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**TO:** L'Oreal Stepney, Chairwoman  
**FROM:** Nicole Campbell, Internal Audit Director  
**DATE:** November 12, 2025  
**SUBJECT:** Implementation Status of Audit Recommendations

This semi-annual report provides the status of management's efforts in addressing internal and external audit issues and recommendations.

The Internal Audit Division uses a web-based application to track and monitor implementation status of issues and recommendations resulting from internal and external audits, reviews, and oversight activities. Implementation status is reported in the system by the individuals identified as responsible for implementing each recommendation. On a semi-annual basis, Internal Audit performs follow-up audit work to validate the implementation status of corrective actions taken in response to significant audit recommendations and/or related control issues.

This status report covers fiscal years 2018 through November 12, 2025<sup>1</sup>. The implementation status for a total of 111 recommendations are tracked and listed in the corresponding table below. As of November 12, 2025, the following activity has occurred:

- 17% (19 of 111) of the total audit recommendations are pending, and
- 83% (92 of 111) of the total audit recommendations have been implemented.

The attached table shows the number of audit recommendations by project name that have been implemented<sup>2</sup> or were in progress, as of November 12, 2025.

We appreciate management's efforts in addressing the audit issues, and in improving the agency's control environment.

cc: Kerry Niemann  
Bryan McMath  
Kathleen Ligon  
Ashley Harden

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<sup>1</sup> Closed recommendations from audit reports issued outside of the records retention requirement were not included in this report and the corresponding table.

<sup>2</sup> Implemented recommendations include those self-reported by management as implemented in the tracking system, or both those implemented in the tracking system and validated as implemented by Internal Audit.

<a href="#">Our Mission</a>	:	<a href="#">Board Members</a>
Leading the state's efforts in ensuring a secure water future for Texas	:	L'Oreal Stepney, P.E., Chairwoman   W. Brady Franks, Board Member   Ashley Morgan, Board Member
	:	Bryan McMath, Executive Administrator

Texas Water Development Board – Internal Audit Division  
Implementation Status of Audit Recommendations  
November 12, 2025

Project Name	Implemented <sup>3</sup>	Pending	Total
Biennial Review of Compliance with PFIA (Jan 2018)	1	0	1
Review of State Funded Grant Agreements & Contracts (Nov 2019)	29	0	29
Review of Quarterly Investment Reports FY2018 (Jan 2018)	1	0	1
Review of Contract Management (SB20 Compliance) (Oct 2020)	5	0	5
Review of Contract Solicitation & Selection Processes (Jun 2021)	6	0	6
Review of Select Cybersecurity Processes - Phase I (Aug 2022)	2	0	2
Review of Select Closing Processes (Sep 2022)	1	0	1
Biennial Review of Compliance with PFIA (Dec 2021)	1	0	1
Review of Select Cybersecurity Processes - Phase II (Jun 2024)	8	2	10
Review of Select Employee Retention, Hiring, & Recruitment Processes (Oct 2024)	8	17	25
Biennial Review of Compliance with PFIA (Dec 2023)	1	0	1
Consultations and Advisory Engagements (Various Reports)	13	0	13
Audits Performed by External Oversight Agencies (Various Reports)	16	0	16
<b>Total</b>	<b>92</b>	<b>19</b>	<b>111</b>

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<sup>3</sup> Implemented recommendations include those self-reported by management as implemented in the tracking system, or both those implemented in the tracking system and validated as implemented by Internal Audit.