

March 28, 2017

These are the minutes of the Texas Transportation Commission Audit Subcommittee quarterly meeting held on March 28, 2017 at 125 E. 11th Street, Austin, Texas 78701. The meeting convened at 9:03 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
Marc D. Williams, P.E	Deputy Executive Director
Rich McMonagle	Chief Administrative Officer
William L. Hale, P.E.	Chief Engineer
Darran Anderson	Director of Strategy and Innovation
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 1:28 p.m. on March 20, 2017, as required by Government Code, Chapter 551, referred to as "The Open Meetings Act."

ITEM 1. Approval of Minutes of the December 14, 2016, Audit Subcommittee meeting

This item was presented by Benito Ybarra. Commissioner Austin made a motion, which was seconded by Commissioner Bugg, and the audit subcommittee approved the minutes of the December 14, 2016, audit subcommittee meeting by a vote of 2 - 0.

ITEM 2. 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. Commissioner Austin requested further information on designated time limits on Memorial Highways.

b. Federal

This item was presented by Audrey Koehler, State/Federal Relations Representative, Federal Affairs Section of the Government Affairs Division. Commissioner Austin asked for a comparative performance on Pavement and Bridge, State of Texas vs. Federal. For the Non-Federal Implementation Pilot Program (P3 Pilot Program) the audit subcommittee would like to know who the department is competing against.

ITEM 3. Financial Management Division Update

a. Review and recommendation for a 1-year extension of the contract with the independent auditor

This item was presented by Stephen Stewart, Director, Financial Management Division and Kristin Alexander, Director, Compliance Division. Commissioner Austin made a motion, which was seconded by Commissioner Bugg. The audit subcommittee approved the recommendation for Crowe Horwath

March 28, 2017

LLP for an additional year. The audit subcommittee would like to revisit the topic next year to ensure TxDOT is still receiving the best value.

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. No action was taken by the audit subcommittee on this item.

b. Audit Reports

i. Real Estate Management Program

This item was presented by Craig Otto, Director of the Internal Audit Division. The Right of Way Division (ROW) will be sharing a preliminary inventory as part of a Management Action Plan in April. The audit subcommittee would like to revisit this topic and receive updates on real estate every other meeting.

In addition to the items discussed, Commissioner Austin and Commissioner Bugg asked what burden the hiring freeze is having on the staffing level for the Compliance Division and the Internal Audit Division. A request was made to discuss recommendations in more detail during the May 24, 2017 audit subcommittee meeting.

ITEM 5. Compliance Division Update

a. Internal Compliance and Ethics Program Update

This item was presented by Kristin Alexander, Director of the Compliance Division. The audit subcommittee requested a list of entities that have not provided Internal Compliance and Ethics Programs (ICP) be provided to the subcommittee at the May 24, 2017 meeting. In addition to this list, the committee requested a list of action plans and delinquencies.

b. Summary of Investigations for Q2-FY17

This item was presented by Kristin Alexander, Director of the Compliance Division. The audit subcommittee took no action on this item.

ITEM 6. Executive Session

Pursuant to Government Code, Chapter 551 Section 551.071 – Consultation with and advice from legal counsel regarding any item on this agenda, pending or contemplated litigation, or other legal matters

The audit subcommittee deemed an executive session not necessary.

The meeting of the March 28, 2017, audit subcommittee was adjourned at 10:05 a.m.

APPROVED:



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