

January 2, 2017

These are the minutes of the Texas Transportation Commission Audit Subcommittee quarterly meeting held on December 14, 2016, at 125 E. 11<sup>th</sup> Street, Austin, Texas 78701. The meeting convened at 10:04 a.m. with the following members present:

**Texas Transportation Commission Audit Subcommittee:**

Jeff Austin, III	Commissioner, Audit Subcommittee Chair
J. Bruce Bugg, Jr.	Commissioner, Audit Subcommittee Member

**Staff:**

Benito Ybarra	Chief Audit and Compliance Officer
Jeff Graham	General Counsel
Brian Ragland	Chief Financial Officer
Darran Anderson	Director of Strategy and Innovation
Bill Hale	Chief Engineer
Randy Hopmann	Director of District Operations

A public notice of this meeting containing all items on the proposed agenda was filed in the Office of the Secretary of State at 11:35 a.m. on December 6, 2016, as required by Government Code, Chapter 551, referred to as "The Open Meetings Act."

**ITEM 1. Approval of Minutes of the August 24, 2016, Audit Subcommittee meeting**

This item was presented by Benito Ybarra.

**ITEM 2. Independent Auditor's Report**

This item was presented by Kevin Smith, Partner, Crowe Horwarth, and Stephen Stewart, Director of the Financial Management Division.

**ITEM 3. Legislative Implementation Update**

**a. State**

This item was presented by Austin Valentine, State Legislative Program Research Specialist, State Legislative Affairs Section of the Government Affairs Division.

**b. Federal**

This item was presented by Andrea Lofye, Director, Federal Affairs Section of the Government Affairs Division.

**ITEM 4. Internal Audit Division Update**

**a. Management action plan follow-up status update**

This item was presented by Craig Otto, Director of the Internal Audit Division.

**b. Audit Reports**

- i. SH183 Managed Lanes Project
- ii. Budget Development, Allocation, and Monitoring

These items were presented by Craig Otto, Director of the Internal Audit Division.

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**ITEM 5. Compliance Division Update**

- a. Summary of Findings from External Assurance Providers
- b. Summary of Investigations for FY16 and Q1-FY17
- c. Audit Report:
  - i. Texoma Area Paratransit System Audit

These items were presented by Kristin Alexander, Director of the Compliance Division.

The general session was adjourned at 11:06 a.m.

**ITEM 6. Executive Session Pursuant to Government Code, Chapter 551**

- a. **Section 551.071** - Consultation with and advice from legal counsel regarding any item on this agenda, pending or contemplated litigation, or other legal matters
- b. **Section 551.074** - Discussion concerning the performance evaluation and duties of the Chief Audit and Compliance Officer

The Audit Subcommittee convened in executive session at 11:08 a.m. and adjourned at 11:21 a.m.

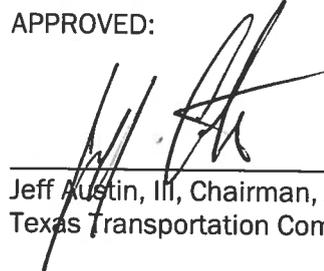
The Audit Subcommittee reconvened in general session at 11:22 a.m.

**ITEM 7. Compensation Approval**

The subcommittee members unanimously approved the Minute Order setting the annual compensation of the Chief Audit and Compliance Officer.

Commissioner Bugg motioned adjournment and Commissioner Austin seconded the motion. The Audit Subcommittee voted 2 - 0 to adjourn. The Audit Subcommittee meeting of the Texas Transportation Commission was adjourned at 11:27 a.m.

APPROVED:



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Jeff Austin, III, Chairman, Audit Subcommittee  
Texas Transportation Commission

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