objective, Scope, and Methodology

Objective

The objective of this project was to report on the implementation status of the management actions included in the *Sunset Advisory Commission's Report to the 87th Legislature*. The Commission provided a list of 100 selected management actions to the State Auditor's Office for this report.

Texas Government Code, Section 325.012(d), provides for the State Auditor's Office's examination of the nonstatutory recommendations (management actions) that the Sunset Advisory Commission (Commission) makes.

Scope

The scope of this project included 11 entities to which the Commission directed management actions in its report to the 87th Legislature. For the purpose of this project, auditors requested the implementation status of the management actions from each entity.

The following members of the State Auditor's staff performed the audit:



- Brenda Zamarripa, CIA, CGAP (Project Manager)
- Daniel Aung Thu (Assistant Project Manager)
- Brady Bennett, MBA, CFE, CGAP
- Douglas Jarnagan, MAcc
- Ann E. Karnes, CPA (Quality Control Reviewer)
- Hillary Eckford, CIA, CFE (Audit Manager)

Methodology

The project methodology consisted of reviewing selected management actions that the entities self-reported as fully implemented as of September 9, 2022. For the selected management actions, auditors reviewed supporting documentation for evidence of an entity's implementation of the management actions.

The entities self-reported the information in this report, and the State Auditor's Office did not independently verify all of that information. It is important to note that this project was a non-audit service; therefore, the information in this report was not subject to all of the tests and confirmations that would be performed in an audit. However, the information in this report was subject to certain quality control procedures to help ensure accuracy.



Copies of this report have been distributed to the following:

Legislative Audit Committee

The Honorable Dan Patrick, Lieutenant Governor, Joint Chair

The Honorable Dade Phelan, Speaker of the House, Joint Chair

The Honorable Joan Huffman, Senate Finance Committee

The Honorable Robert Nichols, Member, Texas Senate

The Honorable Greg Bonnen, House Appropriations Committee

The Honorable Morgan Meyer, House Ways and Means Committee

Office of the Governor

The Honorable Greg Abbott, Governor

Boards, Commissions, and Executive Management of the Following Entities

Animal Health Commission

Brazos River Authority

Commission on Fire Protection

Commission on Jail Standards

Credit Union Department

Department of Agriculture

Department of Licensing and Regulation

Parks and Wildlife Department

Prepaid Higher Education Tuition Board

Racing Commission

Sunset Advisory Commission

Teacher Retirement System



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G

COMMITTEE REPORT

G. (1) Commission Policy Manual Review Updates, and Proposed Edits.

BACKGROUND: At the June 10, 2022, Commission Meeting, the Commission Policy Manual Review Committee was created appointing its members. The purpose of the Committee is to review the Manual for changes; to implement within the Manual recommendations from other state agencies such as the Sunset Commission; and to implement other necessary changes that arise.

For this agenda item the Commission will review, discuss, and approve changes to the Commission Policy Manual.

RECOMMENDED ACTION: The Committee recommends that after review and discussion of its proposed changes to the Commission Policy Manual that the Commission approve the Committee's proposed changes and any other changes/edits to the Manual that Commission finds necessary.

RECOMMENDED MOTION: I move that the Commission approve and adopt the proposed changes to the Commission Policy Manual as discussed at today's meeting.

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

H

COMMITTEE REPORT
Audit Committee

H. (1) 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. Department 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 make a recommendation to the Commission for the Respondent to tentatively award the contract to for internal auditing services of the CUD in response to the RFQ 469-23-001 solicitation. At this meeting, the Commission will discuss and consider the Audit Committee's recommendation to make a decision regarding tentatively awarding the contract subject to the successful completion of any final contract drafting, negotiation, and final execution.

RECOMMENDED ACTION: Approve the Audit 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 adopt the Audit 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**

I

INTERNAL RISK ASSESSMENT REPORT

I. Department's Annual Risk Assessment Report for FY 2023 as Required by Section 2102.004, Government Code.

BACKGROUND: 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. The Department has completed the internal risk review and has prepared the required written assessment of the risks for submission to the State Auditor's Office.

RECOMMENDED ACTION: The Department requests that the Commission approve the 2023 Internal Risk Assessment Report and authorize its submission to the State Auditor's Office.

RECOMMENDED MOTION: I move that the Commission approve the Department's Internal Risk Assessment Report for FY 2023 and authorize its submission to the State Auditor's Office.

Small Agency Risk Assessment - Fiscal Year 2023
Activities from Brainstorming - Credit Union Department

1	perform regular and remedial credit union examinations	13	purchasing (equipment, supplies, services)	25	approve/ deny applications	37	maintain security of office building	49	
2	monitor credit unions	14	report to state agencies	26	pay bills	38	work with federal regulator(s)	50	
3	answer questions from credit unions and public	15	prepare, edit and issue examination reports	27	maintain financial records	39	work with state regulating agencies	51	
4	hire employees	16	manage office paperwork	28	prepare/submit financial reports to applicable parties	40	prepare for new programs	52	
5	maintain employee policies & records	17	comply with state/ federal regulations	29	maintain the agency's server, desktop/laptop computer security	41	maintain NASCUS accreditation	53	
6	manage employees	18	respond to credit union member complaints (of credit union and agency)	30	cybersecurity-raising awareness and educating users	42	maintain building and its infrastructure	54	
7	manage/monitor examiner travel	19	manage computer system, including hardware and software	31	Maintain agency website	43	maintain all agency's asset inventory	55	
8	manage examination schedule	20	issue interpretations and opinions	32	Meet the IT requirements of the agency and all stakeholders	44	maintain agency's consumable supply inventory	56	
9	meet with industry representatives	21	review, revise rules	33	Inventory and maintain database of IT infrastructure and IT assets	45	Maintain Risk Management program	57	
10	hold Commission & committee meetings	22	publishing rules	34	Maintain agency procedures and policies	46	Maintain Continuity of Operations Plan	58	
11	hold public hearings	23	provide new rules to credit unions	35	Report to Legislature	47	Maintain and enforce the Department's Enterprise Information Security Policy	59	
12	report to Commission	24	receive, review, & publish applications	36	draft legislation	48		60	

Small Agency Risk Assessment - Fiscal Year 2023
Consolidated Activities - Credit Union Department

CONSOLIDATED ACTIVITIES		PRIORITIZED CONSOLIDATED ACTIVITIES	
Finance and Accounting		1	Perform Cost-Effective Comprehensive Examinations of Credit Unions
Purchasing		2	Process, Investigate, and Evaluate Applications
IT Infrastructure and cybersecurity		3	Information Technology Infrastructure and cybersecurity
Human Resources Management		4	Finance and Accounting
Process, Investigate, and Evaluate Applications		5	Purchasing
Complaints and Education		6	Human Resources
Perform Cost-Effective Comprehensive Examinations of Credit Unions		7	Complaints and Education
		8	

Small Agency Risk Assessment - Fiscal Year 2023
Risk Assessment Table - Pre-Controls - Credit Union Department

[illegible]

Small Agency Risk Assessment - Fiscal Year 2023
Risk Management Table - Credit Union Department
Consolidated Activity

<div> <div>RISKS →</div> <div>CONTROL STEPS ↓</div> </div>	Inconsistent enforcement	Employee turnover/ inexperienced staff/morale issues	Inconsistent exam procedures/ exam integrity	Loss of Agency Credibility	Lack of adequate training for staff	Failure of CUs	Failure to meet deadlines	Loss of CUs as low cost financial institutions	
Standardized exam software program	x		x	x	x	x	x		
Review of all exam reports by Department (random sample reviewed by Field Supervisors)	x		x	x	x	x	x	x	
NASCUS accreditation & annual review	x		x	x	x	x		x	
Joint oversight with deposit insurer	x		x	x	x	x		x	
Training program (including OTJ training and specialized courses)	x	x	x	x	x	x	x	x	
Regular employee performance evaluations	x	x	x	x	x		x		
Quarterly monitoring of CU financial data by both field and office staff	x	x	x	x	x	x		x	
Periodic rule review by Commission	x		x	x		x		x	
Career ladder/merit raises		x		x					
Experienced management oversight	x	x	x	x	x	x	x	x	
Examiner's Guide	x		x	x	x	x		x	
Performance measures	x			x	x		x		
Management information systems	x		x	x	x		x		
Technology tools for field examiners	x	x	x	x	x	x	x	x	

Small Agency Risk Assessment - Fiscal Year 2023

Risk Assessment Table - Post-Controls - Credit Union Department

[illegible]

Small Agency Risk Assessment - Fiscal Year 2023
Significant Changes in
Risk Assessment - Credit

NEW Activities, Risks, and/or Controls from Prior Year Submission List by Consolidated Activity	Annual Fire alarm system inspection was completed.

Small Agency Risk Assessment - Fiscal Year 2023
Audit History - Credit Union Department

Fiscal Year Conducted	Type of Audit/Review	Audited/Reviewed Activity	Entity Conducting Audit/Review
2018	Post Payment Audit	Payroll, Purchasing, Procurement and Travel Expenditures compliance with state laws and regulations	Comptroller of Public Accounts
2019	Risk Management Program Review	<ul style="list-style-type: none"> • The SORM-200 data for FY18 was reviewed for completeness and accuracy. • The agency's Annual Report, COOP Plan, Emergency Procedures Manual, Safety & Health Manual, and Personnel Manual were reviewed. • The Risk Evaluation and Planning System Questions (REPS) were reviewed. • SORM reviewed and discussed the following workers' compensation insurance data and claims with CUD during the consultation. • SORM conducted an On-Site Consultation (OSC) of CUD, performing a walkthrough of the agency. 	State Office of Risk Management
2020	SORM Building Risk Management	Credit Union Department building inspection and walk-through. Findings and recommendations were implemented.	State Office of Risk Management
2022	NASCUS accreditation review	Accreditation standards in these five areas: 1. Agency Administration & Finance 2. Personnel and Training 3. Examination 4. Supervision 5. Legislative Powers	The National Association of State Credit Union Supervisors (NASCUS)
2023	Internal audit for the Credit Union Department	Perform internal auditing services for the Credit Union Commission's supervision of the Credit Union Department	External Auditor (Planning phase - Procurement of services)

J

RULEMAKING MATTERS

One item is being presented to the Commission for its information, consideration, and/or possible action. Specifically, the Commission will discuss, consider, and possibly take action on:

1. Adoption of Rule Review of 7 TAC, Part 6, Chapter 91, Subchapter K §§91.2000, 91.2001, 91.2002, 91.2003, 91.2004, 91.2005, and 91.2006 and Subchapter O §§ 91.6001, 91.6002, 91.6003, 91.6004, 91.6005, 91.6006, 91.6007, 91.6008, 91.6009, 91.6010, 91.6011, 91.6012, 91.6013, 91.6014, and 91.6015 and Re-adoption of Rules.

RECOMMENDED ACTION: The Department requests that the Commission take action as indicated in the documents contained in **TAB J**.

The Credit Union Commission (Commission) has completed its review of Chapter 91, Subchapter K (relating to Credit Union Development Districts), of the Texas Administrative Code, Title 7, Part 6, consisting of §§91.2000, 91.2001, 91.2002, 91.2003, 91.2004, 91.2005, and 91.2006.

The rules were reviewed as a result of the Department's quadrennial rule review under Texas Government Code Section 2001.039.

Notice of the review of 7 TAC, Part 6, Chapter 91, Subchapter K, was published in the December 9, 2022, issue of the *Texas Register* (47 TexReg 8129). The Department received no comments on the notice of intention to review.

The Department hereby certifies that the adoption has been reviewed by legal counsel and found to be within the agency's legal authority to readopt.

The Credit Union Commission (Commission) has completed its review of Chapter 91, Subchapter O (relating to Trust Powers), of the Texas Administrative Code, Title 7, Part 6, consisting of §§91.6001, 91.6002, 91.6003, 91.6004, 91.6005, 91.6006, 91.6007, 91.6008, 91.6009, 91.6010, 91.6011, 91.6012, 91.6013, 91.6014, and 91.6015.

The rules were reviewed as a result of the Department's quadrennial rule review under Texas Government Code Section 2001.039.

Notice of the review of 7 TAC, Part 6, Chapter 91, Subchapter O, was published in the December 9, 2022, issue of the *Texas Register* (47 TexReg 8129). The Department received no comments on the notice of intention to review.

The Department hereby certifies that the adoption has been reviewed by legal counsel and found to be within the agency's legal authority to readopt.

PROCEDURES FOR ADOPTING A PROPOSED RULE

1. A proposed rule is prepared by Credit Union Department staff and presented to legal counsel (Attorney General) for review.
2. The proposed rule is presented to the commission for consideration.
3. The commission reviews, amends, adopts, refers back to staff, or tables the proposed rule.
4. The proposed rule is adjusted by staff (if required), furnished to legal counsel, and transmitted to the **Texas Register** for publication as a "proposed" rule.
5. A 30-day comment period follows initial publication which also is made in the Department's monthly newsletter or by a special mailing to credit unions.
6. The commission may reconsider the rule any time after the 30-day comment period. Any comments received are considered and the rule is available for adoption as "final" if no substantive changes are made. Any substantive change will result in the rule reverting to step four.
7. The rule is adopted as "final" and transmitted to the **Texas Register** for publication as a final rule. The rule becomes effective 20 days following filing for publication.
8. The rule is published or announced through the Department's newsletter.

EMERGENCY RULES

Rules, which are approved by the commission for emergency adoption, are transmitted to the **Texas Register** for filing. These rules become effective immediately upon filing unless another effective date is specified. They can be effective only for 120 days with a renewal provision for an additional 60 days a maximum of 180 days. "Day one" is the day of filing or the date specified as the effective date. While these emergency rules are in effect, regular rules should be initiated using the normal procedure described above. The Department rarely adopts emergency rules.

PROCEDURES FOR REQUIRED RULE REVIEW

Section 2001.39, Government Code, requires that a state agency review and consider for re-adoption each rule not later than the fourth anniversary of the date on which the rule took effect and every four years after that date. To comply with this requirement, the Commission follows the procedure below:

1. Every four years, the Commission adopts and publishes a Rule Review Plan, which establishes a date for the required review of each existing rule.
2. At least sixty days prior to a particular rule's scheduled review date, the Department publishes notice in the Newsletter reminding interested persons of the review and encouraging comments on the rules up for review.
3. Staff reviews each rule to determine whether it is obsolete, whether the rule reflects current legal and policy considerations, and whether the rule's structure as well as the specific language used is both clear and understandable.
4. If in reviewing existing rules, staff believes certain amendments may be appropriate, it provides an informal comment phase on any potential substantive amendments to all interested persons via its Rule Remarks blog on the Department's webpage.
5. After consideration of the informal comments, proposed amendments are prepared by staff and presented to the Rules Committee for review.
6. At a public meeting, the Rules Committee accepts public testimony on each rule subject to review and considers staff recommended changes. The Committee reviews each rule and then amends the staff proposal and refers it to the Commission, refers the proposal back to staff, or refers the proposal, as recommended by staff, to the Commission.
7. The Committee's recommendation is presented to the Commission for consideration.
8. The Commission reviews, amends, approves the proposal for publications, refers it back to the Committee, or tables the proposed amendment.
9. If the Commission approves the proposal for publication, it is transmitted to the *Texas Register* for publication as a "proposed" rule amendment.
10. A 30-day comment period follows initial publication which also is announced in the Department's monthly newsletter.
11. The commission may reconsider the rule any time after the 30-day comment period. Any comments received are considered and the rule is available for adoption as "final" if no substantive changes are made. Any substantive change will result in re-publication of the proposal.

12. The rule as amended is adopted and transmitted to the *Texas Register* for publication as a final rule. The rule becomes effective 20 days following filing for publication.
13. The amended rule is announced through the Department's newsletter and copies are made available to credit unions.

MANDATORY RULE REVIEW

J. (1) Adoption of Rule Review of 7 TAC, Part 6, Chapter 91, Subchapter K §§91.2000, 91.2001, 91.2002, 91.2003, 91.2004, 91.2005, and 91.2006 (Credit Union Development Districts), and Subchapter O §§91.6001, 91.6002, 91.6003, 91.6004, 91.6005, 91.6006, 91.6007, 91.6008, 91.6009, 91.610, 91.6011, 91.6012, 91.6013, 91.6014, and 91.6015 (Trust Powers) and Re-adoption of Rules.

BACKGROUND: Section 2001.039, Government Code, requires that a state agency review and consider for readoption each rule not later than the fourth anniversary of the date on which the rule took effect and every four years after that date. As provided in the noted section, the reviews must include, at a minimum, an assessment by the agency as to whether the reason for adopting the rule continues to exist. At its February 2020 meeting, the Commission approved a plan which establishes a date for the required review for each of the affected rules. In accordance with that plan, staff has reviewed **7 TAC, Part 6, Chapter 91, Subchapter K (Credit Union Development Districts), and Subchapter O (Trust Powers)**.

Notice of the review and a request for comments on the rules in this chapter was published in the December 9, 2022, issue of the *Texas Register*. No comments were received regarding the review. The Department believes that the reasons for adopting the noted rules continue to exist.

RECOMMENDED ACTION: The Department recommends that the Commission readopt the rules as previously published.

RECOMMENDED MOTION: I move that the Commission find that the reasons for adopting **7 TAC, Part 6, Chapter 91, Subchapter K (Credit Union Development Districts), and Subchapter O (Trust Powers)** continue to exist and that the Commission readopt these rules.

Subchapter K. Credit Union Development Districts

§91.2000. Purpose and Scope.

- (a) This subchapter implements Tex. Fin. Code §279.001 et seq. regarding the establishment of credit union development districts.
- (b) This subchapter does not affect or circumvent requirements under the Tax Increment Financing Act or the Property Redevelopment and Tax Abatement Act (Tex. Tax Code, Chapters 311 and 312, respectively), including requirements for designation of an area as a municipal or county reinvestment zone or for authorization to enter into a tax abatement agreement.

§91.2001. Definitions.

Unless the context clearly indicates otherwise, these words and terms, when used in this subchapter, shall have the following meanings:

- 1. "Credit union" includes state and federal credit unions.
- 2. "District" means a credit union development district approved under this subchapter.
- 3. "Local government" means a municipality or county.

§91.2002. Application Requirements to Establish a District.

(a) Basic application. A local government, in conjunction with a credit union, may submit an application to the Commission for the designation of a proposed credit union development district, as provided by §91.2003 of this subchapter (relating to Submission and Processing of Application). The application shall contain the following items to the extent available:

- 1. the name of the local government, the county in which it is located and evidence of the approval of the application by its governing body;
- 2. identification of the participating credit union and the location of the proposed credit union or branch by street address;
- 3. a description of the geographic area comprising the proposed district, including a map indicating the borders of the proposed district;
- 4. the location, number and proximity of sites where credit union services are available in the proposed credit union development district, including branches of other financial institutions and deposit-taking ATMs other than those located at branches;
- 5. a compilation and description of consumer needs for credit union services in the proposed district, including population demographics included within the proposed district;
- 6. a compilation and description of the economic viability and local credit needs of the community in the proposed district, including economic indicators pertinent to the proposed district;
- 7. a compilation and description of the existing commercial development in the proposed district, including a description of the type and nature of commercial businesses located in the proposed district; and
- 8. a compilation and description of the impact additional credit union services would have on potential economic development in the proposed district, including significant business

developments within the past three years, corporate restructurings, plant closings, other business closings, and recent or proposed business openings or expansions.

(b) Optional information. An application for designation of a credit union development district may also include:

1. a description of other local government and community initiatives proposed to be undertaken and coordinated with establishment of the proposed district;
2. indications of community support or opposition for the application, as evidenced by letters from entities such as local chambers of commerce, local businesses, community-based organizations, non-profit organizations, government officials, or community residents; and
3. such other information that the applicant believes will demonstrate that the proposed district meets the standards set forth in §91.2004 of this subchapter (relating to Criteria for Approval).

§91.2003. Submission and Processing of Application.

(a) The application must be submitted to the Commission in care of the Department, 914 East Anderson Lane, Austin, TX 78752-1699. No filing fee is required.

(b) After the initial application is submitted, the Department shall issue a written notice informing the applicant either that the application is complete and accepted for filing or that the application is deficient and specific additional information is required. The applicant must supply any additional information requested by the Department not later than the 61st day after the date the applicant received written notice from the Department that the application is deficient. Upon a finding of good and sufficient cause, the Department shall grant an applicant additional time to complete the application. Once the deficient application is complete and accepted for filing, the Department shall issue a written notice informing the applicant that the application is complete and accepted for filing.

(c) After the issuance of written notice informing the applicant that the application is complete and accepted for filing, the Department shall evaluate the application to the extent necessary to make a written recommendation to the Commission under the criteria set forth in §91.2004 of this subchapter. The Department shall submit the completed application and the Department's recommendations to the Commission for decision at the next regularly scheduled meeting of the Commission, which must occur not later than the 120th date after the date the completed application is accepted for filing.

(d) If the Commission approves the application, the Department shall notify the interested parties as required by Tex. Fin. Code §279.105(b).

(e) All approved districts shall be posted on the Department's web site.

§91.2004. Criteria for Approval of a District by the Commission.

In determining whether to approve an application for the designation of a credit union development district, the Commission must consider the criteria listed in Tex. Fin. Code §279.102(b).

§91.2005. Monitoring.

- (a) A local government that receives approval for a district under this subchapter shall notify the Department in writing not later than the 21st day after the date:
 - 1. the credit union establishes a branch in the district and the address of such a branch; and
- (b) The credit union closes a branch in the district. On behalf of the Commission, the Department may request periodic status reports from the local government or the credit union in order to ensure that the needs of the community located in the district are being met in an appropriate manner.

§91.2006. Rulemaking and Amendment for this Subchapter.

Tex. Fin. Code §279.102(b) requires the Credit Union Department to adopt rules in consultation with the Texas Economic Development and Tourism Office within the Office of the Governor. The Department will develop policies with this office within the Governor's office, outlining the procedures for consultation.

Subchapter O. Trust Powers

§91.6001. Fiduciary Duties.

A credit union must conduct trust operations in accordance with applicable law and must exercise fiduciary powers in a safe and sound manner. All fiduciary activities shall be under the direction of the credit union's board of directors. In carrying out its responsibilities, the board may assign, by action duly entered in the minutes, any function related to the exercise of fiduciary powers to any director, officer, employee, or committee thereof.

§91.6002. Fiduciary Capacities.

A credit union is subject to this chapter if it acts in a fiduciary capacity. A credit union acts in a fiduciary capacity when it acts in any of the following capacities:

- (1) Trustee.
- (2) Custodian.
- (3) Executor.
- (4) Administrator.
- (5) Guardian.
- (6) Receiver.

§91.6003. Notice Requirements.

Intent. A credit union is required to notify the commissioner in writing of its intent to exercise fiduciary powers, at least 31 days prior to the anticipated commencement date of such fiduciary activities. The notice must contain:

- (1) A statement describing the fiduciary powers the credit union will exercise;
- (2) An opinion of counsel that the proposed activities do not violate law, including citations to applicable law;
- (3) A statement that the capital of the credit union is not less than the capital required by law of other financial institutions exercising comparable fiduciary powers;
- (4) Sufficient biographical information on proposed trust management personnel to enable the Department to assess their qualifications; and
- (5) The physical address of each location where the credit union will conduct fiduciary activities.

§91.6004. Exercise of Fiduciary Powers.

- (a) **Supervisory Review.** Unless otherwise notified by the department, a credit union may exercise fiduciary powers on the 30th day after the credit union receives written confirmation from the Department that the notice required under §91.6003 of this title (relating to Notice Requirements) is complete and accepted for filing. The Department will consider the

following factors when reviewing such a notice:

- (1) The credit union's financial condition.
 - (2) The adequacy of the credit union's net worth position.
 - (3) The credit union's overall performance.
 - (4) The fiduciary powers the credit union proposes to exercise.
 - (5) The availability and expertise of legal counsel.
 - (6) The experience and expertise of proposed trust management personnel.
 - (7) The needs of the members to be served.
 - (8) Any other facts or circumstances that the Department considers appropriate.
- (b) **Written Notice.** Prior to expiration of the 30-day period referred to in subsection (a) of this section, the commissioner may give the credit union written notice of denial or consent, which consent may include conditions.
- (c) **Acceptance of Conditions.** Commencement of the exercise of fiduciary powers constitutes a credit union's confirmation of acceptance of all conditions imposed by the commissioner under subsection (b) of this section and shall be considered an enforceable agreement against the credit union for all purposes.

§91.6005. Exemption from Notice.

A credit union does not need to provide notice under section 91.6003 (relating to notice requirements) to act as a trustee or custodian of any form of retirement, pension, profit sharing or deferred income accounts for its members, pension funds of self-employed individuals eligible for membership and pension funds of a company or organization whose employees are eligible for membership in the credit union if acting as such will only involve holding the funds on deposit and reporting information to the account holders and government agencies. All contributions to such fiduciary accounts, however, must be initially made to a share or deposit account in the credit union and the credit union may not directly or indirectly provide any investment advice for such fiduciary accounts.

§91.6006. Policies and Procedures.

A credit union exercising trust powers shall adopt and follow appropriate written policies and procedures to maintain its fiduciary activities in compliance with applicable law. Among other relevant matters, the policies and procedures must address, where appropriate, the credit union's:

- (1) Brokerage placement practices;
- (2) Methods for ensuring that fiduciary officers and employees do not use material inside information in connection with any decision or recommendation to purchase or sell any security;
- (3) Methods for preventing self-dealing and conflicts of interest;
- (4) Selection and retention of legal counsel who is readily available to timely review trust instruments or other documents creating the credit union's fiduciary status and advise the credit union and its fiduciary officers and employees on all fiduciary related matters; and
- (5) Investment of funds held as fiduciary, including short-term investments and the treatment of fiduciary funds awaiting investment or distribution.

§91.6007. Review of Fiduciary Accounts.

(a) Pre-acceptance review. Before accepting a fiduciary account, a credit union shall review the prospective account and related instruments and documents to determine whether it can properly administer the account.

(b) Initial post-acceptance review. Upon the acceptance of a fiduciary account for which a credit union has investment discretion, the credit union shall conduct a prompt review of all assets of the account to evaluate whether they are appropriate for the account.

(c) Annual review. At least once during every calendar year, a credit union shall conduct a review of all assets of each fiduciary account for which the credit union has investment discretion to evaluate whether they are appropriate, individually and collectively, for the account.

§91.6008. Recordkeeping.

A credit union shall adequately document the establishment and termination of each fiduciary account and shall maintain adequate records for all fiduciary accounts. All records pertaining to a fiduciary account shall be separate and distinct from other records of the credit union.

§91.6009. Audit.

At least once during each calendar year, a credit union shall arrange for a suitable audit by a certified public accountant in accordance with generally accepted standards for attestation engagement. The audit must ascertain whether the credit union's internal control policies and procedures provide reasonable assurance of three things:

- (1) The credit union is administering fiduciary activities in accordance with applicable law and the trust instrument or other documents creating the fiduciary responsibility;
- (2) The credit union is properly safeguarding fiduciary assets; and
- (3) The credit union is accurately recording transactions in appropriate accounts in a timely manner.

§91.6010. Custody of Fiduciary Assets.

- (a) A credit union shall place assets of fiduciary accounts in the joint custody or control of not fewer than two fiduciary officers or employees designated for that purpose by the board of directors.
- (b) A credit union shall keep assets of fiduciary accounts separate from the assets of the credit union. Except as otherwise authorized by applicable law and as may be in the best interests of the beneficiaries of the fiduciary account, a credit union shall keep assets of each fiduciary account separate from all other accounts.

§91.6011. Trust Funds.

All monies received by a credit union as fiduciary on trust business shall be deposited in a specially designated account or accounts, shall not be commingled with any funds of the credit union and shall remain on deposit until disbursed or invested in accordance with powers and duties of the credit union in its capacity as such fiduciary.

§91.6012. Compensation, Gifts, and Bequests.

A credit union may not permit its directors, officers, or employees to retain any compensation for acting as co-fiduciary with the credit union in the administration of a fiduciary account, except with the specific approval of the board of directors. In addition, a credit union may not permit any fiduciary officer or employee to accept a bequest or gift of fiduciary assets, unless the bequest or gift is directed or made by a relative of the director, officer, or employee or is specifically approved by the board of directors.

§91.6013. Bond Coverage.

A credit union is required to maintain a bond for protection and indemnity of members, in reasonable amounts against dishonesty, fraud, defalcation, forgery, theft, embezzlement, and other similar insurable losses with an insurance or surety company authorized to do business in this state. Coverage against such losses shall include all agents who do not otherwise provide protection and indemnity for the credit union, directors, officers, and employees of the credit union acting independently or in collusion or combination with any person or persons whether or not they draw salary or compensation.

§91.6014. Errors and Omissions Insurance.

The credit union shall procure errors and omission insurance sufficient to mitigate the risks involved in fiduciary activities, but at no time shall errors and omissions insurance coverage be less than five hundred thousand dollars. A credit union shall conduct and document the annual analysis of the appropriateness of the current coverage.

§91.6015. Litigation File.

A credit union shall keep an adequate record of all pending litigation to which it is a party in connection with its exercise of fiduciary powers.

K

LITIGATION UPDATE REGARDING PENDING LITIGATION

K. Litigation Update Regarding Pending Litigation, *Credit Union Department v. Ken Paxton, Attorney General of Texas, Cause No. D-1-GN-21-007168.*

BACKGROUND: On December 10, 2021, in Travis County District Court, Cause No. D-1-GN-21-007168, the Department filed suit against the Attorney General of Texas challenging Letter Ruling OR2021-31535 (Letter Ruling) asking the Court to rule that the information at issue in the Letter Ruling is not subject to disclosure under the Texas Public Information Act (PIA). In the lawsuit, the Department asserts the information requested and at issue is excepted from disclosure under section 552.101 of the Texas Government Code in conjunction with sections 126.002 and 125.054 of the Texas Finance Code. Moreover, the information should be confidential because it affects the privacy and property rights of West Texas Credit Union. On January 20, 2022, West Texas Credit Union filed a Petition in Intervention to the underlying suit, and on January 21, 2022, the Office of the Attorney General filed its Original Answer. Subsequent to these filings, on February 23, 2022, counsels for all Parties entered into a Rule 11 Agreement regarding Initial Disclosures, agreeing that no initial disclosures are due in this case until the Parties agree on a future deadline. Since then, there have been no significant filings nor actions.

RECOMMENDED ACTION: No formal action is anticipated.

L

LEGISLATIVE ISSUES

L. Discussion and Consideration of Legislative Issues and Activities Relating to the 88th Regular Session that may Impact the Department or Credit Unions under its Jurisdiction.

BACKGROUND: The gavel is down, and the debates have begun. There is a plethora of issues to be debated. Legislators have been prefiling bills since November 14 and have until March 10 to file bills without restriction. Between both the House and the Senate, thousands of pieces of legislation will be filed for the 88th legislative session.

As the session continues to take shape and we have a more comprehensive view of what has been filed and what is being pursued, the Department will be actively working with the various Committees, as well as tracking legislation that could affect credit unions and the agency.

Regardless of which issues legislators, the Governor, Lt. Governor and Speaker see as important, one thing we can count on is that everything will hinge on the budget. Texas Comptroller Glenn Hegar estimates a projected record surplus of nearly \$33 billion, so some issues like property tax relief and border security will be actively debated as legislators consider what to do with the surplus. The legislature has 140 days to finish their work. Well, maybe. Perhaps we will see a special session.

Dates of Interest

Friday, March 10, 2023 – Deadline for filing bills.

Monday, May 29, 2023 – Last day of 88th Regular Session.

Sunday, June 18, 2023 – Last day Governor can sign, or veto bills passed during the 88th Regular Session.

Monday, August 28, 2023 – Date that bills without specific effective dates, other than bills with immediate effect, become law.

RECOMMENDED ACTION: No formal action is anticipated.

M

SAGE ACT! DATABASE CONVERSION PROJECT

BACKGROUND: SAGE Act! is a customer relationship management software and marketing automation software platform designed for, and used by the Department to store, run, and manage the Department's reports and statistical data. The primary objective of this project is to convert and migrate the current processes running in the SAGE ACT! database into a new platform, maintaining all the critical functionality currently provided by the SAGE ACT! database and subsequently retire the SAGE ACT! platform. Thus, the Department has submitted a project request with the Department of Information Resources (DIR) for the Sage ACT! database conversion.

Currently, the SAGE ACT! application is running on a Server 8 platform with a desktop client running on unsupported Windows 7 desktop, it has reached the end of its sustainable maintenance period and cannot support the future needs of the Credit Union Department. Thus, the need for the Database Conversion Project ("Project").

PROGRESS TO DATE AND CURRENT STATE OF THE PROJECT

On December 22, 2022, the Department submitted a request for services through the *DIR Service Now Portal* to initiate a solution request, and to facilitate the building of a team to accomplish the Project. On January 13, 2023, meetings began, and a DIR Team was formed. The proposed DIR solution calls for the conversion of the current databases to a Database as a Service, hosted solution. The DIR Team that will provide the solution includes DIR, the state data center managed by ATOS, Deloitte, and Rackspace. The solution will also include staff training and support. A second, deeper dive DIR Team meeting was held on January 18, 2023.

The Department IT staff is currently working on discovery of the current environment with the DIR Team. The goal is to ascertain the complexity of the project so that DIR can determine the cost of the project.

RECOMMENDED ACTION: No formal action is anticipated.

N

FUTURE COMMISSION MEETINGS

N. Next Commission Meeting – The next regular meeting of the Commission has been tentatively scheduled for July 14, 2023.

ADJOURNMENT

FUTURE CREDIT UNION COMMISSION MEETING DATES

Friday, July 14, 2023

Friday, November 3, 2023

Friday, March 8, 2024

All regular scheduled meetings will begin at 9:00 a.m. unless notified differently.

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

CREDIT UNION DEPARTMENT

INDUSTRY STATUS

AND

DEPARTMENTAL OPERATION

TEXAS CREDIT UNION DEPARTMENT

Average Salary and Tenure by Race and Sex

Race	Sex		Annual Salary	Tenure	
ASIAN					
	Summary for M (1 detail record)	\$	115,302	22.87	Avg
	Summary for 'Race' = ASIAN (1 detail record)	\$	115,302	22.87	Avg
BLACK					
	Summary for F (4 detail records)	\$	107,490	10.85	Avg
	Summary for M (1 detail record)	\$	92,859	8.87	Avg
	Summary for 'Race' = BLACK (5 detail records)	\$	104,564	10.45	Avg
HISPA					
	Summary for F (4 detail records)	\$	69,167	5.32	Avg
	Summary for M (3 detail records)	\$	73,238	2.21	Avg
	Summary for 'Race' = HISPA (7 detail records)	\$	70,912	3.99	Avg
WHITE					
	Summary for F (2 detail records)	\$	84,400	0.74	Avg
	Summary for M (12 detail records)	\$	97,337	11.50	Avg
	Summary for 'Race' = WHITE (14 detail records)	\$	95,489	9.96	Avg
TOTALS					
		27 \$	91,531	8.98	Avg

TEXAS CREDIT UNION DEPARTMENT

Average Salary and Tenure by Race and Sex (ADMIN)

Race	Sex		Annual Salary	Tenure	
HISPA					
		Summary for F (1 detail record)	\$ 63,108	6.37	Avg
		Summary for M (2 detail records)	\$ 83,391	3.23	Avg
		Summary for 'Race' = HISPA (3 detail records)	\$ 76,630	4.28	Avg

WHITE					
		Summary for F (2 detail records)	\$ 84,400	0.74	Avg
		Summary for M (5 detail records)	\$ 133,064	13.37	Avg
		Summary for 'Race' = WHITE (7 detail records)	\$ 119,160	9.76	Avg

TOTALS					
		10	\$ 106,401	8.11	Avg

TEXAS CREDIT UNION DEPARTMENT

Average Salary and Tenure by Race and Sex (FIELD STAFF)

Race	Sex		Annual Salary	Tenure	
ASIAN					
	Summary for M (1 detail record)	\$	115,302	22.87	Avg
	Summary for 'Race' = ASIAN (1 detail record)	\$	115,302	22.87	Avg
BLACK					
	Summary for F (4 detail records)	\$	107,490	10.85	Avg
	Summary for M (1 detail record)	\$	92,859	8.87	Avg
	Summary for 'Race' = BLACK (5 detail records)	\$	104,564	10.45	Avg
HISPA					
	Summary for F (3 detail records)	\$	71,187	4.97	Avg
	Summary for M (1 detail record)	\$	52,932	0.18	Avg
	Summary for 'Race' = HISPA (4 detail records)	\$	66,623	3.77	Avg
WHITE					
	Summary for M (7 detail records)	\$	71,818	10.16	Avg
	Summary for 'Race' = WHITE (7 detail records)	\$	71,818	10.16	Avg
TOTALS					
		17	\$	82,785	9.49 Avg

Monthly Survey Results
Examinations
September 2022 thru November 2022

Reflects summary responses from 14 surveys received or 27 % of the 51 surveys mailed

Questions	Strongly Agree	Somewhat Agree		Neutral	Somewhat Disagree	Strongly Disagree	No Response
Q 1. The lead-time was sufficient to gather the information requested prior to the on-site examination.	11	2			1		
Q 2. The pre-examination requests were reasonable in scope.	12				2		
Q 3. Materials requested in the pre-examination were used during the examination.	9	4			1		
Q 4. The pre-examination request made the examination run more efficiently.	12		1		1		
Q 5. The examiners were knowledgeable about your credit union.	9	4			1		
Q 6. The examiners demonstrated a thorough understanding of safety and soundness issues.	11	1			2		
Q 7. The examiners were responsive to your questions and concerns.	11	2			1		
Q 8. The examiners communicated effectively with the credit union throughout the examination.	12	2					
Q 9. The examiners treated you professionally.	12	2					
Q 10. The examiners explained the CAMEL Ratings in sufficient detail.	10	3			1		
Q 11. All major findings of the examination were discussed with you prior to the examiners leaving your credit union.	12				1	1	
Q 12. Management was given the opportunity to react to the examination findings.	12	1	1				
Q 13. The examination was completed within a reasonable timeframe.	12	1			1		
Q 14. The report accurately reflected the examination findings as conveyed to you during the examination.	13						1
Q 15. The report was easy to understand.	12	1					1
Q 16. The report accurately portrayed your credit union's practices and condition.	9	2			1	1	1
Q 17. The transmittal letter and other written communications concerning the examination report was clear and concise.	10	1			2		1
Q 18. The report contained useful recommendations for improving safety and soundness practices.	10	2			1		1

Examinations (Continued)

Questions	Strongly Agree	Somewhat Agree	Neutral	Somewhat Disagree	Strongly Disagree	No Response
Q 19. The examination findings will assist you in enhancing your safety and soundness practices.	13					1
Q 20. The examination was conducted in a fair and objective manner.	12	1				1

Applications

Reflects summary responses from 1 surveys received or 1 % of the 9 surveys mailed

Questions	Strongly Agree	Somewhat Agree	Neutral	Somewhat Disagree	Strongly Disagree	No Response
Q 1. Department staff provided timely and accurate feedback/answers.	1					
Q 2. Department staff communicated with me in a courteous and professional manner.	1					
Q 3. The application process was efficient.	1					
Q 4. The Department's requests for information were reasonable.	1					
Q 5. The Department's website was helpful in completing my application.	1					

Complaints

Reflects summary responses from 10 surveys received or 15 % of the 67 surveys mailed

Questions	Strongly Agree	Somewhat Agree	Neutral	Somewhat Disagree	Strongly Disagree	No Response
Q 1. It was relatively easy to file a complaint with the Department.	7	1		2		
Q 2. Department staff communicated with me in a courteous and professional manner.	6		2	1	1	
Q 3. I believe Department staff understood the basis of my complaint.	5	1		1	3	

Complaints (Continued)

Questions	Strongly Agree	Somewhat Agree	Neutral	Somewhat Disagree	Strongly Disagree	No Response
Q 4. The response provided by the Department addressed the important aspects of my complaint.	5			2	3	
Q 5. The explanation give was fair considering applicable laws.	5	1	1		3	
Q 6. The Department website was helpful in the complaint process.	5	2	1	1	1	

Credit Union Department

Executive Summary

As of 08/31/22

*Information from call report cycle

ACTIVITY	YTD 2020	YTD 2021	2022 FISCAL YEAR				
			1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD
MOVEMENT PROFILE							
Number of CUs	177	175	175	175	174	174	
Total Assets (Millions)	*48,620	*54,218	*55,205	*56,151	*57,948	*59,167	
APPLICATIONS (Received)							
Charters	0	0	0	0	0	0	0
Foreign Branches	1	2	0	0	0	0	0
Conversions	0	0	2	0	0	0	2
Mergers	6	3	2	4	0	2	8
Bylaws	77	97	15	15	22	7	59
Articles of Incorporation	6	1	1	1	2	0	4
Total	90	103	20	20	24	9	73
EXAMINATION ACTIVITIES							
Regular	113	80	26	13	33	26	98
Joint	49	64	14	14	12	10	50
Remedial	30	26	9	7	11	11	38
Total	192	170	49	34	56	47	186
ENFORCEMENT ACTIONS (In Force)							
Determination Letters	2	0	0	0	0	0	
LUAs	0	0	0	0	0	0	
Cease & Desist Orders	1	3	3	3	3	3	
Dividend Restrictions	0	0	0	0	0	0	
Conservatorships	0	1	1	1	1	1	
Liquidations	1	1	1	1	1	1	
Total	4	5	5	5	5	5	
PERSONNEL STAFFING							
Field Examiners	18	17	16	18	18	17	
Total Personnel	29	28	27	29	29	27	
FINANCIAL OPERATIONS (In Thousands)							
Budgeted Expenditures	4,446	4,256	1,238	1,186	1,186	1,292	4,902
Actual Expenditures	3,898	3,588	959	908	1,007	1,068	3,942
Gifts and Bequests	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Actual Revenue	4,363	3,982	2,683	0	1,630	11,832	16,145

Note: FY22 Budgeted Expenditures for quarters 1-4 was reduced due to transfer of \$51,250 requested by Sunset to Contingency Fund.

Credit Union Department
Application Activities - Detail

ACTIVITY	4th Qtr 2020	4th Qtr 2021	2022 FISCAL YEAR				
			1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	
CHARTERS							
Pending at Beginning of Period	0	0	0	0	0	0	
Add: New Applications Filed	0	0	0	0	0	0	
Less: Approved	0	0	0	0	0	0	
Denied/Withdrawn	0	0	0	0	0	0	
Pending at End of Period	0	0	0	0	0	0	
FOREIGN BRANCH OFFICES							
Pending at Beginning of Period	0	0	1	2	2	2	
Add: New Applications Filed	1	1	1	0	0	0	
Less: Approved	0	0	0	0	0	0	
Denied/Withdrawn	0	0	0	0	0	1	
Pending at End of Period	1	1	2	2	2	1	
CONVERSIONS							
Pending at Beginning of Period	0	0	0	2	2	2	
Add: Applications Filed	0	0	2	0	0	0	
Less: Approved	0	0	0	0	0	0	
Denied/Withdrawn	0	0	0	0	0	0	
Pending at End of Period	0	0	2	2	2	2	
MERGERS							
Pending at Beginning of Period	5	2	3	3	6	5	
Add: Applications Filed	1	1	2	4	0	2	
Less: Approved	0	0	2	1	1	2	
Denied/Withdrawn	4	0	0	0	0	0	
Pending at End of Period	2	3	3	6	5	5	
BYLAWS							
Pending at Beginning of Period	6	6	12	6	0	10	
Add: Applications Filed	21	21	15	15	22	7	
Less: Approved	14	14	21	20	12	16	
Denied/Withdrawn	1	1	0	1	0	0	
Pending at End of Period	12	12	6	0	10	1	
ARTICLES OF INCORPORATION							
Pending at Beginning of Period	0	0	0	0	0	1	
Add: Applications Filed	1	0	0	1	2	0	
Less: Approved	0	0	0	1	1	1	
Denied/Withdrawn	0	0	0	0	0	0	
Pending at End of Period	1	0	0	0	1	0	

Credit Union Department
Movement Profile - Condition Summary

CAMEL RATING	4th Qtr 2020	4th Qtr 2021	2022 FISCAL YEAR				
			*1st Qtr	*2nd Qtr	*3rd Qtr	*4th Qtr	
1	55	44	44	42	41	37	**
2	101	111	107	109	110	111	
3	18	17	20	20	18	19	
4	3	1	2	2	3	4	
5	0	2	2	2	2	2	
Total	177	175	175	175	174	173	

* Information from exam master list

** North East Texas CU merged on 07-15-22

Texas Credit Union Department
Enforcement Actions - Detail

TYPE OF ACTION	In Force 8/31/2020	Issued	Activity Terminated	In Force 8/31/2021	Issued	Activity Terminated	In Force 8/31/2022
Determination Letters	2	0	2	0	0	0	0
LUAs	0	0	0	0	0	0	0
Cease & Desist Orders	1	3	1	3	0	0	3
Dividend Restrictions	0	0	0	0	0	0	0
Conservatorships	0	1	0	1	0	0	1
Liquidations	1	0	0	1	0	0	1
Total	4	4	3	5	0	0	5

Texas Credit Union Department
Examination Activities
Analysis of Current Year

TYPE OF EXAM	Budgeted Number	Actual Number	% Budget	% of Total	% Mailed Within 25 Days
Regular	80	26	130%	15%	100%
Joint	52	10	77%	6%	100%
Remedial	28	11	157%	6%	100%
Total	160	47	118%	29%	100%

Credit Union Department
Movement Profile - Consumer Complaints

CONSUMER COMPLAINTS	YTD 2020	YTD 2021	2022 FISCAL YEAR				
			1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD
Received	350	320	68	83	104	100	355
Closed	344	323	60	92	96	95	343
Avg. Days to Process	16.75	15.25	14	26	16	15	17.75
% Resolved in 30 Days	97%	99%	98%	97%	100%	98%	98%

Texas Credit Union Department
Consumer Complaint - Detail

TYPES OF COMPLAINTS	YTD 2020	YTD 2021	2022 FISCAL YEAR				
			1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD
LOAN ISSUES							
Collections/Loans	15	15	8	2	1	6	17
Denial	0	0			1	1	2
Loan Issues	11	1		5	10	8	23
Credit Report Issues	46	54	11	29	12	16	68
Insurance - CPI, GAAP, Property, etc	1	6	1	1			2
ACCOUNT ISSUES							
Discrimination	2	3		1	2	4	7
Electronic Funds Transfer	21	22	2	3	1	1	7
Holds on Checks	12	14	2	2	1	1	6
Estate/Probate	0	0			2	2	4
Fraud/Unauthorized	38	54	12	13	24	12	61
Fees	25	22	5	10	6	6	27
Billing Disputes	15	31	6	2	14	18	40
Other	57	26	1	10	3	10	24
OTHER PRODUCTS/SERVICES							
Account/Loan Balance	32	10	3	4	3	4	14
Account Closed/Frozen	11	20	1	5	5	1	12
Customer Service	40	38	6	3	7	5	21
Deceptive Advertisment	4	0		1			1
Vehicle Title	5	7	2	1	3		6
Website Issues	9	0			1		1
TOTAL	344	323	60	92	96	95	343

Credit Union Department
FY 2023, First Quarter Statistical Complaints Analysis Report
Pursuant to Texas Finance Code Section 15.4081(b)

1. Total number of complaints filed with the department against credit unions: 87*
2. Number of open investigations at the end of the FY 2023, first quarter: 0
3. Number of complaints that were resolved, disaggregated by

(A) source of the complaint

1. another regulatory agency: 43
2. a credit union member: 48
3. a credit union employee: 0
4. a member of the public: 0
5. a public or private entity: 0

(B) type of alleged violation**:

1. account closed/frozen: 6
2. account/loan balance: 4
3. billing disputes: 7
4. collections/loans: 2
5. credit report issues: 17
6. customer service: 5
7. deceptive advertisement: 2
8. discrimination: 1
9. fees: 3
10. fraud/unauthorized: 19
11. holds on checks: 2
12. insurance: 1
13. loan issues: 8
14. other: 12

15. vehicle title: 1

(C) jurisdictional and non-jurisdictional complaints:

1. jurisdictional: 90

2. non-jurisdictional: 1

(D) regulatory and nonregulatory complaints:

1. regulatory: 33

2. non-regulatory: 58

(E) disposition and type of action taken, including any administrative penalty or late fee assessed:

1. closed: 87

2. referred: 1

3. withdrawn: 3

4. Average number of days taken to resolve a complaint, including complaints that were resolved through an examination of a credit union: 19.79

*Does not include referred and withdrawn complaints.

**Does not include referred complaints.

Credit Union Department
Merger/Conversion Finalized

ACTIVITY	YTD 2020	YTD 2021	2022 FISCAL YEAR				
			1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD
MERGERS							
Number:							
State-to-State	1	0	1		1	1	3
Federal-to-State	4	2	1	1		1	3
State-to-Federal	2	0					0
Total	7	2	2	1	1	2	6
Assets:							
State-to-State	18,596,591	-			5,241,323	211,989,431	217,230,754
Federal-to-State	2,352,989	136,790,044	14,948,505	61,868,243		508,975,848	585,792,596
State-to-Federal	-	-					0
Total	20,949,580	136,790,044	14,948,505	61,868,243	5,241,323	720,965,279	803,023,350
CONVERSIONS							
Number:							
Federal-to-State	0	0	1	0	0	0	1
State-to-Federal	0	0	1	0	0	0	1
State-to-Mutual Bank	0	0	0	0	0	0	0
Assets:							0
Federal-to-State		-	1,010,685,008				1,010,685,008
State-to-Federal			3,541,622,858				3,541,622,858
State-to-Mutual Bank							0
Total	-	-	4,552,307,866	0	0	0	4,552,307,866

Credit Union Department
Web Site Statistics
Report Range: 09/01/2021 thru 08/31/2022

		Number
Total Visits:	Number of Visits	5,845
	Visitors	4,250
	Page Views	23.37k
	Number of Repeat Visitors	742
	Average Pages per Visit	4
	Average Visit Duration	0:02:01
Most Requested Pages:	Home	6,776
	Texas Rules for Credit Unions	1,873
	Frequently Asked Questions	1,251
	Job Postings	1,044
	File a Complaint Against a Credit Union	972
Most Downloaded Files:	Rules for Credit Unions (PDF)	457
	Finance Code - Unofficial Compilation	122
	Position	122
	List of Texas State-Chartered Credit Unions (PDF)	114
	June 2022 Newsletter	100