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An Audit Report on
**Selected Loan Administration Processes
at the Water Development Board**

July 2021
Report No. 21-026



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Overall Conclusion

The Water Development Board (Agency) has processes in place to review applications for financial assistance through the State Water Implementation Fund for Texas (SWIFT) and Water Development Fund (WDF) programs and to monitor borrower repayment status and projects funded through its loans¹.

Application Review. Although the Agency prioritized applications for financial assistance through the SWIFT program in accordance with applicable requirements, it should strengthen its processes and controls over its reviews of SWIFT and WDF applications to ensure that those applications are complete. The Agency did not consistently verify that applications included required reports prepared by licensed professional engineers as required by Texas Administrative Code. As a result, members of the Water Development Board (Board) approved WDF loan applications that did not meet the Agency's requirements.

Monitoring. The Agency's financial monitoring activities identify financially risky borrowers and verify borrower compliance with loan terms and other applicable requirements. The Agency accurately assessed the financial health of SWIFT and WDF borrowers. In addition, the Agency performed project monitoring activities that determined whether funded projects progressed in accordance with the Agency's requirements. However, the Agency should improve the timeliness of its financial monitoring activities.

Supervisory Reviews. Across both its application review and monitoring functions, the Agency should strengthen its supervisory review processes to ensure that it performs and documents those functions consistently and in accordance with its policies and procedures. Improving controls over those functions could help the

Background Information

The Water Development Board (Agency) administers the State Water Implementation Fund for Texas (SWIFT) and Water Development Fund (WDF) financial assistance programs.

The **SWIFT program** provides financing for projects in the state water plan with the following financing options: low-interest loans, deferred loans, and Board participation (temporary state ownership). The Agency issues revenue bonds to provide SWIFT program financing. For the SWIFT program, the Agency has committed a total of \$9.0 billion since the program's inception in 2015, with outstanding loan balances totaling \$6.9 billion as of April 30, 2021. For applications received during the 2019 and 2020 funding rounds, the Agency committed \$831.1 million in SWIFT financing to 5 entities.

The **WDF program** provides loans for various types of infrastructure projects consistent with the state water plan, including water supply, wastewater, and flood control. The Agency issues general obligation bonds to provide WDF program financing. For the WDF program, the Agency has committed a total of \$2.8 billion in WDF funding since the program's inception in 1958, with outstanding loan balances totaling \$840.8 million as of April 30, 2021. For applications received during fiscal years 2019 and 2020, the Agency committed \$9.4 million in WDF financing to 8 entities.

Source: The Agency.

¹ The term "loan" in this report refers to the following types of financial assistance: direct placements, master agreements, and/or loan agreements.

Agency continue to ensure that it properly recommends projects for funding, identifies borrowers at risk of default or late payment, and verifies whether funded projects are progressing in accordance with the Agency’s requirements.

Table 1 presents a summary of the findings in this report and the related issue ratings. (See Appendix 2 for more information about the issue rating classifications and descriptions.)

Table 1

Summary of Chapters/Subchapters and Related Issue Ratings		
Chapter/ Subchapter	Title	Issue Rating ^a
1-A	The Agency Prioritized SWIFT Applications in Accordance With Requirements, But It Should Strengthen Documentation and Controls Over Its Process	Medium
1-B	The Agency Should Strengthen Processes and Controls Over Its Technical Reviews of SWIFT and WDF Applications	Medium
2	The Agency Has Implemented Processes to Monitor the Financial Compliance of Borrowers; However, It Should Strengthen Timeliness, Documentation, and Controls Related to Those Processes	Medium
3	The Agency Has Processes in Place to Monitor Progression of Its Funded Projects; However, It Should Strengthen Documentation and Controls Related to Project Monitoring Activities	Medium
<p>^a A chapter/subchapter is rated Priority 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 chapter/subchapter is rated High 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 chapter/subchapter is rated Medium if the issues identified present risks or effects that if not addressed could moderately affect the audited entity’s ability to effectively administer the program(s)/function(s) audited. Action is needed to address the noted concern and reduce risks to a more desirable level.</p> <p>A chapter/subchapter is rated Low if the audit identified strengths that support the audited entity’s ability to administer the program(s)/function(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>		

Auditors communicated other, less significant issues separately in writing to the Agency’s management.

Summary of Management’s Response

At the end of each chapter in this report, auditors made recommendations to address the issues identified during this audit. The Agency agreed with the recommendations in this report.

Audit Objectives and Scope

The objectives of this audit were to:

- Determine whether monitoring activities performed by the Agency for loans funded through the SWIFT and WDF comply with Agency policy and help ensure that:
 - Loan recipients with an increased risk of default or late payment are identified timely.
 - Loan recipients comply with loan terms and other applicable requirements.
 - Funded projects progress in accordance with established timelines.
- Determine whether the Agency reviews and prioritizes applications for financial assistance through the SWIFT and the WDF in accordance with applicable requirements.

The scope of this audit covered monitoring activities and application review processes for loans funded through the SWIFT and WDF financial assistance programs during fiscal years 2019 and 2020. The scope also included a review of significant internal control components related to the Agency's monitoring activities and application review processes.

Contents

Detailed Results

Chapter 1	
The Agency Prioritized SWIFT Applications in Accordance With Requirements, But It Should Strengthen Processes and Controls to Ensure That SWIFT and WDF Applications Are Complete	1
Chapter 2	
The Agency Has Implemented Processes to Monitor the Financial Compliance of Borrowers; However, It Should Strengthen Timeliness, Documentation, and Controls Related to Those Processes	12
Chapter 3	
The Agency Has Processes in Place to Monitor Progression of Its Funded Projects; However, It Should Strengthen Documentation and Controls Related to Project Monitoring Activities	17

Appendices

Appendix 1	
Objectives, Scope, and Methodology	19
Appendix 2	
Issue Rating Classifications and Descriptions	25
Appendix 3	
Internal Control Components	26
Appendix 4	
Related State Auditor’s Office Reports	28

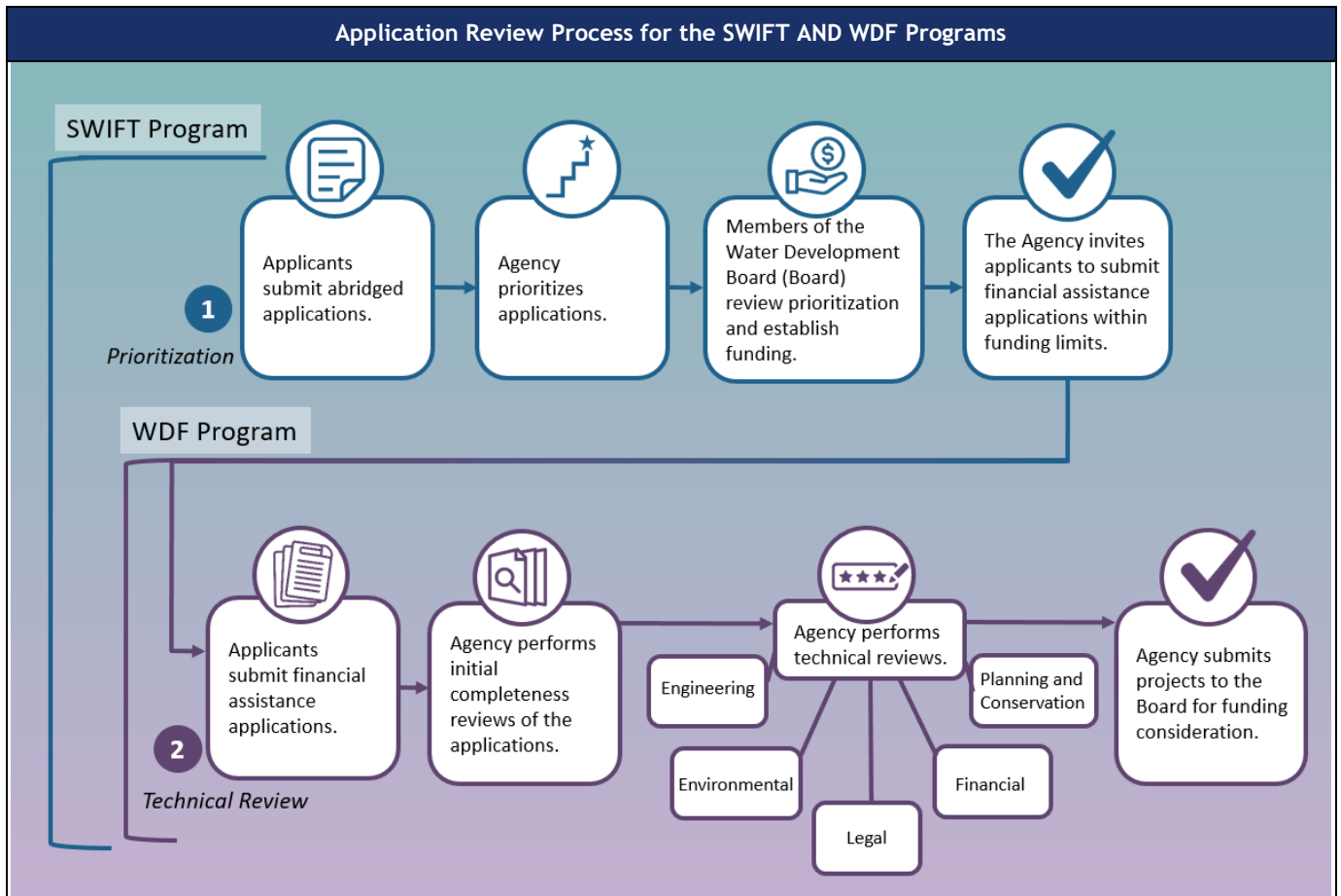
Detailed Results

Chapter 1

The Agency Prioritized SWIFT Applications in Accordance With Requirements, But It Should Strengthen Processes and Controls to Ensure That SWIFT and WDF Applications Are Complete

The Water Development Board’s (Agency) process for approving applications for financing includes two stages for the State Water Implementation Fund for Texas (SWIFT) program (prioritization stage and technical review stage) and one stage for the Water Development Fund (WDF) program (technical review stage). Figure 1 shows the application review process for both programs.

Figure 1



Source: The Agency.

During the prioritization stage for the SWIFT program, applicants submit an abridged application to provide information for the Agency to prioritize projects based on criteria in the Texas Water Code and the Agency’s administrative rules. The members of the Water Development Board (Board) review the Agency’s prioritized list of projects when establishing the funding available during each SWIFT funding cycle, and the Agency invites applicants to submit financial assistance applications for those prioritized projects within the established funding limits. As discussed in Chapter 1-A below, the Agency prioritized applicants for SWIFT program financing in accordance with requirements for the 2019 and 2020 SWIFT funding cycles. However, the Agency should strengthen controls over its prioritization process for future funding cycles.

During the technical review stage for both SWIFT and WDF funding, applicants submit a financial assistance application.² The Agency initially performs a completeness review of the applications before conducting various in-depth technical reviews of those applications. After its technical review process, the Agency submits projects to the Board for funding consideration. As discussed in Chapter 1-B, the Agency should strengthen processes and controls to ensure that SWIFT and WDF applications are complete and meet the Agency’s requirements. In addition, the Agency did not consistently perform and document its technical reviews accurately or in accordance with its policies and procedures.

Chapter 1-A

The Agency Prioritized SWIFT Applications in Accordance With Requirements, But It Should Strengthen Documentation and Controls Over Its Process

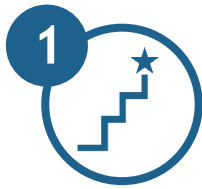
**Chapter 1-A
Rating:
Medium³**

The Agency prioritized 12 abridged applications during its 2019 and 2020 SWIFT funding cycles (3 abridged applications during its 2019 SWIFT funding cycle and 9 abridged applications during its 2020 SWIFT funding cycle). For both funding cycles, the Board determined that funding was available for all prioritized projects. Although the Agency prioritized the SWIFT applications in accordance with requirements, similar to recommendations in an August 2016 audit of the SWIFT program,⁴ it should strengthen and document supervisory reviews over its prioritization process.

² Applicants for WDF funding do not need an invitation to submit a financial assistance application. The Agency accepts applications year-round for the WDF program.

³ The risk related to the issues discussed in Chapter 1-A is rated as Medium because they present risks or effects that if not addressed could moderately affect the audited entity’s ability to effectively administer the program(s)/function(s) audited. Action is needed to address the noted concern and reduce risks to a more desirable level.

⁴ See *An Audit Report on the State Water Implementation Revenue Fund for Texas at the Water Development Board* (SAO Report No. 16-039, August 2016).



Prioritization. The Agency prioritized (ranked) the SWIFT abridged applications accurately and in accordance with applicable requirements for both the 2019 and 2020 funding cycles. (See the text box for additional information on prioritization criteria.) However, for 3 (25 percent) of 12 projects prioritized, the Agency could not consistently provide documentation to support the points awarded or used incomplete data to calculate scoring inputs. Specifically:

- The Agency reduced the points assigned when assessing the three projects' readiness to proceed; however, the Agency did not maintain documentation to support its point reduction as required by its policies and procedures.
- In addition, for two of the three projects, the Agency incorrectly calculated certain scoring elements. For one project, the Agency incorrectly calculated the percentage of water supply needs met because it did not include the water supply needs for all benefitting entities. For the other project, the Agency incorrectly calculated the population served by the project because it did not include all relevant populations.

Supervisory Reviews. The Agency's policies and procedures require supervisory reviews of its prioritization scoring; however, for the errors discussed above, those reviews did not ensure that all calculations were accurate or that documentation to support its scoring was maintained in accordance with the Agency's policies and procedures. In addition, the Agency did not consistently perform and document supervisory reviews of the scoring in accordance with its policies and procedures.

The errors discussed above did not impact the overall prioritization (ranking) for those applicants. Although the errors identified did not affect the Board's decisions regarding which applicants to invite to continue in the application process, the Agency should strengthen its controls for future rounds of SWIFT funding to reduce the risk of scoring errors affecting future prioritization and funding decisions.

SWIFT Prioritization Criteria

The Agency prioritizes SWIFT applications using criteria in the Texas Water Code and a corresponding point system established in its rules.

The Agency must provide the highest consideration to projects that will:

- Serve a large population.
- Provide assistance to a diverse urban and rural population.
- Provide regionalization.
- Meet a high percentage of water supply needs of users to be served by the project.

The Agency must also consider the following additional criteria:

- Local contributions to finance the project, including federal funding and up-front capital.
- Financial capacity of the applicant to repay.
- Whether the project addresses an emergency need.
- The readiness of the project to proceed with implementation or construction.
- Demonstrated or projected effect of the project on water conservation, including preventing water loss.
- The priority assigned to the project by the applicable regional water planning group.

Sources: Texas Water Code, Section 15.437, and Texas Administrative Code, Title 31, Section 363.1304.

Recommendation

The Agency should strengthen and document its supervisory reviews to ensure its SWIFT program scoring and prioritization are accurate and appropriately supported.

Management's Response

The Agency agrees with the recommendation to strengthen and document supervisory reviews. RWPD's prioritization procedure and Quality Control tracker will be reviewed and updated accordingly to ensure backup documentation is saved in accordance with the procedure.

WSP's prioritization procedure will be supported in future rounds by a consolidated dataset for the water supply needs and population served for benefitting entities. A dashboard user interface created through Microsoft Power BI has been developed and is currently undergoing user testing. Use of this tool will minimize error introduced from accessing multiple data sets to conduct prioritizations of the abridged applications. The tool will be utilized for the next round of SWIFT prioritization.

All supervisory review procedures related to scoring and prioritization will be reviewed and updated accordingly.

The procedures related to review of water loss information submitted with applications as described in the work process document will be reviewed and updated to include lessons learned since the previous version was revised and improved procedures to ensure secondary supervisor review is conducted and documented. While there are written procedures in place requiring secondary review of these criteria, measures can be implemented to ensure more consistent adherence to procedures and the appropriate level of supervisory review.

Responsible party (Scoring and Prioritization): Regional Water Project Development (RWPD) Director, Water Supply Planning (WSP) Director, and Program Administration & Reporting (PAR) Director for Water Supply & Infrastructure (WSI)

Implementation date: February 1, 2022 (prior to the next due date for SWIFT abridged applications, in line with the Agency's annual timeline for updating SWIFT procedures).

Responsible party (Water Loss): Deputy Executive Administrator, Water Science and Conservation (WSC)

Implementation date: February 1, 2022

The Agency Should Strengthen Processes and Controls Over Its Technical Reviews of SWIFT and WDF Applications

**Chapter 1-B
Rating:**

Medium ⁵

The Agency did not consistently verify that financial assistance applications were complete. In addition, the Agency should strengthen its supervisory reviews to ensure that it consistently performs and documents its technical reviews of financial assistance applications accurately and in accordance with its policies and procedures. An August 2016 audit of the SWIFT program⁶ made similar recommendations.



The Agency did not consistently verify that financial assistance applications were complete.

The Agency approved SWIFT financing for 6 financial assistance applications submitted during the 2019 and 2020 SWIFT funding cycles.⁷ The Agency also approved 8 financial assistance applications for WDF financing submitted during fiscal years 2019 and 2020.

The Agency did not verify that 3 (30 percent) of the 10 SWIFT and WDF⁸ financial assistance applications tested included a Preliminary Engineering Feasibility Report (PEFR) as required by Texas Administrative Code, Title 31, Sections 363.12 and 363.13. The PEFR contains project information that is signed and sealed by a licensed professional engineer (see text box for more information on PEFRs).

The Agency's written policies and procedures for performing initial completeness reviews of applications describe using a checklist to document the verification that applications included all required documentation. However, the policies and procedures and the checklist do not specify the

Preliminary Engineering Feasibility Reports

The Texas Administrative Code requires applicants to submit copies of a preliminary engineering feasibility report, signed and sealed by a professional engineer registered in the State of Texas. The report should provide:

- A description and purpose of the project.
- The entities served and current and future population.
- The cost of the project.
- A description of alternatives considered and reasons for the selection of the project proposed.
- Sufficient information to evaluate the engineering feasibility of the project.
- Maps and drawings necessary to locate and describe the project area.

Sources: Texas Administrative Code, Title 31, Sections 363.12 and 363.13.

⁵ The risk related to the issues discussed in Chapter 1-B is rated as Medium because they present risks or effects that if not addressed could moderately affect the audited entity's ability to effectively administer the program(s)/function(s) audited. Action is needed to address the noted concern and reduce risks to a more desirable level.

⁶ See *An Audit Report on the State Water Implementation Revenue Fund for Texas at the Water Development Board* (SAO Report No. 16-039, August 2016).

⁷ Six of the 12 applicants prioritized during the 2019 and 2020 SWIFT funding cycles withdrew their projects and associated applications from further funding consideration.

⁸ The three applications identified were for WDF financing.

actual documents, such as PEFRs, that Agency staff should verify as part of that review process. As a result, the Agency staff performing the initial completeness reviews did not verify that the applications included the required PEFRs. While the three applications discussed above were for WDF financing, the Agency's application review process is the same for both the SWIFT and WDF programs. Therefore, it is important that the Agency's policies and procedures specify the documents that must be included in applications for both programs.

In addition, after the Agency's initial completeness review, the Agency's engineering reviews did not ensure that each application included the required PEFR. The Agency's written policies and procedures for performing engineering reviews describe the process for (1) verifying the receipt and review of the PEFR and (2) documenting that verification using a checklist; however, Agency staff did not follow the Agency's policies and procedures and were not aware of the requirement to verify the PEFR. (The Agency's engineering reviews are discussed further on the next page.)

As a result of Agency staff not following policies and procedures, the Board approved 3 WDF financial assistance applications for loans totaling \$5.7 million that did not meet the Agency's requirements. Specifically, the Board approved those applications based on engineering information provided in the application rather than a PEFR. For one application, a licensed professional engineer provided a signed and sealed statement indicating responsibility for the engineering information provided; however, the engineering information provided was not equivalent to the information required in a PEFR. For the other two applications, the Agency did not verify that the project information came from a licensed professional engineer. A PEFR provides the Agency assurance that the engineering information provided in the application is reliable.



The Agency did not consistently perform and document certain elements of its technical reviews accurately or in accordance with its policies and procedures.

The Agency's policies and procedures require staff to perform and document the technical reviews using checklists, memos, and other documentation (see text box for more information on the technical reviews). However, the Agency did not consistently follow its policies and procedures when performing its engineering reviews. In addition, supervisory reviews of the engineering and financial reviews did not ensure that those reviews were performed accurately and documented consistently. Not completing and documenting the technical reviews accurately and in accordance with Agency policies and procedures may increase the risk that applications do not meet the Agency's funding requirements or that the Board may rely on inaccurate information in making their funding decisions.

Technical Reviews

The Agency performs the following technical reviews of financial assistance applications:

- **Engineering:** To verify projects meet funding program requirements, including an assessment of project needs and engineering conditions.
- **Financial:** To assess the applicants' creditworthiness and risk of default.
- **Legal:** To verify applications meet all legal requirements.
- **Environmental:** To identify potential environmental issues and determine the level of environmental review required during the project's planning phase.
- **Planning and Conservation:** To verify consistency with the state water plan; verify submission of required water use, water loss, and water conservation information; and assess the availability of groundwater and surface water.

Source: The Agency.

Engineering Reviews. To perform and document the engineering reviews, the Agency completes checklists in its project tracking system, TxWISE (the Texas Water Information System Expansion), and drafts an engineering memo summarizing its review. However, for 8 (80 percent) of 10 applications tested, the Agency did not consistently perform and/or document certain elements of its engineering reviews as required by its policies and procedures.⁹ For example:

- For 1 application, the Agency could not provide evidence that it drafted a required engineering memo.
- For 1 application, the Agency did not complete the required checklist.
- For 3 applications, the Agency could not provide evidence of supervisory review and approval of the engineering memos. In addition, the Agency did not maintain required documentation of supervisory approval of the engineering memos for 3 other applications.

⁹ Certain applications had multiple errors.

Financial Reviews. The Agency conducts financial reviews that result in the assignment of a credit risk score (see text box for more information on the Agency's credit risk scoring process.) For all 15 financial reviews tested (related to the 10 applications), the Agency assigned accurate credit risk scores.

However, for 5 (33 percent) of the 15 financial reviews tested, the Agency did not ensure all calculations performed in assessing the applicants' credit risk were adequately supported or performed accurately. For example, the Agency's calculation of one applicant's projected household costs was not supported by information provided by the applicant. Supervisory reviews did not identify and correct the errors.

In addition, the Agency did not have a consistent process for documenting adjustments to its allocation of points used to assign credit risk scores. The Agency's point assignment includes the assessment of several quantitative risk indicators, such as the applicants' debt service coverage, days of cash on hand, and working capital. For nine of the financial reviews tested, based on the Agency's risk scoring documentation, the Agency assigned points inconsistently when compared with other applicants having similar metrics. The Agency asserted that it adjusted the points assigned to account for other strengths or weaknesses that impacted the applicants' risk score; however, those other considerations were not described in the Agency's risk scoring documentation.

Although the errors identified above did not impact the overall credit risk score assigned to the applicants, the Agency should strengthen controls and documentation of its financial reviews for future applications to ensure that its assessment of credit risk is accurate, consistent, and adequately supported.

Legal, Environmental, and Planning and Conservation Reviews. For all 10 applications tested, the Agency performed its legal, environmental, and planning and conservation reviews in accordance with its policies and procedures.

Financial Review Credit Risk Scores

The Agency uses a risk scoring system that allocates points to risk indicators (metrics) measuring the applicant's financial sustainability, socioeconomic factors, liquidity, and debt. The total points allocated result in an applicant's overall credit risk score.

The following credit risk scores indicate the Agency's assessment of an applicant's ability to meet repayment requirements and the other terms and conditions of the financing:

- Risk Score 1: The applicant's capacity to meet its financial commitments is extremely strong.
- Risk Score 2A: The applicant's repayment capacity is strong.
- Risk Score 2B: The applicant's repayment capacity is adequate.
- Risk Score 2C: The applicant's repayment capacity is sufficient to cover the existing and proposed debt.
- Risk Score 3: The applicant's capacity to meet principal and interest payments is predominately speculative.

Source: The Agency.



The Agency should maintain all documentation to support its project funding requests and strengthen supervisory reviews to ensure that information in the project funding requests is accurate.

The Agency drafts project funding requests that summarize the results of its technical reviews and include its recommendations for funding. The Agency presents its project funding requests to the Board for approval.

For 9 (90 percent) of 10 project funding requests tested (related to the 10 applications), the Agency's project funding requests submitted to the Board were supported by the Agency's technical review documentation. As discussed on the previous page, for the remaining project funding request tested, the Agency could not provide evidence that it drafted an engineering memo to support the engineering portion of the project funding request.

In addition, for 3 (30 percent) of 10 project funding requests tested, certain financial metrics described in the project funding requests were not accurate or supported by the financial review documentation. Specifically, the debt to operating revenues ratio or the debt service coverage ratios presented for those applicants were inaccurate. Supervisory reviews did not identify and correct those errors.

Recommendations

The Agency should:

- Update its policies and procedures for performing the initial completeness reviews to verify applicants submit all required documentation.
- Provide training to Agency staff to ensure they follow the Agency's policies and procedures for performing technical reviews.
- Strengthen its supervisory review processes to ensure its technical reviews and project funding requests are accurate, consistently documented, and adequately supported.

Management's Response

Management agrees that policies and procedures related to initial completeness reviews need to be improved and additional training needs to be provided to ensure Agency staff are aware of all policies and procedures. Additionally, the Agency will strengthen its supervisory review processes to ensure they are accurate, consistently documented, and adequately supported.

While management agrees with these recommendations and we will work to implement these improvements, we would note there is no indication that efforts by WSI staff resulted in undesirable outcomes or that overall conclusions were inappropriate. The preliminary engineering feasibility data found in each of the applications referenced in the report was sufficient to assess the feasibility of the projects and was used by TWDB engineering staff in their technical review of the project and the funding application. Additionally, TWDB staff assigned to these projects included experienced licensed professional engineers and an experienced Engineer-in-Training (E.I.T.).

In addition to the PEFR, additional controls are in place to verify that a licensed professional engineer is providing project engineering information. Each application included draft or executed engineer contracts between the entity and the engineering firm working on the project (TWDB rules allow for draft contracts at time of application, see 31 TAC 363.16). Further, each application also included resolutions adopted by the entities' governing boards that authorized specified licensed professional engineers to prepare and submit information and appear on behalf of the entities before the TWDB. The application also clearly identifies the consulting engineer as one of the "Applicant's Contributors". During technical review, TWDB engineering review staff primarily coordinate with the applicant's engineer on engineering review items to help ensure reliable project-related engineering information is received from a licensed professional engineer. The information provided by the applicant's engineer is thoroughly reviewed by TWDB engineering staff as they prepare their part of the recommendation for funding to be presented to the Board.

Some processes have already been strengthened. The financial assistance application form was revised in late 2019 to require submittal of a complete PEFR. Likewise, the administratively complete review procedures have been revised to note the need to verify that the PEFR is signed and sealed by a professional engineer. Management is currently working with staff to review and evaluate the need to further update procedures and associated checklists to provide additional controls. Lastly, management will work with staff to ensure training is provided on updated procedures.

TWDB Management is currently performing detailed reviews of all engineering procedures and requirements and engaged an external consultant to assist in this review. The review process was started in earnest in 2020 and is still underway. Potential changes to supervisory review procedures and documentation, including potential changes in supervisory review and approval of the engineering memos may be recommended after completion of this evaluation. In the interim, the RWPD Director will work

with RWPD management to evaluate the process related to supervisory review of engineering memos and application review checklists.

Further, the Agency agrees that the inconsistent assignment of points on the credit risk scoring for the 'qualitative and other quantitative' indicator should be addressed. For the quantitative subfactors that can be calculated across all applicants, a point allocation system will be developed to ensure consistency. However, not all subfactors that make up the point allocation for the 'qualitative and other quantitative' indicator are measurable in nature and nuances may exist between applicants. The Agency will better document the qualitative subfactors and the score adjustments to better show that the assignment of points is reviewed and agreed upon by the credit committee.

Responsible party: *RWPD Director, WSI*

Implementation date:

- *Application updates have been completed to require a complete signed and sealed PEFR and staff will be trained accordingly.*
- *Updates to Administratively complete procedures have been completed as noted above.*
- *Engineering and Financial procedures updates, including processes for supervisory reviews: December 31, 2021*

The Agency Has Implemented Processes to Monitor the Financial Compliance of Borrowers; However, It Should Strengthen Timeliness, Documentation, and Controls Related to Those Processes

**Chapter 2
Rating:**

Medium ¹⁰

The Agency has monitoring activities in place to assess the financial health of its SWIFT and WDF borrowers and to monitor borrower compliance with loan terms and other applicable requirements. Those activities consist of performing annual financial compliance reviews and reconciling borrower loan balances and payments (see text box for more details).

The Agency accurately assessed the financial health of SWIFT and WDF borrowers. However, the Agency should complete its monitoring activities within its established time frames. In addition, the Agency should strengthen its supervisory reviews to ensure that its monitoring documentation is accurate and consistently supported.

The Agency accurately assigned risk ratings to borrowers; however, it should improve the timeliness of its financial compliance reviews and strengthen its quality control reviews to ensure that its financial compliance reviews are consistently documented and adequately supported.

For 29 (97 percent) of 30 financial compliance reviews tested, the Agency assigned an accurate and appropriate risk rating to the borrower based on criteria in its policies and procedures. For the remaining review tested, the risk rating assigned to the borrower should have indicated that the Agency had identified minor issues; instead, the Agency's risk rating indicated that the borrower had no issues.

Timeliness. While the Agency performed its annual reviews of WDF borrowers within its 365-day internal benchmark, the Agency did not complete those reviews for SWIFT borrowers within its 90-day internal benchmark. For 22 (31 percent) of the 72 SWIFT borrower reviews completed by the Agency for fiscal years 2019 and 2020, the Agency completed its review 1 to 373 days

Financial Monitoring Activities

The Agency performs the following activities to assess the financial health of SWIFT and WDF borrowers and to monitor borrower compliance with loan terms:

- **Financial Compliance Reviews:** The Agency performs annual reviews of borrowers to assess the borrowers' financial risk and compliance with debt covenants. Those reviews result in the assignment of a risk rating that represents the borrower's degree of compliance and financial health. The Agency uses a review task checklist to assess the borrowers' financial risk factors and compliance.
- **Borrower payment reconciliations:** For each payment period, the Agency performs detailed borrower repayment reconciliations for its SWIFT and WDF borrowers.
- **Loan balance reconciliations:** The Agency also performs monthly reconciliations of overall loan balances.

Source: The Agency.

¹⁰ The risk related to the issues discussed in Chapter 2 is rated as Medium because they present risks or effects that if not addressed could moderately affect the audited entity's ability to effectively administer the program(s)/function(s) audited. Action is needed to address the noted concern and reduce risks to a more desirable level.

after its benchmark (averaging 104 days late). In addition, the Agency's policies and procedures for its financial compliance reviews did not include the Agency's internal benchmarks. Performing the reviews in a timely manner strengthens the Agency's ability to identify potential borrower issues.

Quality Control Reviews. The Agency should strengthen the quality control reviews over its financial compliance monitoring (see text box for details on the financial compliance reviews). Although the Agency conducted a quality control review for 29 (97 percent) of the 30 financial compliance reviews tested, those quality control reviews did not identify that certain metrics or risk factors used in the Agency's risk analysis were incomplete, inaccurately calculated, or not adequately documented for 14 (47 percent) of 30 financial compliance reviews tested. Specifically:

- For 10 reviews using the Municipal Advisory Council of Texas (TMAC) application, (1) the Agency did not consistently document its verification of fund balance adequacy; (2) review tasks were not addressed completely or accurately; or (3) financial metrics were inaccurately calculated. In certain cases, borrower data provided by TMAC was incomplete or inaccurate, and the Agency did not consistently document its verification of the data. Agency management asserted that it is working with TMAC to improve the data discrepancies noted. The errors identified did not impact the risk ratings assigned.
- For four spreadsheet-based reviews, the Agency did not accurately complete its review task checklists, or it calculated financial metrics inaccurately. As discussed on the previous page, the errors identified impacted the risk rating assigned for one review tested.

The Agency performed reconciliations of borrower payments and overall loan balances; however, it should improve the timeliness of its reconciliations and strengthen its supervisory reviews to ensure that its reconciliations are accurate.

The Agency accurately performed all 17 WDF borrower payment reconciliations tested. The Agency did not accurately perform 1 (9 percent) of 11 SWIFT borrower payment reconciliations tested and 1 (13 percent) of 8 overall loan balance reconciliations tested.

Financial Compliance Reviews

Prior to 2020, the Agency performed and documented its financial compliance reviews using spreadsheets. During fiscal year 2020, the Agency implemented a new process to perform and document its financial compliance reviews using a web-based application hosted on the Municipal Advisory Council of Texas' (TMAC) website, using data provided by TMAC.

The 30 financial compliance reviews tested, covering SWIFT and WDF borrowers for fiscal years 2019 and 2020, included 19 spreadsheet-based reviews and 11 reviews performed using the TMAC application.

Source: The Agency.

Timeliness. The Agency did not perform its overall loan balance reconciliations in a timely manner according to its 15-day internal benchmark. For 3 (38 percent) of 8 overall loan balance reconciliations tested, the Agency completed its reconciliations 11 to 39 days after its benchmark. The Agency did perform its detailed SWIFT and WDF borrower repayment reconciliations in a timely manner.

Supervisory Reviews. The Agency should strengthen its supervisory review process and documentation over its reconciliations. Supervisory reviews did not identify the accuracy errors discussed above. In addition, the Agency lacked a consistent and documented supervisory review and approval process for its SWIFT borrower payment reconciliations.

Recommendations

The Agency should:

- Strengthen and document its quality control and supervisory review processes to ensure its financial monitoring activities are accurate and adequately documented.
- Update its policies and procedures to include its internal benchmarks for completing its financial monitoring activities.
- Complete its financial monitoring activities within its established time frames.

Management's Response

Management agrees with the recommendations and we appreciate the State Auditor's Office and its audit team for the recommendations to improve procedures involving documentation, timeliness, and quality control within the Financial Compliance process.

We appreciate the acknowledgment that the Agency accurately (97%) assessed the financial health of SWIFT and WDF borrowers and that risk factors were accurately assigned and there was no indication that efforts by Financial Compliance staff resulted in undesirable outcomes or that overall conclusions were inappropriate.

We do note that the certain metrics or risk factors used in the Agency's risk analysis that were identified as incomplete, inaccurately calculated, or not adequately documented, where primarily related to a new monitoring tool (TMAC) that was still in its pilot implementation phase during the audit period, as well as supplemental spreadsheets that are used to assist in

evaluating an entity's financial data. TWDB financial compliance staff utilize these tools as part of its review process, but the Agency's system of record is TxWISE which in, almost all cases, fully documented complete and accurate compliance findings for the entities audited.

With regard to the findings outlined above, we agree we can improve documentation of controls and review processes associated with the SWIFT and WDF financial monitoring programs.

We agree with the finding that performing the reviews in a timely manner strengthens the Agency's ability to identify potential borrower issues and will work to ensure financial monitoring activities are completed within established time frames. We do note that there were extraordinary circumstances that affected some of those timelines.

While staff constantly strives to complete assignments accurately and timely, it should be noted that the work conducted by the Financial Compliance staff is varied and complex. Evaluating the financial stability of a municipality, non-profit water supply corporation or a regional water supplier can include evaluating complex financial statements, including footnotes and management reports, as well as fully understanding how other external factors may be impacting the borrower. While there are general guidelines, the work can be nuanced, and make take more time than allotted by the internal benchmark. A thorough and complete review and understanding of the entity's financial condition is more valuable, from a business perspective, than meeting a benchmark.

In addition, the financial compliance staff were responsible for major initiatives during FY2020 that periodically redirected staff resources. At the onset of the COVID-19 pandemic, the Financial Compliance team immediately began an outreach campaign to determine if borrowers in the portfolio were experiencing cashflow issues that could affect their ability to make debt service payments to the TWDB. Given the unprecedented financial and operational environment, the Agency's executive management redirected staff to conduct personal outreach to borrowers with approaching payments due and continued to evaluate entities with payments due in subsequent quarters. Financial Compliance staff, like many other Agency staff, were also redirected to an important, new initiative to provide financial assistance to mitigate flooding in the state. The staff was directed to review over 150 audits to assist the Agency in evaluating the ability of flood applicants to manage additional state resources. These initiatives were immediate and urgent and delayed the normal course of business.

We do note that only one review took 373 days to complete because technical issues on the loans were elevated to the Agency's Office of General Counsel and the issues carried over from FY2018 to FY2019. This review was a very unique situation complicated by ongoing litigation.

Responsible party: Director, Financial Compliance

Implementation date: August 31, 2022

The Agency Has Processes in Place to Monitor Progression of Its Funded Projects; However, It Should Strengthen Documentation and Controls Related to Project Monitoring Activities

**Chapter 3
Rating:
Medium ¹¹**

The Agency has implemented and performed monitoring activities to assess the progression of projects funded through the SWIFT and WDF financial assistance programs (see text box for details); however, the Agency should improve its supervisory reviews to ensure that all aspects of the monitoring have been completed and documented as required.

Project Milestone Verification. Auditors tested a sample of 30 SWIFT and WDF funded projects, 26 of which were active and 4 of which were completed during fiscal years 2019 and 2020. For all four completed SWIFT and WDF projects tested, the Agency obtained all required supporting project close-out documentation and ensured that the projects were completed in accordance with the Agency's project close-out procedures. In addition, for 25 (96 percent) of 26 active SWIFT and WDF projects tested, the Agency provided evidence to demonstrate that borrowers met all applicable requirements prior to authorizing escrow fund releases. For the remaining active project tested, the Agency could not provide supporting documentation indicating that it received an independent appraisal of property as required for the acquisition phase of the project.

Checklists. For all 30 fund releases tested (related to the 30 projects tested), the Agency accurately processed and authorized the release of escrowed funds. However, for five of those fund releases, Agency staff did not document the completion of checklists as required by the Agency's policies and procedures.

Supervisory Reviews. Although there was evidence that the Agency performed supervisory reviews of all 30 fund releases tested, those supervisory reviews did not identify the issues described above regarding the Agency's monitoring of funded projects. The Agency should strengthen its supervisory

Project Monitoring Activities

For projects funded through the SWIFT and WDF financial assistance programs, the Agency holds funds in escrow until the borrowers demonstrate achievement of required project milestones and meet related requirements.

The general project milestones include the planning, acquisition, design, and construction phases of a project.

The Agency uses checklists to document its verification that the borrower has met all applicable requirements prior to authorizing release of escrowed funds to the borrower.

Sources: Texas Administrative Code, Title 31, Section 363.43, and the Agency's policies and procedures.

¹¹ The risk related to the issues discussed in Chapter 3 is rated as Medium because they present risks or effects that if not addressed could moderately affect the audited entity's ability to effectively administer the program(s)/function(s) audited. Action is needed to address the noted concern and reduce risks to a more desirable level.

reviews over its project monitoring activities to ensure that Agency staff (1) obtain all documentation required to demonstrate achievement of project milestones and (2) complete required checklists. Not consistently documenting its monitoring or not maintaining documentation to support a borrower's completion of required project milestones could result in the Agency authorizing the release of funds to a borrower prior to that borrower's having achieved project milestones.

Recommendations

The Agency should strengthen its supervisory reviews over its project monitoring activities to help ensure that it:

- Documents its verification of project milestone completion as required by the Agency's policies and procedures.
- Maintains documentation required to support a borrower's completion of project milestones.

Management's Response

The Agency agrees that supervisory reviews over project monitoring activities should be strengthened to ensure project milestones are completed according to policies and procedures and that the required documentation supporting the completion of the milestones is properly recorded.

Responsible Party: RWPD Director, WSI

Implementation date: December 31, 2021

Appendices

Appendix 1

Objectives, Scope, and Methodology

Objectives

The objectives of this audit were to:

- Determine whether monitoring activities performed by the Water Development Board (Agency) for loans funded through the State Water Implementation Fund for Texas (SWIFT) and the Water Development Fund (WDF) comply with Agency policy and help ensure that:
 - ♦ Loan recipients with an increased risk of default or late payment are identified timely.
 - ♦ Loan recipients comply with loan terms and other applicable requirements.
 - ♦ Funded projects progress in accordance with established timelines.
- Determine whether the Agency reviews and prioritizes applications for financial assistance through the SWIFT and the WDF in accordance with applicable requirements.

Scope

The scope of this audit covered monitoring activities and application review processes for loans funded through the SWIFT and WDF financial assistance programs during fiscal years 2019 and 2020. The scope also included a review of significant internal control components related to the Agency's monitoring activities and application review processes (see Appendix 3 for more information about internal control components).

Methodology

The audit methodology included reviewing relevant criteria and other information sources related to the SWIFT and WDF programs; conducting interviews and process walkthroughs with Agency staff; and performing tests and other selected procedures to evaluate the Agency's financial and project monitoring activities, application review processes, and related controls. The audit methodology also included testing selected general controls over the Agency's significant information technology (IT) systems, which included the following:

- **Texas Water Information System Expansion (TxWISE).** The Agency uses TxWISE to track and process financial assistance.
- **Online Loan Application (OLA).** External entities use OLA to submit applications for financial assistance.
- **Abila Micro Information Products (MIP) Fund Accounting.** The Agency uses the Abila MIP Fund Accounting software for financial management and accounting.

Data Reliability and Completeness

Auditors assessed the reliability of the data sets listed below to address the audit objectives.

TxWISE. Auditors obtained the following data populations from TxWISE to use during the audit:

- SWIFT abridged applications that the Agency received during the 2019 and 2020 funding cycles.
- SWIFT and WDF financial assistance applications that the Agency received and approved during fiscal years 2019 and 2020.
- Financial compliance reviews that the Agency performed for active SWIFT and WDF borrowers during fiscal years 2019 and 2020.
- Escrow fund releases that the Agency processed for active and completed SWIFT and WDF projects for fiscal years 2019 and 2020.

To assess the reliability of the data obtained from TxWISE, auditors performed procedures including (1) observing data extracts, (2) reviewing SQL or query parameters used to extract the data, (3) performing data analysis to identify missing data, duplicates, or outliers, and (4) comparing the data to other external sources. Auditors also evaluated the effectiveness of the Agency's general controls over TxWISE.

Auditors determined that the data obtained from TxWISE was sufficiently reliable for purposes of this audit.

iSupport (work ticket system). The Agency uses iSupport to document and track changes made to the Agency's IT systems. Auditors used data from iSupport and obtained a population of changes made to the Agency's significant IT systems. To assess the reliability of the data obtained from iSupport, auditors observed data extracts and reviewed query parameters used to extract the data.

Auditors determined that the data obtained from iSupport was sufficiently reliable for purposes of this audit.

Sampling Methodology

Auditors used nonstatistical directed, random, and risk-based sampling to address the audit objectives. Below are descriptions of the sampling methodology used for each element of the audit objectives.

Application Review (Financial Assistance Applications). From a population of 14 SWIFT and WDF financial assistance applications that the Agency received and approved during fiscal years 2019 and 2020, auditors selected a nonstatistical directed sample of 10 SWIFT and WDF financial assistance applications to evaluate the Agency's application review processes and related controls. Auditors chose this sample design to ensure coverage throughout both audited fiscal years. The sample items were not necessarily representative of the population; therefore, it would not be appropriate to project the test results to the population.

Financial Monitoring. From a population of 249 SWIFT and WDF financial compliance reviews that the Agency performed during fiscal years 2019 and 2020, auditors selected a nonstatistical sample of 24 SWIFT and WDF financial compliance reviews through random selection to evaluate the Agency's financial monitoring processes and related controls. Auditors selected six additional financial compliance reviews for testing based on risk. Auditors chose this sample design to ensure that the sample would include coverage of SWIFT and WDF borrower financial compliance reviews and address specific risk factors identified in the population. The test results as reported do not identify which items were selected randomly or based on risk; therefore, it would not be appropriate to project the test results to the population.

From a population of 24 months covering fiscal years 2019 and 2020, auditors also selected a nonstatistical directed sample of 8 months (4 months selected from each fiscal year) to test the Agency's loan balance and borrower payment reconciliations. Auditors chose this sample design to ensure coverage of (1) months throughout both audited fiscal years and (2) significant borrower repayment months. The sample items were not necessarily representative of the population; therefore, it would not be appropriate to project the test results to the population.

Project Monitoring. From a population of 266 SWIFT and WDF escrow fund releases that the Agency processed for fiscal years 2019 and 2020, auditors selected a nonstatistical sample of 26 SWIFT and WDF escrow fund releases through random selection to evaluate the Agency's project monitoring processes and related controls. Auditors selected four additional escrow fund

releases for testing using nonstatistical directed sampling. Auditors chose this sample design to ensure that the sample would include coverage of active SWIFT and WDF projects and completed SWIFT and WDF projects. The test results as reported do not identify which items were randomly selected or selected using professional judgment; therefore, it would not be appropriate to project the test results to the population.

IT General Controls. From a population of 51 work order tickets related to changes made to the Agency's significant IT systems in fiscal years 2019 and 2020, auditors selected a nonstatistical directed sample of 9 work order tickets to evaluate the Agency's controls over its change management processes. Auditors chose this sample design to ensure coverage of significant changes made to the Agency's systems during fiscal years 2019 and 2020. The sample items were not necessarily representative of the population; therefore, it would not be appropriate to project the test results to the population.

Information collected and reviewed included the following:

- The Agency's policies and procedures.
- Data populations obtained from TxWISE and iSupport (see "Data Reliability and Completeness" section above for additional details on data populations).
- SWIFT abridged applications that the Agency received during the 2019 and 2020 funding cycles.
- SWIFT and WDF financial assistance applications that the Agency received during fiscal years 2019 and 2020.
- Supporting documentation related to the Agency's (1) scoring and prioritization of SWIFT abridged applications, (2) review of SWIFT and WDF financial assistance applications, (3) financial monitoring of active SWIFT and WDF borrowers, and (4) project monitoring of active and completed SWIFT and WDF projects.
- Water Development Board memos, agenda items and attachments, and meeting minutes.
- Other sources, including the Agency's website and biennial reports, that contained information related to the SWIFT and WDF programs.

Procedures and tests conducted included the following:

- Conducted interviews and process walkthroughs with Agency staff.
- Reviewed various sources of criteria and other information sources to obtain background information regarding the SWIFT and WDF programs.
- Analyzed data from TxWISE and iSupport that auditors used to perform tests and address the audit objectives.
- Reviewed supporting documentation and performed tests and other selected procedures to evaluate the Agency's financial and project monitoring activities, application review processes, and related controls.
- Tested selected general controls over the Agency's significant IT systems (TxWISE, OLA, and MIP) and the Office of the Comptroller of Public Accounts' Uniform Statewide Accounting System.

Criteria used included the following:

- Texas Constitution, Article III, Sections 49-c and 49-d.
- Texas Water Code, Chapters 15, 16, and 17.
- Title 31, Texas Administrative Code, Chapter 363.
- Title 1, Texas Administrative Code, Chapter 202.
- The Department of Information Resources' *Security Control Standards Catalog*, Version 1.3.
- The Department of Information Resources' *Texas Cybersecurity Framework*.
- The Agency's policies and procedures.

Project Information

Audit fieldwork was conducted from August 2020 through May 2021. We conducted this performance audit in accordance with generally accepted government auditing standards. 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 provides a reasonable basis for our findings and conclusions based on our audit objectives.

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

- Sonya Tao, CPA, CFE (Project Manager)
- Kelly Bratton, CFSA, CRMA, MBA (Assistant Project Manager)
- Justin Brister
- Alton C. Gamble
- Joseph A. Kozak, CPA, CISA
- Bianca F. Pineda, CFE, CGAP
- Michelle Ann Duncan Feller, CPA, CIA (Quality Control Reviewer)
- Becky Beachy, CIA, CGAP (Audit Manager)

Issue Rating Classifications and Descriptions

Auditors used professional judgment and rated the audit findings identified in this report. Those issue ratings are summarized in the report chapters/sub-chapters. The issue ratings were determined based on the degree of risk or effect of the findings in relation to the audit objective(s).

In determining the ratings of audit findings, auditors considered factors such as financial impact; potential failure to meet program/function objectives; noncompliance with state statute(s), rules, regulations, and other requirements or criteria; and the inadequacy of the design and/or operating effectiveness of internal controls. In addition, evidence of potential fraud, waste, or abuse; significant control environment issues; and little to no corrective action for issues previously identified could increase the ratings for audit findings. Auditors also identified and considered other factors when appropriate.

Table 2 provides a description of the issue ratings presented in this report.

Table 2

Summary of Issue Ratings	
Issue Rating	Description of Rating
Low	The audit identified strengths that support the audited entity's ability to administer the program(s)/function(s) audited <u>or</u> 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.
Medium	Issues identified present risks or effects that if not addressed could <u>moderately affect</u> the audited entity's ability to effectively administer program(s)/function(s) audited. Action is needed to address the noted concern(s) and reduce risks to a more desirable level.
High	Issues identified present risks or effects that if not addressed could <u>substantially affect</u> the audited entity's ability to effectively administer the program(s)/function(s) audited. Prompt action is essential to address the noted concern(s) and reduce risks to the audited entity.
Priority	Issues identified present risks or effects that if not addressed could <u>critically affect</u> the audited entity's ability to effectively administer the program(s)/function(s) audited. Immediate action is required to address the noted concern(s) and reduce risks to the audited entity.

Internal Control Components

Internal control is a process used by management to help an entity achieve its objectives. The U.S. Government Accountability Office's *Government Auditing Standards* require auditors to assess internal control when internal control is significant to the audit objectives. The Committee of Sponsoring Organizations of the Treadway Commission (COSO) established a framework for 5 integrated components and 17 principles of internal control, which are listed in Table 3.

Table 3

Internal Control Components and Principles		
Component	Component Description	Principles
Control Environment	The control environment sets the tone of an organization, influencing the control consciousness of its people. It is the foundation for all other components of internal control, providing discipline and structure.	<ul style="list-style-type: none"> ▪ The organization demonstrates a commitment to integrity and ethical values. ▪ The board of directors demonstrates independence from management and exercises oversight of the development and performance of internal control. ▪ Management establishes, with board oversight, structures, reporting lines, and appropriate authorities and responsibilities in the pursuit of objectives. ▪ The organization demonstrates a commitment to attract, develop, and retain competent individuals in alignment with objectives. ▪ The organization holds individuals accountable for their internal control responsibilities in the pursuit of objectives.
Risk Assessment	Risk assessment is the entity's identification and analysis of risks relevant to achievement of its objectives, forming a basis for determining how the risks should be managed.	<ul style="list-style-type: none"> ▪ The organization specifies objectives with sufficient clarity to enable the identification and assessment of risks relating to objectives. ▪ The organization identifies risks to the achievement of its objectives across the entity and analyzes risks as a basis for determining how the risks should be managed. ▪ The organization considers the potential for fraud in assessing risks to the achievement of objectives. ▪ The organization identifies and assesses changes that could significantly impact the system of internal control.
Control Activities	Control activities are the policies and procedures that help ensure that management's directives are carried out.	<ul style="list-style-type: none"> ▪ The organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels. ▪ The organization selects and develops general control activities over technology to support the achievement of objectives. ▪ The organization deploys control activities through policies that establish what is expected and procedures that put policies into action.
Information and Communication	Information and communication are the identification, capture, and exchange of information in a form	<ul style="list-style-type: none"> ▪ The organization obtains or generates and uses relevant, quality information to support the functioning of internal control.

Internal Control Components and Principles		
Component	Component Description	Principles
	and time frame that enable people to carry out their responsibilities.	<ul style="list-style-type: none"> ▪ The organization internally communicates information, including objectives and responsibilities for internal control, necessary to support the functioning of internal control. ▪ The organization communicates with external parties regarding matters affecting the functioning of internal control.
Monitoring Activities	Monitoring is a process that assesses the quality of internal control performance over time.	<ul style="list-style-type: none"> ▪ The organization selects, develops, and performs ongoing and/or separate evaluations to ascertain whether the components of internal control are present and functioning. ▪ The organization evaluates and communicates internal control deficiencies in a timely manner to those parties responsible for taking corrective action, including senior management and the board of directors, as appropriate.

Source: Internal Control - Integrated Framework, Committee of Sponsoring Organizations of the Treadway Commission, May 2013.

Related State Auditor's Office Reports

Table 4

Related State Auditor's Office Report		
Number	Report Name	Release Date
16-039	<i>An Audit Report on the State Water Implementation Revenue Fund for Texas at the Water Development Board</i>	August 2016

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 Jane Nelson, 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

Water Development Board

Members of the Water Development Board
Ms. Brooke T. Paup, Board Chair
Ms. Kathleen Jackson
Mr. Jeff Walker, Executive Administrator



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