



## CREDIT UNION COMMISSION

### Audit Committee Meeting

*Credit Union Department Building  
914 East Anderson Lane  
Austin, Texas 78752*

**Thursday, July 17, 2025  
1:00 p.m.**

#### **\* \* \* AGENDA \* \* \***

This meeting of the Texas Credit Union Commission's Audit Committee will be held at the Credit Union Department Building at 914 E. Anderson Ln., Austin, Texas 78752 and is open to the public. Only onsite testimony will be allowed; however, the meeting will be transmitted live through a link on the Department's webpage at [www.cud.texas.gov](http://www.cud.texas.gov) on the day of the meeting, July 17, 2025 at 1:00 p.m.

An electronic copy of the agenda is now available at [www.cud.texas.gov](http://www.cud.texas.gov) under Credit Union Commission, Commission Meetings, along with a copy of the meeting materials. A recording of the meeting will be available after July 17, 2025. To obtain a recording, please contact Joel Arevalo at 512-837-9236.

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

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

<b><u>TAB</u></b>	<b><u>PAGE</u></b>
<b>A.</b> Call to Order (1:00 p.m.) – Chair, Beckie Stockstill Cobb	<b>4</b>
(1) Ascertain Quorum	
(2) Appoint Recording Secretary	
(3) Invitation for Public Input	
(4) Acknowledge Guests	
<b>B.</b> Approve Minutes of the July 18, 2024, Audit Committee Meeting	<b>6</b>

## Audit Committee Meeting Agenda

July 17, 2025

Page 2

<b><u>TAB</u></b>	<b><u>PAGE</u></b>
<b>C.</b> Discussion of the FY 2025 Internal Audit Report and Possible Vote to Recommend that the Commission Accept the Report and Authorize its Submission to the State Auditor's Office	<b>11</b>
<b>D.</b> Discussion of and Possible Vote to Take Action on the FY 2026 Internal Audit Plan	<b>13</b>

### Adjournment

**Note:** This is a meeting of the Audit Committee (Committee) of the Texas Credit Union Commission (Commission); however, there may be other members of the Commission attending this meeting. Since there might be a quorum of the Commission, it is being posted as a meeting of the entire Commission.

**Executive Session:** The Committee may go into executive session (close its meeting to the public) on any agenda item if appropriate and authorized by the Open Meetings Act, Texas Government Code, Chapter 551.

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

**Meeting Accessibility:** Under the Americans with Disabilities Act, the Texas 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.**

**A. CALL TO ORDER**

**TEXAS CREDIT UNION COMMISSION  
AUDIT COMMITTEE MEETING**

**Committee Members**

- *Beckie Stockstill Cobb*
- *Cody Huggins*
- *David Bleazard*
- *Jim Minge, Ex-Officio*

**Legal Counsel**

- *Karen L. Miller*

**Credit Union Department Staff**

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

**B.**

**B. APPROVE MINUTES OF THE JULY 18, 2024, AUDIT COMMITTEE MEETING**

A draft copy of the minutes from the July 18, 2024 Committee meeting is located under **TAB B**.

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

**RECOMMENDED MOTION:** I move that the minutes of the Committee's July 18, 2024 meeting be approved as presented.

**CREDIT UNION COMMISSION AUDIT COMMITTEE  
MEETING MINUTES**

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

**July 18, 2024**

**A. CALL TO ORDER** – Chair Kay Swan called the meeting to order at 1:00 p.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, and Ex-officio Jim Minge. Committee member David Bleazard was not present due to a schedule conflict. Staff members in attendance were Michael S. Riepen, Commissioner, Karen Miller, General Counsel who will serve as legal counsel for the Committee at this meeting, and Joel Arevalo, Director of Information and Technology. Chair Swan 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 (**June 20, 2024, TRD#2024003653**).

**❖ INVITATION FOR PUBLIC INPUT FOR FUTURE CONSIDERATION**

– Chair Swan invited public input for future consideration by the committee. There was none.

**❖ ACKNOWLEDGE GUESTS** – Chair Swan acknowledged Internal Auditor, Daniel Graves and Associates from Weaver and Tidwell, L.L.P.

**B. RECEIVE MINUTES OF PREVIOUS MEETING (August 10, 2023)** – Mrs. Bayless moved to approve the minutes of August 10, 2023, as presented. Mrs. Swan seconded the motion, and the motion was unanimously adopted.

**C. DISCUSSION OF AND POSSIBLE VOTE REGARDING 2024 INTERNAL AUDIT REPORT.** Mrs. Swan explained that in August 2023 the

Commission approved an Internal Audit Charter and Plan, reviewing different high risks operations in successive years. An internal audit has been conducted for FY 2024 of the Department's examination process. Mrs. Swan called on Internal Auditor, Daniel Graves from Weaver and Tidwell, L.L.P., who introduced Michael Karnes, Manager and Connie Kang, Senior who worked on the audit. Mr. Graves reported to the Committee that they have completed the internal audit plan for the current year apart from one report and this is because guidance on that report has not come out yet. Furthermore, he explained that the first audit completed as a part of the three-year plan was the audit of examinations, being one of the most significant processes that the Commission completes and functions. Furthermore, he reported that this audit received a "Strong" for all objectives.

After a short discussion, Mrs. Bayless moved that the Committee recommends that the Commission approve the FY 2024 Internal Audit and its Submission to the State Auditor's Office. Mrs. Swan seconded the motion, and the motion was unanimously adopted.

**D. DISCUSSION OF AND POSSIBLE VOTE TOTAKE ACTION ON THE FY 2025 INTERNAL AUDIT PLAN.** Mrs. Swan reported that in August 2023, the Commission approved an Internal Audit Charter and Plan, reviewing different high risks operations in successive years. The plan is to focus on the Information Technology Services and Enforcement Administration for FY 2025.

After a brief discussion, Mrs. Bayless moved that the Committee recommend that the Commission approve the FY 2025 Internal Audit Plan. Mrs. Swan seconded the motion, and the motion was unanimously adopted.



**E. NEXT COMMITTEE MEETING** – Chair Swan reminded everyone that, if necessary, the next meeting of the Committee would be tentatively scheduled for Thursday, November 7, 2024.

**ADJOURNMENT** – There being no further business for the Committee, Chair Swan adjourned the meeting at 1:15 p.m.

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Kay Swan  
Chair

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Isabel Velasquez  
Recording Secretary

**Distribution:**

Legislative Reference Library

C.

**C. DISCUSSION OF THE FY 2025 INTERNAL AUDIT REPORT AND POSSIBLE VOTE TO RECOMMEND THAT THE COMMISSION ACCEPT THE REPORT AND AUTHORIZE ITS SUBMISSION TO THE STATE AUDITOR’S OFFICE**

**BACKGROUND:** In August of 2023 the Commission approved an Internal Audit Charter and Plan, reviewing different high risks operations in successive years. An internal audit has been conducted for FY 2025 with a focus on Information Technology Services and Enforcement and follow up on the 2024 focus, Administration of the Credit Union Department’s examination process.

**RECOMMENDED ACTION:** Staff recommends to the Committee that they review and accept the Internal Audit Report for FY 2025.

**RECOMMENDED MOTION:** The Committee recommends that the Commission approve the FY 2025 Internal Audit Report and its submission to the State Auditor’s Office.

**D.**

**D. DISCUSSION OF AND POSSIBLE VOTE TO TAKE  
ACTION ON THE FY 2026 INTERNAL AUDIT PLAN**

**BACKGROUND:** In August of 2023 the Commission approved an Internal Audit Charter and Plan, reviewing different high risks operations in successive years. The Internal Audit plan is attached. The plan is to focus on Payroll for FY 2026

**RECOMMENDED ACTION:** Staff recommends to the Committee that they review and accept the Internal Audit Plan for FY 2026.

**RECOMMENDED MOTION:** The Committee recommends that the Commission approve the FY 2026 Internal Audit Plan.

**July 2025 Commissioner's Meeting  
Internal Audit Status Report  
As July 3, 2025**

Weaver and Tidwell, LLP (Weaver) is the outsourced internal auditor of the Texas Credit Union Department (CUD). The Weaver engagement team is led by Daniel Graves, Partner.

Based on the Annual Internal Audit Plan approved by the Commissioners in August, we have completed the audit plan for fiscal year 2025.

***Fiscal Year 2025 Internal Audit Plan***

The FY 2025 Internal Audit Plan includes an internal audit and an annual internal audit report. The table below includes the status and progress of each portion of the plan.

<b>2025 Internal Audits</b>		
<b>Internal Audit</b>	<b>Description</b>	<b>Status</b>
Internal Audit over IT General Controls	The IT General Controls internal audit was completed on June 20, 2025. We will perform follow-up procedures over findings identified in the current year's audit in the fiscal year 2026 audit plan.	Completed
<b>2025 Annual Audit Report</b>		
Annual Audit Report	<p>Internal Audit will prepare the annual internal audit report in compliance with the Texas Internal Audit act.</p> <p>Guidance for the report is issued by the State Auditor's Office in early August of each year. It is due to the State Auditor's Office, the Legislative Budget Board and the Governor's Office by November 1, 2025.</p> <p>Included with this report is the proposed internal audit plan for fiscal year 2026. This plan is consistent with the risk assessment and 3-year plan we have previously presented.</p>	August 2025



Daniel Graves, CPA, Internal Auditor  
Partner  
Weaver and Tidwell L.L.P.

**Credit Union Department  
Proposed FY 2026 Internal Audit Plan  
As of July 2025**

Audit Area	Risk Rating	Summary Procedures
<b>2026 Planned New Internal Audits</b>		
Payroll	High	Internal Audit will include an evaluation of risks and internal controls in place related to the Credit Union Department's Payroll Management practices. Activities to be evaluated will include Timekeeping and Approval, Payroll Processing, Payroll Taxes, Compliance Reporting, Voluntary Deductions, and Accrued Leave.
<b>2026 Planned Internal Audit Follow-up</b>		
IT General Controls	High	Internal Audit will perform follow-up procedures on 2025 Internal Audit findings to ensure corrective action has been taken.
<b>2026 Planned Annual Requirements</b>		
Project Management	NA	Track overall internal audit procedures, coordinate audit activities, and reporting to management.
Update Risk Assessment	NA	Perform required annual update of risk assessment.
Annual Board Reports	NA	Prepare and submit required Annual Internal Audit Report and reports to the Audit Committee of internal audit activities.

Texas Credit Union Department  
Proposed Internal Audit Plan  
August 2023

Audit Area	Risk Rating	Summary Procedures	Audit Focus	Estimated Hours
<b>2024 Planned New Internal Audits</b>				
Enforcement Administration	High	Internal Audit will include an evaluation of risks and internal controls in place related to the Credit Union Department's examination processes. Examination areas to be evaluated will include the Complaints Processing, Investigations, Litigation, Remedial Exams, Orders and Prohibitions, Fines and Penalties, Compliance Monitoring, and Appeals.	Internal Audit	250
<b>2024 Planned Annual Requirements</b>				
Project Management	NA	Track overall internal audit procedures, coordinate audit activities, and reporting to management.	Project Management	15
Update Risk Assessment	NA	Perform required annual update of risk assessment.	Policy Compliance	15
Annual and Quarterly Board Reports	NA	Prepare and submit required Annual Internal Audit Report and quarterly reports to the Audit Committee of internal audit activities.	Policy Compliance	20
<b>Total 2024 Internal Audit Estimated Hours</b>				<b>300</b>

Audit Area	Risk Rating	Summary Procedures	Audit Focus	Estimated Hours
<b>2025 Planned New Internal Audits</b>				
Information Technology Services	High	Internal Audit will include an evaluation of risks and internal controls in place related to the Credit Union Department's Information Technology practices. Activities to be evaluated will include Network Operations, Help Desk, Change Management, Software Maintenance, Software Licensing and Usage, Monitoring Third Party Providers, and Project Management.	Internal Audit	200
<b>2025 Planned Internal Audit Follow-up</b>				
Enforcement Administration	High	Internal Audit will perform follow-up procedures on 2024 Internal Audit findings to ensure corrective action has been taken.	Follow-up	50
<b>2025 Planned Annual Requirements</b>				
Project Management	NA	Track overall internal audit procedures, coordinate audit activities, and reporting to management.	Project Management	15
Update Risk Assessment	NA	Perform required annual update of risk assessment.	Policy Compliance	15
Annual and Quarterly Board Reports	NA	Prepare and submit required Annual Internal Audit Report and quarterly reports to the Audit Committee of internal audit activities.	Policy Compliance	20
<b>Total 2025 Internal Audit Estimated Hours</b>				<b>300</b>



Texas Credit Union Department  
Proposed Internal Audit Plan  
August 2023

Audit Area	Risk Rating	Summary Procedures	Audit Focus	Estimated Hours
2026 Planned New Internal Audits				
Payroll	High	Internal Audit will include an evaluation of risks and internal controls in place related to the Credit Union Department's Payroll Management practices. Activities to be evaluated will include Timekeeping and Approval, Payroll Processing, Payroll Taxes, Compliance Reporting, Voluntary Deductions, and Accrued Leave.	Internal Audit	200
2026 Planned Internal Audit Follow-up				
Enforcement Administration	High	Internal Audit will perform follow-up procedures on 2024 Internal Audit findings to ensure corrective action has been taken.	Follow-up	50
Information Technology Services	High	Internal Audit will perform follow-up procedures on 2025 Internal Audit findings to ensure corrective action has been taken.	Follow-up	
2026 Planned Annual Requirements				
Project Management	NA	Track overall internal audit procedures, coordinate audit activities, and reporting to management.	Project Management	15
Update Risk Assessment	NA	Perform required annual update of risk assessment.	Policy Compliance	15
Annual and Quarterly Board Reports	NA	Prepare and submit required Annual Internal Audit Report and quarterly reports to the Audit Committee of internal audit activities.	Policy Compliance	20
Total 2026 Internal Audit Estimated Hours				300

## **FUTURE COMMITTEE MEETING DATES**

**BACKGROUND:** The committee meets on an “as needed” or “subject to the call of the chair” schedule. If a meeting is necessary, it would normally be held the day before a regularly scheduled commission meeting.

**NEXT COMMITTEE MEETING:** The next regular meeting of the Committee will be tentatively scheduled during the July 17, 2025 meeting.

## **ADJOURNMENT**