

**AASHTO Audit Subcommittee Meeting
Business Meeting
Thursday, July 27, 2006
Minutes**

Meeting Called to order at 1:30 PM

Minutes from 2005 meeting were accepted

Host states:

- 2007 – Virginia
- 2008 – Texas
- 2009 – Maryland
- 2010 – New Mexico

Task Force Reports:

Peer Review

John Parker gave the annual report. Asked states to check their balances by Sept. 30 and let him or Bill Gallant know if there needs to be corrections. New Panel Members Dan Young of Montana and Suzie Thayer of Minnesota. Red Book Spreadsheet Volunteers: Montana, Texas, New York. Yellow Book Spreadsheet Update Volunteers: Performance - Delaware and Oregon; Attestation - Missouri, Iowa and Florida; All volunteers (including new ones) please e-mail Bill Gallant for volunteering and confirmation. Thanks to all volunteers and panel members.

Audit Quality Award

Linda Zinzow reported. The 2006 recipient is Frank Morway of Michigan. Congratulations were given to Frank although he could not be present at the Montana meeting.

Internal Audit Guide

John Jeffers reported that this may need to be revisited after the Yellow Book is updated.

(Uniform) Audit Guide – Consultants and ACEC

Jerry Jones reported on the ACEC Joint Meeting earlier on July 27. A number of efforts are underway including: Updating the Uniform Audit Guide reflecting relevant changes in the Yellow Book, 174 charges, results of USDOT OIG Audit on Consultant Overhead rates, Executive Compensation Guidance, General Lessons Learned from consultant audits/attestations, and an audit/review guide for CPA firm working papers on Consultant Overhead rate audits. Jerry mentioned that he would like the Subcommittee to respond to the OIG report on Consultant Overhead rates which is expected to be given to FHWA on September 30, 2006.

Discussion occurred with regards to the value of including ACEC in SubCommittee meetings. Generally it was held as being a benefit. However, a letter will be sent to AASHTO/SCoFA with regards to appropriate professional interaction and a cooperative working relationship.

Railroads

Cecil Bragg and Owen Whitworth commented on LSX and BNSF Railroads respectively. Florida is planning to reduce rate audits to every other year. Owen reported that BNSF's FY04 report is pending.

Audit Standards

Cecil Bragg reported that he would coordinate comments on the proposed Yellow Book, which is due August 15, 2006. He asked for comments by August 4. Roger Roberts offered to solicit comments via e-mail. New committee members are Gene Robbins of Kansas and David Green of Oklahoma.

Consultant Audit List

Lamar McDavid reported this was published recently. Members should plan on reporting their input in May of each year to Alabama.

Internal Audit List

Jerry Jones reported this was published recently. Members should plan on reporting their input in April of each year to Michigan.

Other

Old Business

2007 Joint Meeting

Lamar McDavid reminded the group that the 2007 meeting in Norfolk, Virginia will be a joint meeting with the Council on Fiscal Management and Accounting SubCommittee. We can also expect to have some representatives from the Steering Committee on Administration and Finance (SCAF). The joint portion will probably be Monday and Tuesday.

Registration Fees

Discussion about charging non-AASHTO, DOTs, FHWA liaison members a higher registration fee. This is common with other professional organizations' conferences and training events. Also, AASHTO members pay an AASHTO membership fee. This was passed (24 yes with 4 dissenting votes).

New Business

PPP Guide

Motion made and passed to develop a Public Private Partnership Guide. Jerry Jones asked for volunteers to develop it. The group should also include representatives from the Council on Fiscal Management and Accounting. Jerry Jones of Michigan will chair. Other volunteers: Texas, Arizona, Virginia, Florida and Indiana.

Uniform Audit Guide

A motion was made and passed to set up a task force to update the Uniform Audit Guide. Jerry asked for volunteers for the Uniform Audit Guide Task Force. Volunteers included: Florida, North Carolina, California (Paula) and Missouri.

Jerry asked that the Task Force also consider training of consultants.

OIG Consultant Overhead Rate Audit

Lamar and Jerry reiterated that the SubCommittee should provide a response to this. John Jeffers offered to inform us when report is available. Members will be asked for input at that time.

Election of Officers

Existing Officers Lamar McDavid, Chair; Jerry Jones, Vice Chair; and Carri Rosti, Secretary were nominated for a second two year term as provided in the SubCommittee Bylaws. There was much discussion about the benefits and disadvantages of retaining the same individuals in these positions for (a maximum) of four years. Also, it was pointed out that progression of the officers through the positions is not included in the Bylaws. The slate of nominees was accepted with one "nay" vote.

Meeting adjourned at 4:20 PM