

**Audit Committee Minutes**

**Tab 19**

**Background:**

Minutes from the August 7, 2014, meeting are included for your review.

**Audit Committee  
Agenda Item 2.**

**Expected Action:**

The Committee will review, revise as appropriate and approve.

**AUDIT COMMITTEE MEETING  
DRAFT MINUTES  
AUGUST 7, 2014**

**COMMITTEE MEMBERS PRESENT**

Andrew Crim, Chair

Mary Durham, Council Chair

Scott McAvoy

**COMMITTEE MEMBERS ABSENT**

John Morris

**COUNCIL MEMBERS PRESENT**

Gladys Cortez

Lora Taylor

**STAFF MEMBERS PRESENT**

Roger Webb,  
Executive Director

Martha Cantu  
Joanna Cordry

Sonya Hosey  
Koren Vogel

**GUESTS PRESENT**

Jaye Stepp, Rupert & Associates

**CALL TO ORDER**

The Audit Committee of the Texas Council for Developmental Disabilities convened on Thursday, August 7, 2014, in the Wildflower Room at the Hilton Austin Airport Hotel, 9515 Hotel Drive, Austin, TX 78719. Committee Chair Andrew Crim called the meeting to order at 4:06 PM. A quorum was not initially present.

**1. INTRODUCTIONS**

Committee members, staff and guests were introduced. Lora Taylor acknowledged that she is considering serving on the Audit Committee to replace Jeff Kaufmann. As the representative from the Texas Department of Aging and Disability Services (DADS), Kaufmann is no longer a Council member since he is no longer employed at DADS, thus the vacancy on the Audit Committee.

**2. REQUEST FOR QUALIFICATIONS FOR INTERNAL AUDIT ACTIVITIES**

Crim reported that Jaye Stepp is stepping down from her position as TCDD Internal Auditor. Stepp is separating from her position at Rupert & Associates and that firm no longer has staff available to fulfill the duties of the TCDD contract for internal audit activities.

TCDD Operations Director Martha Cantu discussed the process to select a new auditor and noted that the process has been streamlined since the last time TCDD posted a Request for Qualifications for audit services. Cantu reported that TCDD has access to the Texas Multiple Award Schedule (TXMAS) which is a list of pre-approved and pre-qualified vendors for specific services. TCDD can contact the specific vendors for audit activities via email to ask for a "statement of work" which would include qualifications, services, background, etc. Cantu noted that five Austin firms are listed for audit services and she will contact all five. Applicants can provide a pricing structure based on the statement of work and interviews can be conducted with the firms who provide a response. The consensus of the Committee was to utilize this process and Committee member Scott McAvoy offered to assist with the interview process.

It was noted that Council policy requires the internal auditor to be approved by the Council. If the process can be completed prior to the November meeting, the Audit Committee can meet at that time and provide a recommendation for approval by the Council.

Internal Auditor Jaye Stepp added that any firm experienced in audit activities should provide a Quality Assurance Review (QAR) or "peer review". Stepp also noted that she is available to answer questions as well as assist on an interim basis based on a personal services contract if necessary.

**3. APPROVAL OF MINUTES**

A quorum now being present, the Committee reviewed the minutes from the October 23, 2013, Committee meeting. No revisions were offered

**MOTION:** To approve the minutes of the October 23, 2013 Audit Committee meeting as presented.

**MADE BY:** Mary Durham

**SECOND:** Scott McAvoy

The motion **passed** unanimously.

**4. FY 2014 RFP ADVISORY REPORT**

Stepp discussed Internal Audit Report #2014-1 conducted as an advisory project on TCDD's Request for Proposals (RFP) process. She noted that she spent a great deal of time attempting to find ways to improve the process but acknowledged that TCDD implemented changes to streamline the process for some projects during 2013 and those actions have been effective. She concluded that the documentation provided identified and organizes the process and activities and included appropriate and adequate review and oversight control steps. Stepp also acknowledged looking to other state DD Councils regarding their RFP process but found the responses to be that most others are looking to Texas as an example.

**MOTION:** To accept Internal Audit Report #2014-1.

**MADE BY:** Mary Durham

**SECOND:** Scott McAvoy

The motion **passed** unanimously.

**5. FY 2014 ANNUAL INTERNAL AUDIT REPORT**

Stepp reviewed the FY 2014 Internal Audit Report but noted that the format for submission to the State Auditor's Office for FY 2014 was not available when the report was drafted. As this format has just been released, it can be revised before submission. Stepp discussed Part I of the report noting that TCDD is in compliance with House Bill 16 which requires audit reports to be posted to the agency website within 30 days of approval. Part II of the report notes the advisory project reported in Internal Audit Report #2014-1. Part III of the report notes that the advisory project is considered a consulting engagement as defined in *The International Standard for Professional*

*Practice of Internal Auditing.* Part IV of the report notes the Quality Assurance Review was conducted in 2012 and no significant weaknesses were identified at that time. As Part V of the report concerns the Internal Audit Plan for FY 2015. Stepp noted that once a new internal auditor is selected and a risk assessment is completed, an amendment with this information can be filed. Part VI of the report defined external audit services for FY 2014 as internal audit functions and independent desk reviews of grant audit reports. Part VII of the report notes that TCDD is in compliance with the General Appropriations Act and the Texas Government Code in that TCDD has a link on the agency website directly to the State Auditor's website for reporting suspected fraud, waste or abuse.

**MOTION:** To recommend Council approval of the FY 2014 Annual Internal Audit Report.

**MADE BY:** Scott McAvoy

**SECOND:** Andy Crim

The motion **passed** unanimously.

**6. OTHER UPDATES**

Stepp expressed her pleasure in working with TCDD for over a decade.

Executive Director Webb provided a history of the Audit Committee and Internal Audit Activities beginning when Texas Rehabilitation Commission was the designated state agency for TCDD. Committee and the Council members present discussed expanding the number of members of the Audit Committee. Members noted that conducting Committee business would be more effective with more members available for meetings. Members discussed a percentage of Council members but noted 7 members to be a good number.

**MOTION:** To recommend revision to Council policies to expand the number of Audit Committee members

**MADE BY:** Mary Durham

**SECOND:** Scott McAvoy

The motion **passed** unanimously.

**ADJOURN**

Committee Chair Crim adjourned the Audit Committee meeting at 5:12 PM.

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Roger A. Webb  
Secretary to the Council

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Date