



# Texas Real Estate Commission

Report on Prior Audit Findings Follow-Up

Report # 24-003  
May 30, 2024



**McConnell Jones**  
Diverse Thinking | Unique Perspectives

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# AUDIT OBJECTIVES AND FOCUS AREAS

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Internal audit conducted a follow-up review on prior audit findings issued to determine management's implementation progress towards remediating the respective issue or internal control weakness. This follow-up audit was included in the FY2024 Annual Internal Audit Plan.

We conducted this audit in conformance with Generally Accepted Government Auditing Standards (GAGAS). Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained during the audit satisfied GAGAS standards.

We have not omitted pertinent information from this report, which summarizes the audit objective and scope, our assessment based on our audit objectives and the audit approach.



# FINDINGS STATUS SUMMARY

Finding Status	Number	Percentage of Total Findings Assessed	Comments
Fully Addressed	4	80%	
Partially Addressed	-	-	
In-Progress	1	20%	In-progress finding has been assigned a new target completion date 12/31/2024.
Chosen not to Address	-	-	
Total	5	100%	



# DETAILED FINDINGS, RECOMMENDATIONS, AND IMPLEMENTATION STATUS

#	Risk	Finding	Recommendation	Status
22-002.1	Medium	The detail of the Budget Summary by LBB Business Objects report (CAPPS) does not equal the totals of the USAS report.	TREC should consider investing in utilizing a CAPPS consultant to identify issues that impact their ability to reconcile CAPPS data to USAS.	In Progress
22-002.2	Medium	Two funds, 4055 (indirect administrative costs) for FY2022, and 4056 (insurance) for FY21, did not reconcile between USAS to CAPPS reporting. Fund 4055 had a difference of \$201,881 and Fund 4056 had a difference of \$24,984. We were made aware that there are other known issues in CAPPS reconciling to USAS, e.g., for refunds and recovery payments that are reflected in USAS but not in CAPPS.	Conduct monthly reconciliations between CAPPS and USAS to identify any reconciling items and work with CAPPS consultant to understand causes, if needed. This includes the differences between CAPPS and USAS for funds 4055 (TREC indirect administrative costs) and 4056 (insurance).	Fully addressed
22-002.3	Medium	Written procedures are not reflective of the actual process.	Edit / enhance the current written procedures: a. for reconciliations to be applicable to all months instead of being specific to one month. b. for reconciliations to include all current steps and processes performed and by whom, steps of how to identify and address reconciling items. c. for cash forecasting to detail the steps that are currently being performed during the monthly cash forecasting process.	Fully addressed
23-001.1	Low	The required investment officer training compliance report was not submitted to the Commissioners and TALCB Board within 180 days of the last regular legislature date. (Low Risk)	TREC should ensure a training compliance report is prepared and provided to the Commissioners and TALCB Board members within 180 days of the last regular legislature date.	Fully addressed



# DETAILED FINDINGS, RECOMMENDATIONS, AND IMPLEMENTATION STATUS

#	Risk	Finding	Recommendation	Status
23-003.1	Medium	<p>Four (4) of the seven (7) new hire employees sampled had supporting documentation consistent with the new hire checklist procedures. Three (3) of the files tested identified missing documentation as noted below.</p> <ul style="list-style-type: none"><li>• One (1) employee file was missing the following required documentation: W-4, Texas Employment History Form, I-9, HIPAA and COBRA notifications. This employee was hired and resigned within the same month and prior to the current HR director's hiring in August 2022.</li><li>• Two (2) employee files were missing copies of the employee HIPAA notification. One of these occurred in October 2022, during the early tenure of the new director. The second employee file discrepancy occurred in September 2021.</li><li>• One (1) employee file was missing documentation that the employee benefits package had been emailed as well as the parking and badge application. This occurred in September 2021.</li><li>• Prior to the start of the new director, a final review of the personnel file was not performed to ensure required onboarding paperwork were obtained and filed.</li></ul>	<p>The TREC Human Resources department should ensure all required onboarding documents are completed, received, and kept on file going forward. Additionally, a full file review for employees with a start date from September 2020 through November 2022 should be performed and missing documents should be obtained.</p>	Fully addressed