FOLLOW-UP-PRIOR INTERNAL AUDIT RECOMMENDATIONS

AS OF JULY 31, 2026

AT THE

TEXAS COMMISSION ON THE ARTS

(REPORT NO: TCA 06-001)

MONDAY RUFUS & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

MONDAY RUFUS & CO., P.C.
Certified Public Accountants & Advisors

Commissioners
Texas Commission on the Arts
Austin, Texas

We have reviewed the status of our internal audit recommendations related to the following as of July 31, 2026:

- Internal Audit of Human Resource Management (Report Dated: August 24, 2020)
- Internal Audit of the Complaint Resolution Processes (Report Dated: August 10, 2022)
- Internal Audit of the Open Records Requests (Report Dated: August 20, 2024)

The accompanying schedules summarize our original audit findings and recommendations, current status, and remarks.

We appreciate the courtesy and cooperation shown by the management of the Agency during the course of the engagement.

Monday Rufus & Co., P.C.

July 31, 2026
Austin, Texas

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Executive Summary

Texas Commission on the Arts was created by the Texas Legislature in 1965 and operates under the statutory authority of V.T.C.A. Government Code Chapter 444. The mission of the TCA is to advance our state economically and culturally by investing in a creative Texas. TCA supports a diverse and innovative arts community in Texas, throughout the nation and internationally by providing resources to enhance economic development, arts education, cultural tourism and artist sustainability initiatives.

Human Resource Management

For fiscal year 2026 the General Appropriations Act authorized a budget of $20,054,138, with 14 full-time equivalent (FTEs) employees. The TCA's operating budget is prepared and approved by the Commissioners on an annual basis, whereas the State legislative appropriation request is determined every two years. Both the budget and appropriations are reviewed and approved by the State Legislature.

At the time of the audit engagement the TCA had 14 full-time employees.

Complaint Resolution Processes

TCA has policies and procedures for handling complaints, and they are contained in the General Guidelines and Policies. Complaints can be submitted in person, email, fax, or phone. All complaints are directed to an authorized executive staff member who reviews and shares the information with other executive staff members and other staff as appropriate.

Open Records Requests

Requesters of open records have the right to the following:

- Prompt access to information that is not considered confidential or otherwise protected.
- Receive treatment equal to all other requesters, including accommodation in accordance with the American with Disabilities Act (ADA) requirements.
- Receive certain kinds of information without exceptions.
- Receive written statement of estimated charges, when charges will exceed a certain amount, in advance of work being started and opportunity to modify the request in response to the itemized statement.
- Choose whether to inspect the requested information (most often at no charge), receive copies of the information or both.
- A waiver or reduction of charges if the government body determines that access to the information primarily benefits the general public.
- Receive a copy of the communication from the government body asking the Office of the Attorney General for a ruling on whether the information can be withheld under one of the accepted exceptions, or if the communication discloses the requested information, in a redacted copy.
- Lodge a written complaint about overcharges for public information with the Office of the Attorney General. Other complaints may also be filed with the county or district attorney of the county where the government body is located. If the complaint is against the county or district attorney, the complaint must be filed with the Office of the Attorney General.

There is a process for receiving Open Records Requests. An Open Records Request can come in by mail, fax, email, or in person. All requests must be in writing. The TCA has established Policies and Procedures that are consistent with Texas Government Code, Chapter 552, and has made it available on the Agency's website. The policy includes the Rights of the Requesters, Responsibilities of the TCA, as a governmental body, Information to be Released, Costs of Records, and Information that may be withheld due to an exception.

Internal Audit Results

The scope of this internal audit follow-up was limited to following up on the findings and recommendations included in the following reports:

- Internal Audit of Human Resource Management (Report Dated: August 24, 2020)
- Internal Audit of the Complaint Resolution Processes (Report Dated: August 10, 2022)
- Internal Audit of the Open Records Requests (Report Dated: August 20, 2024)

Appendix 1 (Human Resource Management), *Appendix 2* (Complaint Resolution Processes), *Appendix 3* (Open Records Requests), summarize and provide the status and steps taken by the management of the Commission to the recommendations made in the audit reports.

Appendix 1:
Entity: Texas Commission on the Arts
Project: Follow-up on Human Resource Management (Original Report: August 24, 2020 – Report #020-001)

FISCAL YEAR: 2026

PRIOR FINDINGS/RECOMMENDATIONS	CURRENT STATUS	AUDITORS' REMARKS
<u>Finding: Background Checks are Not Being Conducted on New Employees.</u> **Criteria:** One significant means of finding out more about an applicant for employment is to request permission to perform a background check. **Condition:** Currently background checks are not being conducted on new employees hired by the TCA. **Cause:** The TCA's established policies and procedures for hiring employees do not require performing background checks prior to making an offer of employment. **Effect:** Hiring employees has become increasingly challenging partly due to the lack of valid references from previous employers of new employee applicants. Employers typically only provide verification of the person's title and the duration of the employee's term of employment. As a result, heavy reliance is placed on the accuracy of the individual's application or resume to supplement the comments of the individual during the interview. Background checks are useful in getting more information about the prospect being considered for employment. Since the TCA does not conduct background checks on new employees, there is an increased risk that staff may not be suitable for the position they are applying to fill. **Recommendation:** The TCA should consider conducting background checks on new applicants prior to	**N**	Based on the information obtained from the management of the agency, it appears that the agency, along with its legal counsel, has evaluated its statutory authority to conduct a background check on new employees. The agency determined that it had no statutory authority to conduct background checks on new employees. Additionally, the agency has determined the security risk to be low or negligible, considering its size and the types of data it processes. As a result, the agency has elected not to conduct background checks to avoid any appearance of conflicts with its statutory mandate. We encourage the agency to continue to monitor its statutory authority in the future for any changes requiring or allowing background checks on new employees. No further work is deemed necessary in this area at this time.

hiring them, or make the employment offer with the Agency contingent upon the results of the background checks. We recommend the TCA re-evaluate it hiring practice and consider implementing conducting background checks of new employees. We recommend consulting with the TCA's Attorney for guidance prior to implementation. ***Management's Response:*** *The TCA appreciates your recommendation on how to improve our hiring processes. While the Agency is not required by law to conduct criminal background checks on new employees, we will re-evaluate our processes and consult with our Attorney regarding your finding. If we believe that it is necessary to make any changes, including the implementation of conducting criminal background checks, we will do so.*		

I = Implemented ***P = Partially Implemented*** ***N = Not Implemented***

Appendix 2

Entity: Texas Commission on the Arts
Project: Follow-up on Complaint Resolution Processes (Original Report: August 10, 2022 – Report #022-001)

FISCAL YEAR: 2026

PRIOR FINDINGS/RECOMMENDATIONS	CURRENT STATUS	AUDITORS' REMARKS
<u>FINDING: Strengthen Complaint Guidelines and Policies</u> **Criteria:** Complaint resolution procedures should ensure that customers are assisted in the most efficient manner possible. **Condition:** TCA maintains written guidelines and policies for resolving complaints. But these guidelines lack the following critical elements that would be useful in ensuring efficiency and effectiveness: • There are no written procedures on how to log complaints. Complaints can be made in person, fax, email, or telephone. All complaints are directed to the Director of Finance, but there is no documented process for logging them and resolutions reached. • There are no documented alternative dispute resolution processes. The complaint overview provided by the TCA indicates the availability of alternative dispute resolution procedures, but there is no documentation internally or on the agency's website of what those procedures are and when they are used. • There are no documented appeal processes for those who might not agree with the TCA's resolution of their complaints. **Cause:** Management did not include these complaint guidelines and procedures as part of the TCA's General Guidelines and Policies. **Effect:** When there are no written procedures for logging complaints and documenting resolutions reached, and there is a risk of inconsistent handling of complaints by staff, especially those	**I**	The agency implemented the recommendation. Auditors obtained and reviewed and Policies and procedures for complaints and noted there are written procedures logging and documenting complaints. There are also alternative dispute resolution and appeal processes which are also outlined on the agency's website. No further audit work is deemed necessary in this area at this time.

received over the phone. Additionally, without written documentation and procedures, customers might not be aware of other available options used by the agency to resolve complaints, and staff may not know when to utilize those options. **Recommendation:** Management should consider including in its guidelines the processes for logging complaints and documenting resolutions reached, other available options for resolving complaints. To further ensure efficiency and effectiveness, customers should be made aware of these other options for resolving complaints including appeal processes. ***Management Response:*** *The agency recognizes the benefit to including in its Complaints Policy the process for logging complaints and their outcomes and to providing other available options for resolving complaints. The agency will revisit our Complaints Policy based on the recommendation of this audit report.*		

I = Implemented ***P = Partially Implemented*** ***N = Not Implemented***

Appendix 3

Entity: Texas Commission on the Arts
Project: Follow-up on Open Records Requests (Original Report: August 20, 2024 – Report #024-001)

FISCAL YEAR: 2026

PRIOR FINDINGS/RECOMMENDATIONS	CURRENT STATUS	AUDITORS' REMARKS
<u>Finding 1: Enhance Open Records Processes</u> **Criteria:** The TCA can enhance its processes by developing and implementing a written policy on how open records requests should be processed within the Agency, and updating its website to ensure the currency of the information made available to the public. **Condition:** We noted that the TCA has policies and procedures for submitting open records requests, but there is no written procedure for reviewing and processing these requests. The management of the TCA indicated that the Associate Director of Program who is also the Records Management Officer (RMO) is responsible for reviewing and processing requests, but it is not clear how the actual cost of filling each request is determined. Additionally, management indicated that in general, TCA does not charge requestors for an open records request as the primary goal is to provide information to the general public. However, based on inquiries of management and written documentation obtained, there is no fee for requests considered "standard," and it is the responsibility of the RMO to determine if a request met that threshold, and if it can be completed within a reasonable time. We tested a sample of open records requests, while the responses for all the items were timely, and staff time was noted on the transmittal documents, we could not determine if each item qualified as standard or was completed within a reasonable time. Additionally, we noted that the website contained information that is outdated.	**I**	The agency implemented the recommendation that includes logging, tracking, timelines, and annual website review. The auditors made an inquiry of the agency's management and determined it had revised its policies and procedures and incorporated our recommendations. We obtained and reviewed the revised policies and procedures and noted that the agency had developed and implemented new procedures for processing open records requests to ensure proper handling of requests. The website has also been updated and is congruent with the revised policies and procedures. No further work is deemed necessary in this area at this time.

Cause: There are no established written procedures for reviewing and processing open records requests. Additionally, there are no procedures for periodic reviews of the website to ensure that the information is still valid. **Effect:** Due to the lack of written policies and procedures for processing open records requests and periodic of review of the information on the website, there is a risk of inconsistent processing of requests, noncompliance with rules and regulations, inefficient use of resources, a failure to hold staff accountable, and providing information that is valid. **Recommendation:** The TCA should develop and implement procedures for processing open records requests to ensure proper handling of requests. The website should be reviewed and updated periodically to ensure that the information provided to the public is always current and valid. Additionally, the TCA should consider developing a checklist for open records requests to ensure consistency in processing those requests. ***Management's Response:*** *While the agency has existing procedures for receiving and processing open records requests, the* *agency will revise the procedures to incorporate the recommended changes. The information on the website regarding open records requests has been updated, and a plan for periodic review of the information on the website will be incorporated into the revised procedures.* ***Responsible Person for implementation:*** *Kenneth Williams, Records Management Officer* ***Date of Implementation:*** *September 13, 2024*		

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Appendix 4
Objective and Scope

Objective

The objective of this internal audit follow-up was limited to following up on the findings and recommendations included in the following:

- Internal Audit of Human Resource Management (Report Dated: August 24, 2020)
- Internal Audit of the Complaint Resolution Processes (Report Dated: August 10, 2022)
- Internal Audit of the Open Records Requests (Report Dated: August 20, 2024)

Scope

Our procedures included reviewing the previous audit reports, inquiring about the status of the reports audit recommendations, obtaining supporting documentation, and verifying the information.

Methodology

The internal auditors contacted the Texas Commission on the Arts' management regarding the respective audit follow-ups to determine the current status of the prior audit findings, recommendations, and corrective action(s) taken by management.

Information collected and reviewed included the following:

- Original Audit Reports for:
    - Internal Audit of Human Resource Management (Report Dated: August 24, 2020)
    - Internal Audit of the Complaint Resolution Processes (Report Dated: August 10, 2022)
    - Internal Audit of the Open Records Requests (Report Dated: August 20, 2024)
- Reviewed other pertinent reports and documents.

Procedures and tests conducted included the following:

- Inquired about corrective actions taken by management for each report.
- Reviewed corrective actions taken by management for each report.
- Discussed the original report findings and the current status with the applicable department head.
- Inquired and obtained the Commission's policies and procedures, tested for compliance with these operating policies and procedures, if applicable, and reviewed other pertinent reports and documentation.

Criteria Used included the following:

- Complaint Resolution – Updated TCA Guidelines and Procedures for complaint resolution and Overview of Complaint Process
- TCA Website
- Government Code, Chapter 651. General Provisions
- Chapter 552, Texas Government Code

- Texas Commission on the Arts Open Records Request Webpage
- Review of other pertinent reports and documents

Other Information

Our audit was conducted in accordance with the U.S. Government Accountability Office's Generally Accepted Government Auditing Standards and the Institute of Internal Auditor's (IIA) *Global Internal Audit Standards*, as required by the Texas Internal Auditing Act. Institute of Internal Auditor's (IIA) International Standards for the Professional Practice of Internal Auditing. These 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 internal audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our internal audit objectives.

Appendix 5

Background

Texas Commission on the Arts was created by the Texas Legislature in 1965 and operates under the statutory authority of V.T.C.A. Government Code Chapter 444.

The mission of the TCA is to advance our state economically and culturally by investing in a creative Texas. TCA supports a diverse and innovative arts community in Texas, throughout the nation and internationally by providing resources to enhance economic development, arts education, cultural tourism, and artist sustainability initiatives.

For fiscal year 2026 the General Appropriations Act authorized a budget of $20,054,138, with 14 full-time equivalent (FTEs) employees. The TCA's operating budget is prepared and approved by the Commissioners on an annual basis, whereas the State legislative appropriation request is determined every two years. Both the budget and appropriations are reviewed and approved by the State Legislature.

A nine-member Commission governs the TCA agency. The Commissioners are appointed by the Governor with the advice and consent of the Senate. Members must represent a diverse cross-section of the fields of the arts and be widely known for their professional competence and experience in connection with the arts. At least two members must be residents of a county with a population of less than 50,000. Members of the Commission serve staggered terms of six years. The Chair of the Commission is appointed by the Governor. Commission officers are elected by Commission members and serve at the pleasure of their peers.

The Commissioners appoint an Executive Director who supervises the TCA's activities.

The TCA is divided into two departments reporting directly to the Executive Director: Finance and Programs and Technology.

The Executive Director is the final authority regarding personnel matters of the Agency, except for actions related to that office.

Appendix 6

<u>Report Distribution</u>
As required by Gov't Code 2102.0091 copies of this report should be filed with the following:

Governor's Office of Budget and Planning
Attn: Brady Franks
Phone: (512) 463-1778
Budgetandpolicyreports@gov.texas.gov

Legislative Budget Board
Attn: Christopher Mattsson
Phone: (512) 463-1200
Audit@lbb.state.texas.us

State Auditor's Office
Attn: Internal Audit Coordinator
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