



# Texas Higher Education Coordinating Board Discussion with the Agency Operations Committee

**Audit results for the year ending August 31, 2020**

July 21, 2021



# Our commitment to you

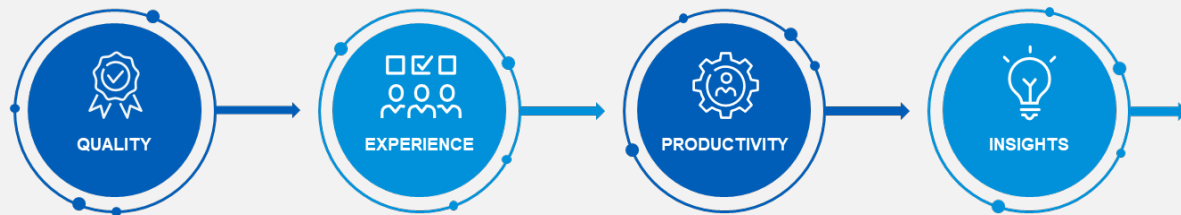


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See patterns in what has passed. See where risks may emerge. See opportunities emerge. See opportunities to optimize processes. And see ahead to new possibilities.

## **We aim to deliver an exceptional client experience for THECB by focusing on:**





# Required Communications to Those Charged with Governance

[Prepared on: May 20, 2021]

[Presented on: July 21, 2021]

# Summary: Audit results required communications and other matters

		Response
Audit results	Outstanding matters	None
	Significant unusual transactions	No significant unusual transactions identified during the audit.
	Uncorrected audit misstatements	No uncorrected misstatements identified during the audit.
	Corrected audit misstatements	No corrected misstatements identified during the audit.
	Financial presentation and disclosure omissions	No matters to communicate.
	Non-GAAP policies and practices	Identified non-GAAP policies include straight line amortization of bond issuance versus effective interest method and only accrual of liabilities at year end that are greater than or equal to 1% of GAAP fund balance. These have been assessed as clearly inconsequential to the financial statements.
	Material weaknesses and significant deficiencies in internal control	No matters to report.
	Auditors' report	We issued an unmodified opinion on the financial statements.
	Changes to our risk assessment and planned audit strategy	No matters to report.
	Significant accounting policies and practices	Significant accounting policies and practices are described in Note 1 to the financial statements and are consistent with prior year. GASB 84 was implemented in the FY2020 financials. No material impact was noted to the financial statements.
	Significant accounting estimates	See slide 7.
	Significant financial statement disclosures	None noted.
	Related parties	No significant findings or issue arose during the audit in connection with THECB's related parties.
	Going concern	No matters to report.

# Summary: Audit results required communications and other matters

		Response
Audit results	Subsequent events	Subsequent events identified include: <ul style="list-style-type: none"> <li>• Texas OnCourse transfer to THECB effective January 2021</li> <li>• GEER funding of \$71.5 million in October 2020</li> </ul>
	Illegal acts or fraud	No actual or suspected fraud involving THECB management, employees with significant roles in internal control, or where fraud results in a material misstatement in the financial statements were identified during the audit.
	Noncompliance with laws and regulations	No matters to report.
	Significant difficulties encountered during the audit	No matters to report.
	Significant findings or issues discussed, or the subject of correspondence, with management	No matters to report.
	Management's consultation with other accountants	No matters to report.
	Difficult or contentious matters for which the auditor consulted	No matters to report.
	Disagreements with management	No matters to report.
	Other significant matters	No matters to report.
	Written communications	Management representation letter distributed under separate cover.
	<b>Independence</b>	In our professional judgment, we are independent with respect to THECB, as the term is defined by the professional standards.

# Significant accounting estimates

## Description of significant accounting estimates

- Allowance for doubtful student loans
- Other Post Employment Benefit (OPEB) liability
- Pension liability

## Audit findings

KPMG evaluated the key factors and assumptions, including possible management bias in developing the estimates.

## Conclusions

KPMG determined the estimates are reasonable in relation to the financial statements as a whole.

# Questions?

For additional information and audit committee resources, including National Audit Committee Peer Exchange series, a Quarterly webcast, and suggested publications, visit the KPMG Audit Committee Institute (ACI) at [www.kpmg.com/ACI](http://www.kpmg.com/ACI)

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