

TEXAS DEPARTMENT OF MOTOR VEHICLES
FINANCE AND AUDIT COMMITTEE
MEETING

Texas Department of Motor Vehicles
Lone Star Room
Building 1
4000 Jackson Avenue
Austin, Texas 78731

Wednesday,
February 8, 2023

COMMITTEE MEMBERS:

Brett Graham, Chair
Tammy McRae
Sharla Omumu
John Prewitt

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CLOSED SESSION	
5. The Committee may enter into closed session under one or more of the following provisions of the Texas Open Meetings Act, Government Code Chapter 551: Section 551.071 Section 551.074 Section 551.076 Section 551.089	none
6. Action Items from Closed Session	none
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P R O C E E D I N G S

1
2 MR. GRAHAM: Good afternoon. My name is Brett
3 Graham. I am pleased to open the Finance and Audit
4 Committee meeting of the Board of the Texas Department of
5 Motor Vehicles. It is 2:00 p.m., and I am now calling the
6 committee meeting for February 8, 2023 to order.

7 I want to note for the record that the public
8 notice of this meeting containing all items on the agenda
9 was filed with the Office of the Secretary of State on
10 January 31, 2023.

11 Before we begin today's meeting, please place
12 all cell phones -- including myself -- and all other
13 communication devices in a silent mode. And please, as a
14 courtesy to others, do not carry on side conversations or
15 other activities in the meeting room.

16 I want to welcome those of you who are with us
17 today for this committee meeting. If you wish to address
18 the committee or speak on an agenda item during today's
19 meeting, please complete a speaker's sheet at the
20 registration table or send an email to
21 gco_general@txdmv.gov.

22 Please identify in your email the specific item
23 you're interested in commenting on, your name and address,
24 and whether you are representing anyone or speaking for
25 yourself. If your comment does not pertain to a specific

1 agenda item, we will take your comment during the general
2 public comment portion of the meeting.

3 In according with the Department's
4 administrative rule, comments to the committee will be
5 limited to three minutes. To assist each speaker, a timer
6 has been provided. The timer light will be green for the
7 first two minutes, yellow for one minute, and then red
8 when your time is up.

9 Individuals cannot accumulate time from other
10 speakers. Comments should be pertinent to the issue
11 stated on the comment sheet. When addressing the
12 committee, please state your name and affiliation for the
13 record.

14 There are a few things that will assist in
15 making the meeting run smoother and assist the court
16 reporter in getting an accurate record. Please identify
17 yourself before speaking, speak clearly and slowly, do not
18 speak over others, and please ask the Chairman for
19 permission to speak, and be sure to get recognized before
20 speaking.

21 I would like to thank our court reporter, who
22 is transcribing this meeting. Before we begin today, I'd
23 like to remind all presenters and those in attendance of
24 the rules of conduct at our committee meeting.

25 In the Department's administrative rule, I have

1 the authority to supervise the conduct of this committee
2 meeting. This includes the authority to determine when a
3 speaker is being disruptive of the meeting or is otherwise
4 violating the timing or presentation rules I just
5 discussed.

6 The posted agenda stated that a quorum of the
7 Board may be present at this meeting. However, Board
8 Members who are not members of the Finance and Audit
9 committee will not vote on any committee agenda items
10 today, nor will any Board action be taken.

11 Now, I would like to have a roll call of
12 committee members. Please respond verbally when I call
13 your name.

14 Vice Chair McRae, are you present?

15 MS. McRAE: Here.

16 MR. GRAHAM: Member Omumu?

17 MS. OMUMU: Present.

18 MR. GRAHAM: Member Prewitt?

19 MR. PREWITT: Present.

20 MR. GRAHAM: And let the record reflect that I,
21 Brett Graham, am here, too. We have a quorum. Please
22 stand as we honor our country and state with the Pledges
23 of Allegiance. I will now turn it over to Vice Chair
24 McRae to lead us in the U.S. Pledge.

25 (U.S. Pledge of Allegiance was recited.)

1 MR. GRAHAM: All right. We'll now do the Texas
2 flag.

3 (The Texas Pledge was recited.)

4 MR. GRAHAM: All right. Thank you, Vice Chair
5 McRae and Member Prewitt for leading us in the pledges.

6 All right. We'll now go to Agenda Item 3,
7 Comments and Announcements from the Committee Chair,
8 Committee Members, and Executive Director.

9 The Committee Chair does not have any comments.

10 Does the Executive Director have any comments?

11 MR. AVITIA: Chairman, for the record, Daniel
12 Avitia, Executive Director. I do not have any
13 announcements or comments this afternoon. Thank you.

14 MR. GRAHAM: Okay. Thank you. With that, we
15 will now move to Agenda Item 4A, the legislative
16 appropriations request update. This is a briefing only,
17 and we will now hear from Glenna Bowman on Agenda Item 4A.

18 MS. BOWMAN: Good afternoon, Chairman Graham --

19 MR. GRAHAM: Good afternoon.

20 MS. BOWMAN: -- Members. For the record, I am
21 Glenna Bowman, the Chief Financial Officer for TxDMV. I
22 am pleased to be here today to give you an update on our
23 legislative appropriations request.

24 So if we could go to the first slide, please --
25 the next one, sorry -- I want to start with a very, very

1 high level overview of the appropriations process just for
2 a reminder and to give you context into where we are right
3 now.

4 We did submit our legislative appropriations
5 request in August. The LBB spent the fall analyzing our
6 request, along with all of the other agencies across the
7 state. And in January, the legislature filed the
8 introduced version of the General Appropriations Bill.

9 I'm going to say right here that it is normal
10 to not include exceptional items in the introduced version
11 of the bill, but we'll talk about that. And again, that
12 was filed in January. Next slide, please.

13 Both the House and the Senate versions of the
14 appropriations bill are identical. Our appropriations in
15 the introduced bill total \$376.4 million for FY '24 and
16 '25. That's compared to our baseline request of \$348.9
17 million. The good news is there is a positive \$27.5
18 million difference between those two, so we were given a
19 number of things that we requested already.

20 The difference includes statewide salary
21 increases, which I'll talk about in a minute. There were
22 some adjustments for growth in MyPlates vendor fees and
23 data center support services that were added in.

24 And then the really big news is that in the
25 introduced version of the bill, they have full funding for

1 the Motor Vehicle Crime Prevention Authority. Those
2 monies come in from insurance companies. There's a fee,
3 and we have been asking for that full amount. And so it's
4 in the introduced version of the bill, and that's really
5 good news.

6 If we can go to the next slide, please, I do
7 want to go ahead and mention a couple of specific things
8 about MVCPA. They did include a rider that designates
9 \$8.8 million to be used for border security from those
10 MVCPA funds. That's compared to \$8.4 million currently.

11 I've talked to MVCPA, and that small difference
12 is going to be fine. They already have plans for the
13 funding to be distributed in those area, so that is not a
14 big restriction. It works well with the program.

15 They also added a new rider, which gives us
16 estimated appropriation authority for MVCPA, so if we
17 bring in a certain amount of money for like \$14 million,
18 and we only spend \$13.5, that difference will carry
19 forward not only within the biennium, but between the
20 biennia. So that's really good news so that we can
21 continue to use that for the purposes for which it was
22 intended.

23 And finally, in the MVCPA item, there are some
24 FTEs that are associated with that. We had previously,
25 with your approval, included those FTEs in an exceptional

1 item for the entire agency. Those are still in that
2 exceptional item that the funding is already in our base.

3 Next slide, please.

4 We did, after getting the introduced version of
5 the bill, put together a revised list of exceptional
6 items, and that was submitted to the Legislative Budget
7 Board in January according to their deadline that they
8 gave us.

9 It included all of our original requests,
10 except for MVCPA. And we did add one exceptional item.
11 If you look at the bottom of this list that's on your
12 screen, you'll see, "License plate production."
13 Throughout COVID, as we continue to experience supply
14 chain challenges and labor shortages and so forth, we
15 dipped into our inventory reserves for license plates.
16 That's part of what it's there for.

17 But we have gotten to a level now where we need
18 to bring those levels back up to a three-month inventory
19 level, and so we're asking for additional funding to be
20 able to do that. There would be a one-time infusion of
21 about \$2 million to get where we need to.

22 And then we also have additional growth. You
23 know, people keep moving to Texas, and so we have more
24 vehicles on the road and more license plates needed. So
25 there's \$1.5 million each year for that continued growth.

1 We also changed amounts for a couple of things.
2 You can see the notes here that tell you that amounts
3 were updated or a narrative was updated. I do need to
4 make one correction in your printed materials. The
5 additional regional service center locations says no
6 change. But here the slide is correct: We did have to
7 make an amendment for that, which I'll get to now.

8 We added funding in conversations with the
9 Legislative Budget Board staff. They brought to our
10 attention that there are some data center services costs
11 that were not included in our original request. You can
12 see the dollar amounts -- nope, you can't -- about
13 \$300,000 in '24 and \$225,000 in 2025 that are needed for
14 the data center.

15 That covers -- I've got some great technical
16 language from Wendy Barron -- but it's NEMO-Q servers, and
17 they support queuing systems in each of our locations. We
18 have to have this for our regional service centers in
19 order to process all of the data. It also includes backup
20 and disaster recovery servers as well, so that's what
21 those costs are for. DIR and the data center services
22 dictate what those costs are, and so these are estimates
23 that they provided to us. So the amount's different.

24 On the Camp Hubbard Renewal, we had a
25 placeholder amount of \$100 million. We have been in many,

1 many meetings with our contracted vendor and Texas
2 Facilities Commission, and we've cut back in a lot of
3 areas, and then a lot of planning.

4 But the number that we're looking at, at this
5 point, is about \$143 million for everything. That's not
6 just a new building. It's renovating an existing
7 building, demolishing two other buildings on campus. So
8 this is our number that should carry us through to the
9 entire session. We do not anticipate that that amount
10 will increase.

11 Finally, because they did not give us the
12 funding -- we had put funding in our baseline for
13 additional FTEs, and then LBB directed us to do a zero
14 dollar exceptional item. Well, as they were reviewing,
15 they decided to take the baseline money out, and so we
16 still have the additional authorized FTEs exceptional
17 item, but we had to put the money back in, which is about
18 \$1.8 million a year. Next slide, please.

19 Finally, I do want to mention there were
20 several things that were really good news. We are very
21 grateful for this introduced version of the bill. There
22 is a salary increase that's included for all state
23 employees.

24 If you look in our appropriation pattern, there
25 is a line item specifically that states salary increases.

1 It's 5 percent in FY 2024, and an additional 5 percent in
2 2025. They also included a provision in the introduced
3 bill that talks about the supplemental appropriations
4 bill.

5 That's a separate bill, but they referenced it
6 where the intention is to go ahead and grant that first 5
7 percent salary increase in June so that state employees
8 get it for three months in the current fiscal year going
9 into next. It's not an additional 5 percent, but it's
10 three more months of the first 5 percent.

11 I'll just mention the capital budget minimum
12 threshold. That's really more administrative for us, but
13 it's actually good news, because if we have -- like if we
14 need to buy vehicles and it's less than \$500,000, we don't
15 have to get specific capital budget authority for it.
16 That has been \$100,000, so that's a good administrative
17 tool for us to have.

18 And they also made a really great change in
19 Article 9. This current biennium, we had a restriction
20 that we've not had before with the data center services
21 where we couldn't transfer money in, so we've had a couple
22 of shortages.

23 We have the funding in our budget, but we don't
24 have the capital authority. They've changed that in the
25 current rider, so we can move money in and

1 administratively handle that.

2 And finally, on Valentine's Day next week, we
3 have our first hearing on our budget with said finance
4 committee. We're super excited. With that, those are all
5 the comments I have, and I'd be happy to answer any
6 questions.

7 MR. GRAHAM: Thank you. Are there any
8 questions for Ms. Bowman from the committee?

9 (No response.)

10 MR. GRAHAM: All right. Thank you, Ms. Bowman.
11 With that, this is a briefing item only. We will
12 continue to Item 4B, the annual financial report and the
13 non-financial report. This, too, is a briefing only, and
14 we will turn that over to Eric Horn and Ms. Bowman.

15 MR. HORN: Good afternoon, Mr. Chairman,
16 Members of the Committee. For the record, my name is Eric
17 Horn. I'm the Director of Accounting Operations for the
18 Department, and today I will be going over the main
19 highlights of our two fiscal year 2022 reports, the annual
20 financial report, as well as our annual report of
21 non-financial data.

22 I'd like to take a brief moment just to
23 recognize my financial reporting team and all the hard
24 work they did putting together these reports in the first
25 quarter of fiscal year '23 making sure we turned those in,

1 submitted them by the established deadlines.

2 MS. BOWMAN: Ahead of time.

3 MR. HORN: Ahead of time, yes. Yes, thank you.

4 The annual financial report, commonly referred
5 to as the AFR, is a net summary of accounting transactions
6 within a fiscal year. For FY '22, this covers
7 transactions occurring between September 1, 2021 through
8 August 31, 2022.

9 This report is required by statute to be
10 submitted to our oversight agencies by November 20 of each
11 year. And again, we submitted not only on time, but early
12 this year.

13 So I'll begin by discussing the changes year
14 over year in our Exhibit 1, Combined Balanced Sheet. It's
15 actually the next slide, please. Thank you.

16 We did have one material change in accounting
17 policy for FY '22 that I do want to cover first. The
18 State of Texas at the Comptroller's Office implemented the
19 Governmental Accounting Standards Board, or GASB,
20 Statement Number 87, which covers leases, and that
21 requires state agencies to now report leases of \$100,000
22 and greater on our balance sheet, as well as our income
23 statement.

24 Previously, these were shown only as
25 non-financial activity on Note 8 of our AFR, as well as on

1 our non-financial report. TxDMV has seven leases that met
2 this criteria related to our regional services center in
3 Corpus Christi, Dallas, El Paso, Fort Worth, Houston, San
4 Antonio, and Waco.

5 On the balance sheet, these leases are now
6 reported as capital assets, non-current, right to use
7 building. Net of accumulated depreciation -- which that
8 amortization -- excuse me -- which ties to the
9 expenditures for monthly payments made within our fiscal
10 year.

11 These amounts are offset on the balance sheet
12 with long-term liability adjustments for right to use
13 lease obligations. So you'll see an increase in our total
14 assets, as well as an increase in our liabilities for this
15 new reporting requirement.

16 From an income statement perspective, the
17 expenditures for monthly payments are now shown as debt
18 service principal, and offset by an increase in our
19 obligations for leases in our other financing sources
20 section.

21 Looking at this slide here, I'll discuss the
22 three major categories of our balance sheet. Our assets
23 increased \$17.2 million year over year. This is looking
24 at fiscal year '21, on our balance sheet, again, primarily
25 due to the inclusion of these right to use capital assets

1 building leases, as well as excess revenue that was
2 collected in our TxDMV Fund 10 and deposited into cash and
3 State treasury on our balance sheet.

4 The increase in liabilities also \$7.1 million
5 year over year, again, tied to the lease obligations that
6 we are now reporting that we did not report in '21. We
7 also had an increase in our outstanding accounts payable
8 at the end of fiscal year '22 of \$2.5 million in addition,
9 versus what we had at the end of fiscal year '21.

10 Overall, our net assets increased \$10.1
11 million -- the difference between the increases of our
12 assets and our liabilities. We also had our fund balance
13 increase, 3.1 percent, primarily, again, due to those
14 excess revenues collected in TxDMV Fund 10.

15 Speaking of revenue -- if we could go back to
16 the previous slide. Thank you. We'll take a look at our
17 income statement here. You'll see a total revenue of \$1.9
18 billion collected for FY '22, an increase of 2.1 percent
19 over fiscal year '21.

20 The breakdown of which fund we deposited the
21 revenue to -- it's kind of hard to see there, but -- \$1.7
22 billion deposited into the State Highway Fund, Fund 6;
23 \$186.36 million to TxDMV Fund 10, and combined -- these
24 two funds are special revenue -- 99 percent of the revenue
25 we collected for these funds is related to licenses, fees,

1 and permits for fiscal year '22.

2 The remaining \$15 million is related to MVCPA
3 appropriations and General Revenue Fund 1. Total
4 expenditures for fiscal year '22 was \$177.45 million, an
5 increase of 4.4 percent to the tune of \$7.48 million year
6 over year, versus '21. This was primarily driven in other
7 operating expenditures.

8 We had payments to the Texas Facilities
9 Commission for design services for the Camp Hubbard
10 Renewal Project, our new building. We also saw an
11 increase of \$1.6 million in our salaries and wages as a
12 result of salary equity adjustments for eligible employees
13 in fiscal year '22.

14 MR. GRAHAM: Eric, if I may, what was the
15 increase year over year on that -- on the expenditures?

16 MR. HORN: I'm sorry. Yes, it was \$7.48
17 million.

18 MR. GRAHAM: 7.48? Thank you.

19 MR. HORN: Yes, sir. The total increases were
20 slightly offset by a decrease in our professional fees and
21 services for data center services costs. They were down
22 year over year \$2.3 million due to the completion of an
23 automation project for webDEALER in fiscal year '21, and
24 we did not have not have those costs associated with
25 fiscal year '22.

1 A complete breakdown of our professional fees
2 and services is included in our annual report of
3 non-financial data, which I will now cover if we could go
4 to the next slide, please. Next slide, please.
5 Excellent. Thank you.

6 Our annual report of non-financial data is the
7 compilation of eight schedules required by statute and
8 completed in accordance with requirements from the
9 Governor's Office of Budget and Planning.

10 It follows the same 12 months of time,
11 September 1 through August 31, and it's due by December 31
12 of each year. And once again, we are well ahead of the
13 established deadline for that in fiscal year '22. The
14 listing of the schedules can be found on the slide we're
15 looking at here; also on page 21 of your ebook.

16 The first highlight that I'd like to discuss is
17 the indirect cost schedule, which includes payroll related
18 costs previously shown in the AFR, as well as indirect
19 costs related to the statewide cost allocation plan, or
20 SWCAP.

21 SWCAP are overhead costs that are related to
22 the centralized accounting and HR services provided by the
23 Comptroller's Office and are allocated across agencies
24 across the state that utilize this system.

25 We saw a decrease of approximately \$203,000 in

1 these costs for '22. As more agencies on board to the
2 centralized accounting and payroll system, or CAPPs, the
3 costs are more spread out across all agencies.

4 Our schedule of space occupied details the head
5 count breakout of staff by location, as well as the
6 information on current leases for buildings. So referring
7 back to comments on the AFR, the leases that we now show
8 as capital assets and long-term liabilities on our balance
9 sheet are also still on the non-financial report.

10 We did purchase one vehicle for the Department
11 in 2022, and we disclosed that on a separate statement,
12 Vehicles Purchased. Next -- if we can go to the next
13 slide, please -- here's the breakout of professional and
14 consulting fees by category for fiscal year '22. This
15 shows the amount paid to each vendor, as well as the
16 service that was provided in the fiscal year.

17 As noted in my AFR review, we had a decrease
18 year over year of \$2.3 million related to data center
19 service costs that were lower in '22 versus '21. You can
20 see the breakout by category. It kind of shifts there.
21 Data center services went down to 48 percent from 54
22 percent in '21.

23 Finally, the schedule of itemized purchased
24 details proprietary procurements made in fiscal year '22.
25 We did have two such purchases in fiscal year '22, one

1 for the upgrade to our Texas International Registration
2 Plan System, or TxIRP, as well as an upgrade to our HVAC
3 system here at the Camp Hubbard facilities.

4 This concludes my remarks. I'm available for
5 any questions that you may have.

6 MR. GRAHAM: All right. Thank you very much.
7 Does the Board have any questions?

8 (No response.)

9 MR. GRAHAM: So, I'll ask one question just
10 because it's pretty surprising. So if out of that \$177
11 million in expenses, if you remove the Texas Facilities
12 Commission portion of the increase, \$1.6 million? Did I
13 get that right?

14 MR. HORN: \$1.6 million was for salaries and
15 wages. So the overall increase in expenses year over year
16 was almost seven and a half.

17 MR. GRAHAM: With most of that being Facilities
18 Commission expenses?

19 MR. HORN: Yes, sir.

20 MR. GRAHAM: So that's pretty shocking that in
21 this time, with so much of what we're seeing -- you know,
22 an increase in costs and inflation -- that we've held the
23 line there on that. I've got to think that's a real
24 positive for the agency.

25 So, anyway, I just thought that was an

1 interesting observation worth noting that probably will
2 come up, I'm sure, in the hearing on the 14th. And
3 I hope -- hopefully, with a stamp of approval. I think
4 that's pretty exceptional. So, okay.

5 No further questions from the committee?

6 (No response.)

7 MR. GRAHAM: Okay. Well, that is a briefing
8 item only. Thank you.

9 MS. BOWMAN: Thank you.

10 MR. HORN: Thank you.

11 MR. GRAHAM: We will move on to Agenda Item 4C,
12 Internal Audit Division status update. This is also a
13 briefing item only, and I will turn it over to Salem
14 Chuah.

15 MR. CHUAH: Good afternoon, Chairman Graham,
16 Committee Members, Executive Director Avitia. For the
17 record, my name is Salem Chuah. I'm the Director of the
18 Internal Audit Division for the Department.

19 Item 4C is a briefing item to provide you with
20 the status update on the Internal Audit Division's
21 activities pertaining to internal and external
22 engagements.

23 On page 25 of your Board materials, there is a
24 graphic showing the status of all engagements. Starting
25 out with internal engagements, we completed the fiscal

1 year 2023 risk assessment for the second six months, as
2 well the draft internal audit plan for the second six
3 months.

4 FEMALE VOICE: Is your mic on?

5 MR. CHUAH: Oh, yes. Can you all hear me okay?
6 Yes?

7 MR. GRAHAM: Okay.

8 MR. CHUAH: So starting with internal
9 engagements, we've completed the fiscal year 2023 risk
10 assessment for the second six months, as well as the
11 internal audit plan for that same period, for the second
12 six months of the fiscal year. I'll further discuss this
13 item in Item 4D, which is next on the agenda item.

14 We also completed follow-up work for the 28
15 internal audit recommendations that we are tracking. We
16 found that there's eight recommendations that are overdue,
17 but we found that divisions are making progress on these
18 recommendations.

19 We continue meeting with the divisions on a
20 quarterly basis, and we're going to meet again with the
21 divisions in early March to continue following up and
22 receiving progress updates on those overdue
23 recommendations.

24 Currently, we are going through the initial
25 planning phase for the hiring process audit. The

1 preliminary objective of this audit is to determine the
2 effectiveness and efficiency of the hiring process and
3 whether policies and procedures are followed consistently.

4 The objective will be narrowed during the planning phase
5 before we move into the testing phase, which is field
6 work.

7 We're also going to be simultaneously starting
8 the regional service center, RSC, audit upon approval of
9 the internal audit plan. This audit could assess the
10 culture at selected RSCs, determine if RSCs adequately
11 serve its customers, and whether RSCs process transactions
12 uniformly across their 16 regional service centers.

13 In regards to external engagements, there are
14 two that can continue to be in progress. We still have
15 the dual employment desk audit by the Comptroller of
16 Public Accounts, as well as the audit by the State
17 Auditor's Office on the Department's processes and
18 controls related to the production and use of temporary
19 vehicle tags.

20 The State Auditor's Office sent the Department
21 the draft audit report yesterday, and I've transmitted
22 that to you all yesterday in email. The audit is
23 scheduled for discussion with the full Board in closed
24 session tomorrow, where I can provide additional details.

25 This concludes my prepared remarks on the

1 status update, and I'm happy to take any questions.

2 MR. GRAHAM: Okay. Thank you, Salem.

3 MR. PREWITT: Mr. Chairman?

4 MR. GRAHAM: Yes, sir, Member Prewitt?

5 MR. PREWITT: So, Salem, you mentioned the
6 audit on the regional service centers, and you mentioned
7 part of that was auditing the culture and see where they
8 were. Is that to see if their cultures are congruent with
9 the DMV mission as a whole? Or what -- could you go into
10 that a little bit?

11 MR. CHUAH: Yes, Member Prewitt. So right now
12 the objective is very broad. Right? It's looking at the
13 culture. We're planning to potentially send surveys to
14 the customer service representatives at the regional
15 service centers to determine whether it's a healthy
16 culture.

17 And we can define healthy culture in terms of
18 whether it's in alignment with our values here at DMV,
19 whether the culture significantly differs from one RSC
20 versus another. And so that's -- right now, that's in the
21 works. It's preliminary.

22 We'll go through the planning process, as we do
23 with all of our audits, before we finalize the field work
24 plan in terms of what we're actually going to be looking
25 at.

1 MR. PREWITT: Do we analyze the workload on an
2 employee basis in terms of the number of transactions
3 handled per employee per month or per year?

4 MR. CHUAH: That can be included as an item
5 that we look into in planning, Member Prewitt --

6 MR. PREWITT: Okay.

7 MR. CHUAH: -- and we can most definitely take
8 that into consideration and have some metrics around
9 that by transactions per customer service representative.

10 MR. PREWITT: Right.

11 MR. CHUAH: Most certainly.

12 MR. PREWITT: Thank you.

13 MR. GRAHAM: Are there any further questions on
14 the internal audit engagements?

15 (No response.)

16 MR. GRAHAM: Okay. Continue.

17 MR. CHUAH: Thank you, Chairman. Item 4D is an
18 action item requesting that the Finance and Audit
19 Committee recommend to the full Board for approval the
20 fiscal year 2023 internal audit plan for the second six
21 months in accordance with the Texas Government Code.

22 The executive summary of the internal audit
23 plan starts on page 30 of your Board materials. The audit
24 plan provides information on our risk-based audits, our
25 required activities, value added services, as well as

1 division initiatives.

2 For the second six months of this fiscal year,
3 which begins in March, we have listed two audits and two
4 required activities. The two audits include the two that
5 I just spoke about, so the hiring process, which is a
6 carry forward from the first six months, as well the one
7 on regional service centers.

8 The two required activities include the fiscal
9 year 2024 risk assessment and internal audit plan, as well
10 as our quarterly follow-up work on recommendation
11 implementation status.

12 In addition to our planned audits and required
13 activities, the internal audit plan also talks about other
14 services and initiatives that we conduct to further
15 enhance organizational value. This includes
16 investigations on internal fraud, waste, and abuse,
17 external audit or review coordination, such as the audit
18 from the State Auditor's Office, as well as various work
19 group participation.

20 This concludes my remarks on the internal audit
21 plan, and I'm happy to take any questions on this item.

22 MR. GRAHAM: Okay. Thank you. Are there any
23 questions for Salem?

24 (No response.)

25 MR. GRAHAM: Okay. Well, great work. I think

1 we're coming up on a one-year anniversary. Was it April?

2

3 MR. CHUAH: Yes, April 1 is when I started.

4 MR. GRAHAM: Okay.

5 MR. CHUAH: April 1 of last year.

6 MR. GRAHAM: I just think it's worth noting
7 that it's been a pleasure to work with you, and I couldn't
8 be more pleased where we are and the work that you all
9 have done -- you and your team, particularly on the
10 licensing audit.

11 And the Board will hear more about that
12 tomorrow, but very, very pleased with the results of all
13 that. So thank you very much on that, Salem.

14 MR. CHUAH: Thank you, Chairman. Thank you,
15 Members, for your support.

16 MS. OMUMU: Mr. Chairman?

17 MR. GRAHAM: Yes, ma'am?

18 MS. OMUMU: I would like to make a motion,
19 please.

20 MR. GRAHAM: All right. Please do.

21 MS. OMUMU: I move that the committee recommend
22 that the Board approve the fiscal year 2023 internal audit
23 plan for the second six months as presented by staff.

24 MR. GRAHAM: Okay. We have a motion from
25 Member Omumu. Do we have a second?

1 MS. McRAE: I'll second.

2 MR. GRAHAM: Okay. Second, Member McRae. All
3 right. Great.

4 Is there any committee discussion on this
5 motion?

6 (No response.)

7 MR. GRAHAM: All right. Hearing none, all
8 those in favor, say aye.

9 (A chorus of ayes.)

10 MR. GRAHAM: Opposed?

11 (No response.)

12 MR. GRAHAM: Motion carries unanimously. Thank
13 you.

14 MR. CHUAH: Thank you.

15 MR. GRAHAM: I might should have asked if there
16 was any public comments, but I don't think there are.
17 Right?

18 MS. AUCOIN: Aline Aucoin for the record. No
19 public comments.

20 MR. GRAHAM: That's good. I'm glad to hear
21 that. That's outstanding because we would still be
22 interested in hearing them. All right. Let's see.

23 Well, and there's no other commenters. So we
24 will not have a closed session today, so we are not taking
25 up Agenda Item 5 or 6.

1 We will now move to Agenda Item 7, Public
2 Comment.

3 MS. AUCOIN: Aline Aucoin for the record.
4 There are no public commenters for Item Number 7.

5 MR. GRAHAM: Great. Okay. Unless there's any
6 further business, I'll entertain a motion to adjourn.

7 MR. PREWITT: So moved.

8 MR. GRAHAM: All right. Second?

9 MS. McRAE: I'll second.

10 MR. GRAHAM: I have a motion and a second.
11 Vice Chair McRae, yea or nay?

12 MS. McRAE: Yea.

13 MR. GRAHAM: Member Omumu?

14 MS. OMUMU: Yea.

15 MR. GRAHAM: And Member Prewitt?

16 MR. PREWITT: Yea.

17 MR. GRAHAM: And I, Brett Graham, vote yea.

18 With that, that motion carries unanimously, and we are
19 adjourned.

20 (Whereupon, at 2:36 p.m., the meeting was
21 adjourned.)

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C E R T I F I C A T E

MEETING OF: TxDMV Finance & Audit Committee
LOCATION: Austin, Texas
DATE: February 8, 2023

I do hereby certify that the foregoing pages, numbers 1 through 30, inclusive, are the true, accurate, and complete transcript prepared from the verbal recording made by electronic recording by Nancy H. King before the Texas Department of Motor Vehicles.

DATE: February 14, 2023

/s/ Anna Marie Reyes
(Transcriber)

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