



## Texas Higher Education Coordinating Board

### Discussion with the Agency Operations Committee

Audit results and strategy for the year ending August 31, 2022

July 26, 2023





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# Required communications to the Agency Operations Committee

[Prepared on: 5/31/2023]

[Presented on: 7/26/2023]



# Audit results required communications and other matters

Matters to communicate		Response
Significant unusual transactions	X	
Uncorrected audit misstatements	X	
Corrected audit misstatements	X	
Financial statement presentation and disclosure omissions	X	
Non-GAAP policies and practices	X	
Auditors' report	X	Unmodified
Changes to our risk assessment and planned audit strategy	X	
Significant accounting policies and practices	X	
Significant accounting estimates	✓	Slide 6
Significant financial statement disclosures	X	

Matters to communicate		Response
Related parties	X	
Going concern	X	
Other information	X	
Subsequent events	X	
Noncompliance with laws and regulations	X	
Significant difficulties encountered during the audit	X	
Significant findings or issues discussed, or the subject of correspondence with management	X	
Management's consultation with other accountants	X	
Difficult or contentious matters for which the auditor consulted	X	
Disagreements with management	X	
Other significant matters	X	

✓ = Matters to report   X = No matters to report

# Audit results required communications and other matters

## Matters to communicate

Illegal acts or fraud	No actual or suspected fraud involving 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.
Written communications	Management representation letter distributed under separate cover.
Independence	In our professional judgement, we are independent with respect to THECB, as the term is defined by the professional standards.
Inquiries	See slide 7

# Significant accounting estimates

## Description of significant accounting estimates

Allowance for doubtful student loans

## 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.

# Inquiries

## Is the Agency Operations Committee aware of:

1. Matters relevant to the audit, including, but not limited to, violations or possible violations of laws or regulations?
2. Any significant communications with regulators?
3. Any developments in financial reporting, laws, accounting standards, corporate governance, and other related matters, and the effect of such developments on, for example, the overall presentation, structure, and content of the financial statements, including the following:
  - The relevance, reliability, comparability, and understandability of the information presented in the financial statements
  - Whether all required information has been included in the financial statements, and whether such information has been appropriately classified, aggregated or disaggregated, and presented?

## Does the Agency Operations Committee have knowledge of:

1. Fraud, alleged fraud, or suspected fraud affecting the THECB?
  - If so, have the instances been appropriately addressed and how have they been addressed?

## Additional inquiries:

1. What are those charged with governance's views about fraud risks in THECB?
2. Who is the appropriate person in the governance structure for communication of audit matters during the audit?
3. How are responsibilities allocated between management and those charged with governance?
4. What are THECB's objectives and strategies and related business risks that may result in material misstatements?
5. Are there any areas that warrant particular attention during the audit and additional procedures to be undertaken?
6. What are those charged with governance's attitudes, awareness, and actions concerning (a) THECB's internal controls and their importance in the entity, including oversight of effectiveness of internal controls, and (b) detection of or possibility of fraud?
7. Have there been any actions taken based on previous communications with the auditor?
8. Has THECB entered into any significant unusual transactions?
9. Whether the entity is in compliance with other laws and regulations that have a material effect on the financial statements?
10. Have any subsequent events occurred that might affect the financial statements?



# 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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