

**TEXAS DEPARTMENT OF BANKING**  
Austin, Texas

**INTERNAL AUDIT ANNUAL REPORT**

Fiscal Year 2023



TEXAS DEPARTMENT OF BANKING  
Austin, Texas

Internal Audit Annual Report  
Fiscal Year 2023

TABLE OF CONTENTS

Internal Auditor’s Report.....	1
Introduction.....	2
I. Compliance with Texas Government Code 2102: Required Posting of Internal Audit Information .....	3
II. Consulting and Nonaudit Services Completed.....	3
III. External Quality Assurance Review.....	3
IV. Internal Audit Plan for Fiscal Year 2023.....	3-5
V. Executive Summary Procurement/Contract Management/HUB Background. ....	6-9
Audit Objective, Scope, and Methodology. ....	10-12
VI. Observations/Findings and Recommendations Summary and Related Rating of Observations/Findings and Recommendations .....	13
Observations/Findings and Recommendations .....	14
VII. External Audit Services Procured in Fiscal Year 2023 .....	15
VIII. Reporting Suspected Fraud and Abuse.....	15
IX. Proposed Internal Audit Plan for Fiscal Year 2024.....	15
ATTACHMENT	
Attachment – History of Areas Audited.....	16

# Garza/Gonzalez & Associates

CERTIFIED PUBLIC ACCOUNTANTS

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Finance Commission Members and  
Audit Committee Members  
Texas Department of Banking  
Austin, Texas

We performed procedures to determine the effectiveness and efficiency of the Texas Department of Banking's (DOB) internal control structure over the Procurement/Contract Management/HUB Area (Area); and, its compliance with the applicable chapters of the Texas Government Code, the Texas Administrative Code rules, and, the Area's established policies and procedures, for the 8 months ended April 30, 2023.

The results of our procedures disclosed that DOB's internal control structure over the Area were generally adequate and no material instances of noncompliance were noted; however, we did identify certain matters, included in this report, that are opportunities for strengthening internal controls and ensuring compliance with state requirements, and established policies and procedures. Based on the degree of risk or effect of these matters in relation to the audit objective(s), these matters were rated as either Priority, High, Medium, or Low, which is further described in the "Summary and Related Rating of Observations/Findings and Recommendations," which is included in page 13 of this report.

We have discussed the comments and recommendations from the audit of the Area with various DOB personnel, and will be pleased to discuss them with you in further detail.

This report, which includes all information required for compliance with State of Texas Internal Audit Annual Report requirements, has been prepared by Garza/Gonzalez & Associates, an independent Certified Public Accounting firm, following Generally Accepted Auditing Standards, International Standards for the Professional Practice of Internal Auditing, and the Institute of Internal Auditors' Code of Ethics contained in the Professional Practices Framework.



June 7, 2023

# TEXAS DEPARTMENT OF BANKING

Internal Audit Annual Report

Fiscal Year 2023

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## INTRODUCTION

The Texas Department of Banking (DOB) is a Texas state agency that performs functions designed to maintain a financial regulatory system for Texas to promote a consistent banking environment, and to provide the public with convenient, safe, and competitive banking and other financial services. DOB operates under the oversight of the Finance Commission of Texas pursuant to the authority of various provisions of the Texas Finance Code; the Texas Health and Safety Code; and, the Texas Administrative Code.

DOB's primary functions are to:

- Charter, regulate, and examine state-chartered commercial banks and trust companies, foreign bank branches, agencies, and representative offices;
- License, regulate, and examine money services businesses (MSB);
- License, regulate, and examine prepaid funeral contract sellers (PFC) and perpetual care cemeteries (PCC); and,
- Register check verification entities.

DOB was granted Self-Directed, Semi-Independent (SDSI) status in the 81<sup>st</sup> Legislative Session. As an SDSI agency, DOB is not required to have their budget approved by the Legislature; however, the Finance Commission is responsible for setting their spending authority or limits. DOB's operating funds are generated from fees assessed to the businesses it regulates and are used to fund both, direct and indirect costs. General revenue funds are not used to support DOB's operations.

### **2023 Internal Audit Plan**

Following are the internal audit functions performed, as identified in DOB's 2023 Internal Audit Plan, dated November 28, 2022 and approved by the Audit Committee and Finance Commission on December 16, 2022:

- Risk Assessment & Preparation of the 2023 Internal Audit Plan
- Corporate Activities Audit
- Procurement/Contract Management/HUB Audit
- Preparation of the 2023 Internal Audit Annual Report
- Other Tasks

This report contains the results of the Procurement/Contract Management/HUB Audit; and, meets the State of Texas Internal Audit Annual Report requirements. The Corporate Activities report, dated February 27, 2023, was presented to, and approved by, the Audit Committee and Finance Commission on April 21, 2023.

## TEXAS DEPARTMENT OF BANKING

Internal Audit Annual Report

Fiscal Year 2023

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### **I. Compliance with Texas Government Code 2102: Required Posting of Internal Audit Information**

To comply with the provisions of Texas Government Code, 2102.015 and the State Auditor's Office guidelines, within 30 days after approval by the Finance Commission, DOB will post the following information on its website:

- An approved fiscal year 2024 audit plan, as provided by Texas Government Code, Section 2102.008.
- A fiscal year 2023 internal audit annual report, as required by Texas Government Code, Section 2102.009.

The periodic and annual internal audit reports include any weaknesses, deficiencies, wrongdoings, or other concerns raised by internal audits and other functions performed by the internal auditor as well as the summary of the action taken by DOB to address such concerns.

### **II. Consulting and Nonaudit Services Completed**

The internal auditor did not perform any consulting services, as defined in the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing* or any non-audit services, as defined in the *Government Auditing Standards*, 2018 Revision, Technical Update April 2021, Sections 3.64-3.106.

### **III. External Quality Assurance Review**

The internal audit division's most recent *Peer Review Report*, dated December 15, 2021, indicates that its system of quality control has been suitably designed and conforms to applicable professional standards in all material respects.

### **IV. Internal Audit Plan for Fiscal Year 2023**

The approved Internal Audit Plan (Plan) included two audits to be performed during fiscal year 2023. The Plan also included other tasks as may have been assigned by the Finance Commission or the Audit Committee; and, preparation of the fiscal year 2023 Internal Audit Annual Report.

**TEXAS DEPARTMENT OF BANKING**

Internal Audit Annual Report

Fiscal Year 2023

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**Risk Assessment**

Utilizing information obtained through the completed questionnaires received and background information reviewed, 17 audit areas were identified as potential audit topics. A risk analysis utilizing 8 risk factors, was completed for each of the 17 potential audit topics and then compiled to develop an overall risk assessment.

Following are the results of the risk assessment performed for the 17 potential audit topics identified:

<b>HIGH RISK</b>	<b>MODERATE RISK</b>	<b>LOW RISK</b>
Payroll and Human Resources	Travel	IT Examinations
Procurement/Contract Management/HUB	Trust Examinations	Money Service Businesses
Corporate Activities	Financial Reporting	Prepaid Funeral Guaranty Fund
Revenue Accounting Process	Bank Examinations	Perpetual Care Cemeteries
	Management Information Systems [(MIS) Includes Disaster Recovery Plan]	Prepaid Funeral Contracts
	Asset Management	Consumer Assistance
		Imaging & Records Management

In the prior 3 years, the following internal audits and other functions were performed:

Fiscal Year 2022:

- Risk Assessment & Preparation of the Internal Audit Plan
- Bank Examinations Audit
- IT Examinations Audit
- Follow-Up of the Prior Year Internal Audits
- Preparation of the Internal Audit Annual Report

Fiscal Year 2021:

- Risk Assessment & Preparation of the Internal Audit Plan
- Management Information Systems [(MIS) Includes Disaster Recovery Plan] Audit
- Consumer Assistance Audit
- Follow-Up of the Prior Year Internal Audits
- Preparation of the Internal Audit Annual Report

Fiscal Year 2020:

- Risk Assessment & Preparation of the Internal Audit Plan
- Revenue Accounting Process Audit
- Imaging & Records Management Audit
- Follow-Up of the Prior Year Internal Audits
- Preparation of the Internal Audit Annual Report

**TEXAS DEPARTMENT OF BANKING**

Internal Audit Annual Report

Fiscal Year 2023

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The internal audits and other tasks performed for fiscal year 2023 were as follows:

<b>Report No.</b>	<b>Audits/Report Titles</b>	<b>Report Date</b>
1.	Corporate Activities Audit <i>Objective:</i> To determine whether DOB's policies and procedures and internal controls in place over the Corporate Activities Division adequately ensure that filings processing comply with applicable state statute and rules, and, whether such policies and procedures and internal controls are operating as designed.	2/27/2023
2.	Procurement/Contract Management/HUB Audit <i>Objective:</i> To determine whether DOB's policies and procedures and internal controls in place over the Procurement/Contract Management/HUB Area (Area) adequately ensure that DOB's procurement of goods and services comply with applicable state statute and rules; and, whether such policies and procedures and internal controls are operating as designed.	6/7/2023
2.	Internal Audit Annual Report	6/7/2023
-	Other Tasks Assigned by the Finance Commission or the Audit Committee	None

## V. Executive Summary

### Procurement/Contract Management/HUB Area

#### BACKGROUND

The Procurement/Contract Management/HUB Area (the Area) is responsible for processing DOB's purchases, including those made using purchasing cards, in accordance with applicable state purchasing laws. The Area is also responsible for complying with the solicitation, contract posting, and reporting requirements, as established by state requirements. Applicable state purchasing statutes are primarily located in the Texas Government Code (TGC), Title 10, Subtitle D. *State Purchasing and General Services Act*; and, Subtitle F. *State and Local Contracts and Fund Management*; while, corresponding rules are in Title 34 of the Texas Administrative Code (TAC) Chapter 20 *Statewide Procurement and Support Services*. The Texas Comptroller of Public Accounts (the Comptroller) Statewide Procurement Division (SPD) has developed the *Texas Procurement and Contract Management Guide* (TPCMG) to assist state agencies in complying with these state requirements.

The Area is supervised by the Chief Financial Officer (CFO), who reports to the Deputy Commissioner, and consists of one Purchasing Officer. Both the CFO and the Purchasing Officer hold the Certified Texas Contract Developer and Certified Texas Contract Manager (CTCD/CTCM) dual designations. State agency purchasing employees must adhere to the same ethical standards required of the Comptroller's employees; such as, prohibition of financial interest in, and gift/compensation from, contracting entities.

During the audit period, from September 1, 2022 to April 30, 2023, the Area processed 115 purchase orders (POs) totaling \$1,065,971 and made 235 purchasing card (P-Card) transactions totaling \$48,130. During the audit period, there were only 2 POs that met the criteria to be competitively procured.

#### Purchasing Process

DOB has established and implemented the *Contract Management Guide and Handbook* (CMGH), which contains the Administrative Memorandum 2025 (AM2025), *Internal Purchasing Procedures*, which is available to, and should be used by, all employees, when purchasing goods and/or services. All purchase requests must be initiated by a requestor with a completed Material and Services Request Form (MSR). The requestor must certify the need for the requested goods or service by signing the MSR, and obtain their division director's approval. Additional approval(s) must be obtained from the MIS Director, if IT-related; and, from the Deputy Commissioner, if over \$500.

A properly completed and approved MSR is sent to the Purchasing Officer who determines proper procurement method and Purchase Category Code (PCC) based on the type and amount of the purchase. For purchase of commodity goods or services, state agencies must first consider purchasing from the following:

- Set-aside programs (the Purchasing from People with Disabilities Program, commonly referred to as the State Use program, and the Texas Correctional Industries (TCI) Program)
- Department of Information Resources (DIR) contracts
- SPD term contracts (Texas SmartBuy)



Purchases from the set-aside programs and term contracts do not require competitive procurement; while, purchases of an IT-related commodity through a DIR contract require certain competition based on the contract value. DIR contracts must be utilized for all IT-related purchases unless exempted by DIR.

If suitable vendors are not found in the preferred methods above, the Purchasing Officer follows the SPD’s *Delegated Purchase Method*, up to the delegation limits of \$50,000 for goods and \$100,000 for services. A delegation request must be individually approved by the SPD for purchases that exceed the delegation limit. Under the Delegated Purchase Method, the solicitation requirements below apply, unless explicitly exempted by statute. In such cases, the Purchasing Officer must document the underlying legal citation for the exemption.

<b>Purchase/Contract Value</b>	<b>Solicitation Requirement</b>
Up to \$10,000 (“spot” purchases)	Competitive process not required.
\$10,000.01 - \$25,000	Informal competitive solicitation required.
Over \$25,000	Formal competitive solicitation required.

State agencies must utilize the Centralized Master Bidders List (CMBL) and the Historically Underutilized Businesses (HUB) Directory Search to identify vendors for solicitation. Specific purchasing rules apply to certain purchases other than commodity; such as, IT, professional and consulting services. The Purchasing Officer utilizes a procurement checklist as a tool to ensure performance of all state-required procurement steps applicable to the given PCC, as required by TGC Sec. 2262.053, and maintains all procurement supporting documentation in the respective procurement file.

*Purchasing Card (P-Card)*

In accordance with 34 TAC §5.57, *Use of Payment Cards by State Agencies*, state agencies must adopt reasonable procedures governing the issuance and security of payment cards and the use of those cards by the agency’s officers and employees. DOB has incorporated P-Card policies and procedures into AM2025 to comply with the state requirements. Under the policy, 3 individuals at Headquarters and 1 individual at each Regional Office are designated as authorized P-Card holders. The policy also determines daily and monthly transaction limits and other safeguards, which are automatically enforced through the card profile setting.

Each P-Card holder must submit, to the CFO, a monthly transaction listing, receipts, and any other applicable supporting documentation; such as, approval. The CFO maintains an internal card transaction log (Log) as required by the TPCMG. The CFO reviews all P-Card transactions to ensure each transaction is allowable and supported by a receipt, and reconciles the transaction listings submitted by the P-Card holders to the Log and monthly card statement.

*Vendor Compliance Verification*

Prior to finalizing a purchase, with the exception of P-Card purchases, state agencies must perform the following vendor compliance verification checks:

- SPD Debarment Check
- System for Award Management (SAM) Exclusion Check
- Iran, Sudan, & Foreign Terrorist Organization Check
- Boycott Israel Check
- Warrant/Payment Hold Check

A warrant hold/payment hold check must also be performed prior to P-Card purchases exceeding \$500.

*Contracts Posting and Reporting*

To ensure transparency, DOB must post/report the following information for certain contracts during solicitation and/or post-award, depending on the contract type and dollar value.

- **Electronic State Business Daily (ESBD)** – Solicitation and award of all contract types greater than \$25,000.
- **Texas Register** –Solicitation and award of certain contract types specified by applicable statute; such as, consulting services procured under the Governor’s emergency compliance waiver, and certain construction and real estate-related contracts.
- **Legislative Budget Board (LBB) Reporting** – Major contracts as defined by TGC §322.020(a)(1).
- **Agency Website Postings** – All contracts not reported to the LBB.

**Contract Management**

DOB’s contract management primarily consists of inclusion of state-required clauses in the contract, and a review and approval of the vendor invoice. The user division is responsible for immediately notifying the CFO of any issues and discrepancies related to deliverables.

Within 30 days of completion or termination of a contract valued at \$25,000 or greater, other than those procured through the state’s set-aside programs and DIR, a vendor performance evaluation is submitted by the Purchasing Officer, to the Comptroller, using the Comptroller’s Vendor Performance Tracking System.

**HUB Compliance**

TGC Chapter 2161 outlines the statewide HUB compliance requirements and grants responsibility to the Comptroller for adopting rules to administer the statewide HUB Program for businesses owned by minority, women, and certain service-connected disabled veterans. DOB has established AM 2012, *Policy on Utilization of Historically Underutilized Business*, and the Purchasing Officer is the designated HUB coordinator. State agencies must track HUB purchases, and plan and make good-faith efforts in meeting the statewide HUB purchasing goals specified in 34 TAC §20.284. The table below reflects DOB’s fiscal year 2022 HUB purchases, which is the most recent annual data available, as reported by the Comptroller:

Procurement Category	Statewide Goal	DOB FY22		
		Total \$	HUB \$	HUB %
Heavy Construction	11.20%	\$ -	\$ -	0.00%
Building Construction	21.10%	\$ -	\$ -	0.00%
Special Trade	32.90%	\$ 35,689	\$ 2,965	8.31%
Professional Services	23.70%	\$ 59,425	\$ 48,220	81.14%
Other Services	26.00%	\$ 666,168	\$ 75,397	11.32%
Commodity Purchases	21.10%	\$ 331,806	\$ 160,082	48.25%
Overall	--	\$ 1,093,088	\$ 286,663	26.23%

**TEXAS DEPARTMENT OF BANKING**  
Internal Audit Annual Report  
Fiscal Year 2023

---

State agencies are also required to semiannually report to the Comptroller, the HUB Supplemental Data, by ethnic and gender categories:

- Total number of bids/proposals received
- Number of competitive and non-competitive contracts awarded

In accordance with TGC Chapter 2161, Subchapter C. *Planning and Reporting Requirements*, DOB has included, in its 2023-2027 Strategic Plan, a written plan for increasing the agency's use of HUBs in purchasing.

## **AUDIT OBJECTIVE, SCOPE, AND METHODOLOGY**

### **Objective**

The objective of our audit was to determine whether DOB’s policies and procedures and internal controls in place over the Procurement/Contract Management/HUB Area (Area) adequately ensure that procurement of goods and services comply with applicable state statute and rules; and, whether such policies and procedures and internal controls are operating as designed.

### **Scope**

The scope of this audit was to review and/or test the Area’s selected activities performed, for the 8-month period from September 1, 2022 through April 30, 2023 (audit period); to include, a review of the implementation status for the recommendations made by the Texas Comptroller in the Post-Payment Audit (report #451-21-01).

### **Methodology**

The audit methodology included a review of laws and regulations, DOB’s established policies and procedures, and other internal and external documentation; and, interviews with selected DOB staff.

We obtained and/or reviewed the following internal and external documentation:

- A. Texas Government Code, Title 10, Subtitle D. *State Purchasing and General Services* and Subtitle F. *State and Local Contracts and Fund Management*.
- B. Title 34 Texas Administrative Code Chapter 20. *Statewide Procurement and Support Services*.
- C. State of Texas Procurement and Contract Management Guide version 2.1 (TPCMG) developed by the Texas Comptroller of Public Accounts (the Comptroller) Statewide Procurement Division (SPD).
- D. DOB Contract Management Guide and Handbook (January 2022) which includes Administrative Memorandum (AM) 2025), *Internal Purchasing Procedures*; and, AM 2012, *Policy on Utilization of Historically Underutilized Businesses (HUB)*.
- E. Texas Comptroller Post-Payment Audit Report #451-21-01 dated September 8, 2022.
- F. DOB’s fiscal year 2023 Agency Procurement Plan and submission record.
- G. The Area’s organizational chart.
- H. Non-Disclosure and Conflict of Interest certification signed by the Area’s staff.
- I. Listing of purchases and contracts (collectively “purchases”) made during the audit period.
- J. Procurement files of selected purchases during the audit period.
- K. State Use Program monthly reports for the audit period.
- L. FY22 Consolidated Annual HUB Report and FY23 Supplemental Semi-Annual HUB Report.
- M. DOB’s fiscal year 2023-2027 Strategic Plan.

## TEXAS DEPARTMENT OF BANKING

Internal Audit Annual Report

Fiscal Year 2023

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We performed various procedures to achieve the objective of our audit; to include, the following:

1. Reviewed and updated our understanding of the sections of the Texas Government Code, the Texas Administrative Code, and the State of Texas Procurement and Contract Management Guide, as applicable to the Area.
2. Reviewed the Area's policies and procedures and other internal documentation; and, conducted interviews, to obtain an understanding of controls, processes and current practices in place over the Area.
3. Verified that Area staff maintain an active CTCD/CTCM certification status and signed the Non-Disclosure and Conflict of Interest form for fiscal year 2023.
4. Verified that DOB's contract management handbook is available on its website in accordance with TGC §2261.256.
5. Selected 24 purchases, which included 1 competitively procured contract and 11 P-Card transactions, made during the audit period to test for the following attributes, as applicable, to assess compliance with state requirements and adherence to DOB's established policies, procedures, and internal controls applicable to the Area (attributes with asterisk had a finding in the Post-Payment Audit Report):

### Tests of Compliance

- a. The purchase was reasonable.
- b. Appropriate procurement method was selected.\*
- c. Proper PCC and NIGP codes were used.
- d. The procurement file included all required documentation listed in applicable checklist.
- e. Preferred vendors were utilized when available
- f. Bid solicitation was sent to all vendors in the CMBL search result.\*
- g. Solicitation and award notice were posted to the ESBD in accordance with the timeline determined by the Comptroller.\*
- h. Non-disclosure agreements and conflict of interest statements were signed by the individuals participating in the evaluation.\*
- i. All required vendor compliance verification checks were performed prior to the purchase.\*
- j. The CFO signed a written statement acknowledging DOB's compliance with all procurement requirements set by the state and the department.\*
- k. Contract included all *required* clauses provided in the TPCMG.\*
- l. Contract was reported or posted to all required entities or locations.
- m. P-Card transaction was recorded in an internal log and supported by receipts.
- n. Vendor performance report was properly completed for contracts over \$25,000.\*
- o. A checklist for the correct PCC was completed.

### Tests of Controls

- p. Proper approval was obtained for the purchase.
- q. Receipt of goods was documented.
- r. P-Card transaction was reconciled to internal log and card statement by the CFO, and check-marked on the internal log and card statement, denoting the CFO's review for allowability.

**TEXAS DEPARTMENT OF BANKING**

Internal Audit Annual Report

Fiscal Year 2023

---

6. Reviewed submission records of the fiscal year 2023 Agency Procurement Plan and FY23 Semi-Annual HUB Supplemental Data to verify timely submission.
7. Selected the following external reports and traced the reported numbers to supporting documentation:
  - a. State Use reporting for the months of November 2022, December 2022, and April 2023.
  - b. HUB Supplemental Data reporting for the 6-month period ended February 28, 2023.

**TEXAS DEPARTMENT OF BANKING**

Internal Audit Annual Report

Fiscal Year 2023

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**VI. Observations/Findings and Recommendations**

SUMMARY and RELATED RATING of OBSERVATIONS/FINDINGS and RECOMMENDATIONS

As DOB’s internal auditors, we used our professional judgment in rating the audit findings identified in this report. The rating system used was developed by the Texas State Auditor’s Office and is based on the degree of risk or effect of the findings in relation to the audit objective(s). The table below presents a summary of the findings in this report and the related rating.

<b>Summary of Observations/Findings &amp; Recommendations and Related Ratings</b>		
<b>Finding No.</b>	<b>Title</b>	<b>Rating</b>
1	LBB Reporting	Low
2	HUB Supplemental Data Reporting	Low
<p><u>Description of Rating</u></p> <p>A finding is rated <i>Priority</i> if the issues identified present risks or effects that if not addressed could critically affect the audited entity’s ability to effectively administer the program(s)/function(s) audited. Immediate action is required to address the noted concern and reduce risks to the audited entity.</p> <p>A finding is rated <i>High</i> if the issues identified present risks or effects that if not addressed could substantially affect the audited entity’s ability to effectively administer the program(s)/function(s) audited. Prompt action is essential to address the noted concern and reduce risks to the audited entity.</p> <p>A finding is rated <i>Medium</i> if the issues identified present risks or effects that if not addressed could moderately affect the audited entity’s ability to effectively administer program(s)/function(s) audited. Action is needed to address the noted concern and reduce risks to a more desirable level.</p> <p>A finding is rated <i>Low</i> if the audit identified strengths that support the audited entity’s ability to administer the program(s)/functions(s) audited or the issues identified do not present significant risks or effects that would negatively affect the audited entity’s ability to effectively administer the program(s)/function(s) audited.</p>		

**TEXAS DEPARTMENT OF BANKING**

Internal Audit Annual Report

Fiscal Year 2023

**OBSERVATIONS/FINDINGS and RECOMMENDATIONS**

Report No.	Report Date	Name of Report	Observations/Findings and Recommendations	Fiscal Impact/ Other Impact
2	6/7/23	Procurement/ Contract Management/ HUB	<p><b>1. LBB Reporting</b></p> <p>DOB is required to report certain contracts to LBB’s Contracts Database; including, a major information system (IS) over \$100,000, and professional and consulting services over \$50,000. Of the 24 purchases tested, 4 contracts were required to be reported to the LBB; however, 1 contract for which reporting was required under TGC §2054.008 since it was for a major IS over \$100K, was not reported.</p> <p><b>Recommendation</b> We recommend that the Area strengthen its internal controls to ensure DOB remains compliant with the LBB state reporting requirements.</p> <p><b>Management’s Response</b> The initial rule interpretation was that such contracts were not reportable to the LBB as they were procured through a State agency (DIR in this case). In addition, at the time of the original award in June 2021, the Department did not have a purchaser and the CFO took on that additional role to at least ensure procurement of such services. The Department has since employed a purchaser who has improved compliance with reporting requirements.</p> <p><b>2. HUB Supplemental Data Reporting</b></p> <p>State agencies are required by TGC §2161.122(c) to semi-annually submit to the Comptroller, HUB Supplemental Data; such as, the number of contracts awarded, and the number of bids/proposals received, by ethnicity, gender, and disabled veteran status. In DOB’s semi-annual Supplemental Data reporting for the 6-month period ended February 28, 2023, the number of bids/proposals received was under-reported by 10 since DOB did not report the bids/proposals received, but not awarded.</p> <p><b>Recommendation</b> We recommend that DOB update its HUB Supplemental Data collection methodology to ensure accurate data will be submitted to the Comptroller.</p> <p><b>Management’s Response</b> While this is an oversight, agencies have the opportunity to finalize and correct any data discrepancies when reporting year-end data. In this instance, the Department will have the opportunity to revise the bids/proposals received.</p>	<p>Compliance with TGC §2054.008(b).</p> <p>Compliance with TGC §2161.122(c).</p>



## TEXAS DEPARTMENT OF BANKING

Internal Audit Annual Report

Fiscal Year 2023

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### **VII. External Audit Services Procured in Fiscal Year 2023**

DOB procured the internal audit services documented in the approved Internal Audit Plan for fiscal year 2023. No other external audit services were performed.

### **VIII. Reporting Suspected Fraud and Abuse**

DOB has provided information on their website home page on how to report suspected fraud, waste, and abuse to the State Auditor's Office (SAO) by posting a link to the SAO's fraud hotline. DOB has also developed a Fraud Prevention Policy that provides information on how to report suspected fraud, waste, and abuse to the SAO.

### **IX. Proposed Internal Audit Plan for Fiscal Year 2024**

The risk assessment performed during fiscal year 2023 was used to identify the following *proposed* areas that are recommended for internal audit and other tasks to be performed for fiscal year 2024. The Internal Audit Plan for Fiscal Year 2024 will be developed and presented to the Audit Committee and Finance Commission, for acceptance and approval, at a meeting to be determined at a later date.

- Payroll and Human Resources Audit
- Money Services Businesses Audit
- Follow-up of Prior Year Internal Audits
- Other Tasks Assigned by the Finance Commission or the Audit Committee

ATTACHMENT

**TEXAS DEPARTMENT OF BANKING**  
**History of Areas Audited**  
**For Fiscal Year 2023**

	POTENTIAL AUDIT TOPIC	Fiscal Year Audited/Reviewed										
		2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
1	Bank Examinations	B*				A/B*	E				A	
2	Consumer Assistance						E			A		
3	Corporate Activities	A					E					A
4	Financial Reporting					B	E*					
5	Fixed Asset Management		C*			A	C*			C*		
6	Imaging and Records Management				A				A			
7	IT Examinations				A		E				A	
8	Management Information Systems [(MIS) Includes Disaster Recovery Plan] <sup>1</sup>	D	A			B	E*	A1*/D		A*/D		
9	Money Service Businesses		A			B*	E	A1*	A*			
10	Payroll and Human Resources		C*				C*/F*	F*		C*		
11	Perpetual Care Cemeteries			A		B*	E	A1*	A*			
12	Prepaid Funeral Contracts	A				B*	E	A1*	A*			
13	Prepaid Funeral Guaranty Fund						A/E	A1*	A*			
14	Procurement/Contract Management/HUB		C*			B*	C*			C*		A
15	Revenue Accounting Process			A		B	E	A1*	A			
16	Travel		C*			B*	C*/E*			C*		
17	Trust Examinations						A/E					

<sup>1</sup> Quarterly vulnerability scans are performed by the DIR or a third-party procured through the DIR, which are considered standardized reviews and therefore not reflected in this schedule by year.

**Note:** Performance Measures is included in the scope of the applicable audit area(s).

**Legend (audits/reviews with asterisk are considered limited scope for the audit area)**

- A** Internal audit performed by Garza/Gonzalez & Associates, CPAs.
- A1** Internal audit performed by McConnell & Jones LLP.
- B** Audit performed by the State Auditor's Office (SAO).
- C** Post-Payment audit performed by the Comptroller of Public Accounts.
- D** IT assessment performed by the Department of Information Resources (DIR) or a third-party vendor procured through the DIR.
- E** Sunset Review performed by the Sunset Advisory Commission.
- F** Review performed by the Texas Workforce Commission.