

**Administrative Subcommittee on Internal and External Audit
Business Meeting Minutes
July 19, 2007**

Call to Order

Lamar McDavid-AL called to order the regular Business Meeting of the Administrative Subcommittee on Internal and External Audit at 1:45 p.m. on July 19, 2007 in Norfolk, VA.

Approval of Minutes from Last Meeting

Motion made and seconded to accept the minutes from the July 27, 2006 meeting. The minutes were approved as submitted.

Host States for Future Conferences

Lamar restated the location of the 2008 Conference will be in Texas and the 2009 Conference will be held in Maryland. There is still an opening for 2010. Jana Cassidy said Ohio would like to host, this was affirmed. Arizona extended an invitation to host the 2012 meeting, this was also affirmed. Lamar announced that 2011 is still open and offered thanks to Virginia for their hospitality for this year's conference.

Public Private Partnership

Jerry Jones-MI reported on the progress of the Audit and Finance Guide. The PPP Scan report is complete and available on the FHWA website (http://www.international.fhwa.dot.gov/links/pub_details.cfm?id=535).

Ted Ferragut – TDC Partners, Ltd., is working with SCAN team members on the implementation of the SCAN recommendations. A \$40,000 grant has been obtained for development of a financial model. The World Bank has given permission to use their model, with proper credit given. Mr. Ferragut has also extended an invitation for two firms that are starting to conduct business in the U.S. on PPPs, to see if they may be interested in working with us on this effort.

Task Force includes:

Jerry Jones – MI
Owen Whitworth – TX
Judson Brown – VA
Jeffrey Owens – FL
Brian McInnis – AZ
Andy Jackson – IN
Paula Rivera – CA

Others interested in joining the Task Force, please contact Jerry Jones.

Task Force Reports

Peer Review

Bill Gallant-DE reporting

Bill passed out the annual report on peer review activities. It will be posted on the Subcommittee website. Notify Bill Gallant or Romi Shaw if corrections are needed.

Membership:

Romi Shaw to take over as the Chair of the Peer Review Panel from Bill Gallant this coming year, 2007-2008.

Other Panel members:

Dan Young-MT

Suzie Thayer-MN

(Mark Eccles-KY stepped down)

Need new members. Suggested the bylaws be changed to include a sixth member.

(Motion made, seconded and passed.)

First person picked will be the fourth member and will have a four year term.

Brenda Morris – MO

Affirmed

Five year term – Alice Wilson-KY

Affirmed

Six year term – Marlene Hartinger – OR

Affirmed

Yellowbook Re-write needs to be reflected in Peer Review Spreadsheets for reviewing workpapers.

Performance Standards

Suzanne Thayer-MN to head

Marlene Hartinger-OR

Brenda Morris-MO

Dan Maher-DE

Financial/Attestation Audits Standards

Jeffrey Owens-FL

Romi Shah-MD

Need new participants because Romi will be taking over Peer Review. Please e-mail Romi if interested.

Peer Review Panel is interested in knowing which states are going paperless in the next few years. This may affect how Peer Review is done.

Peer Review solicitation may include request for volunteers to work on the Yellowbook update.

Romi to work up a procedure to present next year on how to award points for review working papers.

Solicitation for next series of peer reviews and team members to follow soon after meeting.

Lamar presented Bill a plaque for his service as Panel Chair.

DCQA (Dave Campbell Quality Award)

Sherry Barton-SC

No award was given this year. Confusion about what the award is for.

A handout was presented of proposed guidelines for group input.

Proposed list of guidelines was adopted and will likely be posted on the Subcommittee website.

DCQA members

Sheri Barton – SC

Linda Zinzow – NY

Joe Maleszewski- FL

Roger Roberts – AASHTO

Carri Rosti – Subcommittee officer representative (Secretary position)

Audit Guide

Jerry Jones-MI

Audit Guide clarification issues

Cognizance issues

Compensation

Materiality

Yellow Book changes

Section 174 changes

Add appendices regarding CPA work/review

Internal Control questionnaire standardization – Should the Audit Subcommittee create this?

Other issues may result after the OIG audit is published.

Decided to re-establish the Task Force for updating the Guide. Todd Jones will initiate the first meeting. A permanent lead will be selected then, along with a scribe.

Task Force Members:

Carri Rosti-ID

Bernie Gellner-AZ

Jana Cassidy-OH

Jeffrey Owens-FL

Jerry Jones-MI

Todd Jones-NC (will initiate first meeting)

Garry Dobek-CT

Donna Ferenc-ME

Tom Devine-IA

Brice Kalland-MN
Russ Wright-KY
FHWA-Dave Bruce was added to this in September 2007
Roger Roberts-AASHTO

Internal Audit

Jerry Jones-MI

2006 Internal Audit Report posted on Subcommittee website. Members were asked to plan on sending internal audit report lists every April to Frank Morway - MI.

External Audit List

Wayne Cobb-AL

Report will be posted on Subcommittee website.

Audit Standards

Cecil Bragg – new GAO Standards have been revised.
Peer Review cycle remained at three years.

Internal Audit Guide

John Jeffers retired

Members:

Chair: Alveena Williams - AL

Alia Wilson – TX

Ronnie Atkins – FL

Sheri Sanford – MD

Railroads

Bruce Dillard-NC and Dalton Ritter-TX - reported separately.

BNSF

- TX developed rates for 2003 and 2004; accepted by FHWA.

CSX

- Florida developed rates for 2003 and is working on 2005
- Multi state audit of project billings done in the spring 2007, still in process clearing questions.

NS

- KPMG, CPAs developed rates for 2005.

UP

- 2004 rates have been reviewed and report will be issued in fall of 2007.
- UP has developed data on 2005 and 2006 rates but it has not yet been reviewed.

RR taskforce members for 2007-08 are:

Tammy Montanez-NC - Chair

Jerry Hall-VA

Jim Dietsch-NE

Donna Ruder-MO

Carlos Mistry-FL
Dalton Ritter-TX

There are discussions with CSX and NS regarding whether or not their independent CPA would do an agreed upon procedures of project billings similar to the BellSouth Single Audit.

Audit of AASHTOWare Audit Contracts

Roger Roberts-AASHTO

The program manager of AASHTOWare has asked for help on audits of contractors' overhead.

5 contractors for AASHTOWare
InfoTech is the largest contractor

Roger proposed Desk Review
Review Audits
Work Papers

Roger has desk audit procedure – wants volunteers to look at it
Cecil Bragg – FL
Romi Shah – MD

Old Business – none

New Business

Dennis Schultz is retiring from Wisconsin. We wish him well.

Cecil Bragg, FL, agreed to have his office assist States in determining whether the PBSJ or URS overhead overstatements affected them. Interested States should contact Jeffrey Owens at 850-410-5834. Information should be available by November 2007.

Discussion about video conferencing future meetings. Not generally accepted.

An updated Task Force list, along with their purposes and current members, will be added to the AASHTO Audit Subcommittee Website.

Adjournment

Lamar McDavid adjourned the meeting at approximately 3:30p.m..

Minutes submitted by: Carri Rosti - ID