

Texas Transportation Commission – Audit Subcommittee
Quarterly Mtg., August 28, 2013

1 of 3

These are the minutes of the Texas Transportation Commission Audit Subcommittee quarterly meeting held August 28, 2013, in Austin, Texas. The meeting convened at 11:03 a.m. with the following members present:

Audit Subcommittee Members:

Fred Underwood	Commissioner, Audit Subcommittee Chair
Jeff Austin, III	Commissioner, Audit Subcommittee Member

Administrative Staff:

Benito Ybarra	Chief Audit Executive
John Barton, P.E.	Deputy Executive Director
Jeff Graham	General Counsel

Registration sheets listing others in attendance are on file with the Texas Department of Transportation Audit Office.

A public notice of this meeting containing all items on the proposed agenda was filed in the office of the Secretary of State at 8:03 a.m., August 20, 2013, as required by Chapter 551 of the Government Code, referred to as “The Open Meetings Act”.

Opening remarks were made by Commissioner Underwood and Commissioner Austin.

Item 1. Approval of Minutes from the May 29th, 2013, Quarterly Meeting

The Minutes were presented by Benito Ybarra, Chief Audit Executive, and approved by Commissioner Underwood and Commissioner Austin.

Mr. Ybarra and John Barton, Deputy Executive Director, congratulated and commended Dalton Ritter for his service with TxDOT, upon the announcement of his retirement.

Item 2. Internal Audits Completed

There were three audit reports presented this quarter.

Benito Ybarra, Chief Audit Executive, (CAE), summarized and commented on the *Privacy Audit, Data Classification Audit, and the Tuition Assistance Program (TAP) MAP Follow-Up*.

Craig Otto, Audit Section Director, presented the *Privacy Audit*.

The objective for the *Privacy Audit* was an evaluation of practices for safeguarding and transmitting non-public or private information in accordance with established policies, procedures and regulations.

The audit focused on the Finance (FIN) and Human Resources (HRD) Divisions and six FIN and HRD district sites. FIN and HR directors worked collaboratively with audit staff.

Confidential information includes expense reports that may contain social security numbers and addresses, and other documents that may contain other personal information.

Communication and training on securing confidential documents after work hours needs to be conducted with the employees. The management concurred with the findings and prepared management action plans (MAP) to correct the deficiencies.

Mr. Otto presented the results of the *Data Classification consulting engagement*.

The objective of this engagement was to provide recommendations for the establishment of a department-wide data classification policy based on industry best practices and regulatory considerations.

Work performed included a review of current department policies and regulations and external data classification articles and benchmarking information to help establish recommended criteria to develop a data classification policy.

It was recommended that the Chief Information Officer work with TxDOT Administration to implement the recommended data classification policy for all of TxDOT.

Mr. Otto presented the *Tuition Assistance Program MAP Follow-Up (TAP) engagement*.

The objective of this audit was to assess the status of corrective actions for high risk Management Action Plans. (MAPs) previously communicated in the TAP Audit Report issued August 28, 2012.

Results included an evaluation of fourteen MAPs to determine if corrective actions were implemented as agreed. Of the fourteen MAPs, thirteen were closed; One remained open and required completion, and five new MAPS were created. Corrective actions were identified: consistency on over-site, and to standardize reporting to TxDOT Administration.

Item 3. FY 2013 Review

External Audit

Highlights included: \$8 million cost recoveries/cost avoidance, and 62 Overhead Audit Self-Certification training sessions to TxDOT business partners.

Investigations

125 investigations completed (48 substantiated); provided Ethics/Investigations Awareness Training to 9 districts and Purchasing Card Internal Controls Training to General Services Division; and requested to present Benford's Law training at Citibank User Conference in FY 2014 in Austin, Texas.

Internal Audit

Forty engagements completed: 35 audit engagements completed and 5 Consulting Engagements.

Audit Office Internal Performance Metrics

The Audit plan was completed and the 90% target was met. Customer satisfaction and Internal Quality Assessment were met. The Audit Office had a target of 50% for each employee to complete the Smith Driving System and the target was met.

Enterprise Risk Management Components

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Quarterly Mtg., August 28, 2013

A summary of audit coverage and results, based on Enterprise Risk Management control activities was provided. Focus on control activities and monitoring will be a continuing theme, based on results.

In addition, Commissioner Austin mentioned that this type of summary reporting will assist in determining areas to audit and those that require less audit, based on the assurance being provided. Reviewing these metrics year over year will be important.

Item 4. FY 2014 Audit Plan

Benito Ybarra, Chief Audit Executive, presented the *FY 2014 Audit Plan* to Commissioner Underwood and Commissioner Austin and asked for their approval of the recommendation.

The FY 2014 Audit Plan included Planned Audits, Follow-Ups, Advisory Services and FY 2013 Audits to be carried over.

Commissioner Underwood and Commissioner Austin approved the recommendation of the FY 2014 Audit Plan.

Item 5. Executive Session

The Executive Session was not deemed necessary.

Closing Comments

Commissioner Underwood stated that the next Audit Subcommittee Meeting would be held December 18, 2013. The members thanked all for attending the meeting.

The meeting was adjourned at 11:37 a.m.

APPROVED:



Commissioner Fred Underwood, Chair
Texas Transportation Audit Subcommittee