



# Audit Subcommittee

Quarterly Meeting



3/24/2026



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# 1. Greer Building Safety Video



3/24/2026

## 2. Approval of Minutes

December 16, 2025, Audit Subcommittee Meeting



3/24/2026

# 3. Compliance Division

Cheryl Durkop, Division Director

### 3.a. Summary of Investigations: FY 2026, 2<sup>nd</sup> Quarter – Part 1

- 26 open investigations; 20% decrease from Q1
- 30 closed investigations; 26% decrease from Q1
  - 13 substantiated investigations
  - 17 unsubstantiated investigations

#### CLOSED INVESTIGATIONS LOCATION

■ Districts ■ Divisions ■ Third Party

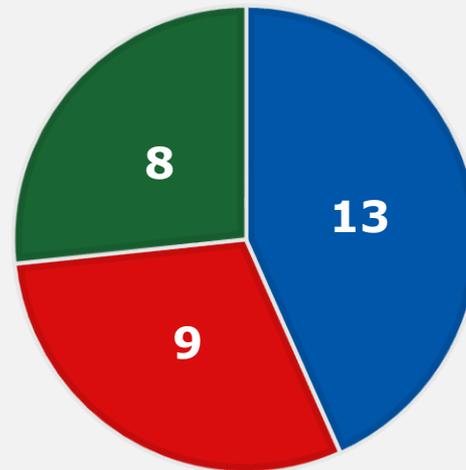


Figure 1 - Closed Investigations Locations **5**

### 3.a. Summary of Investigations: FY 2026, 2<sup>nd</sup> Quarter – Part 2

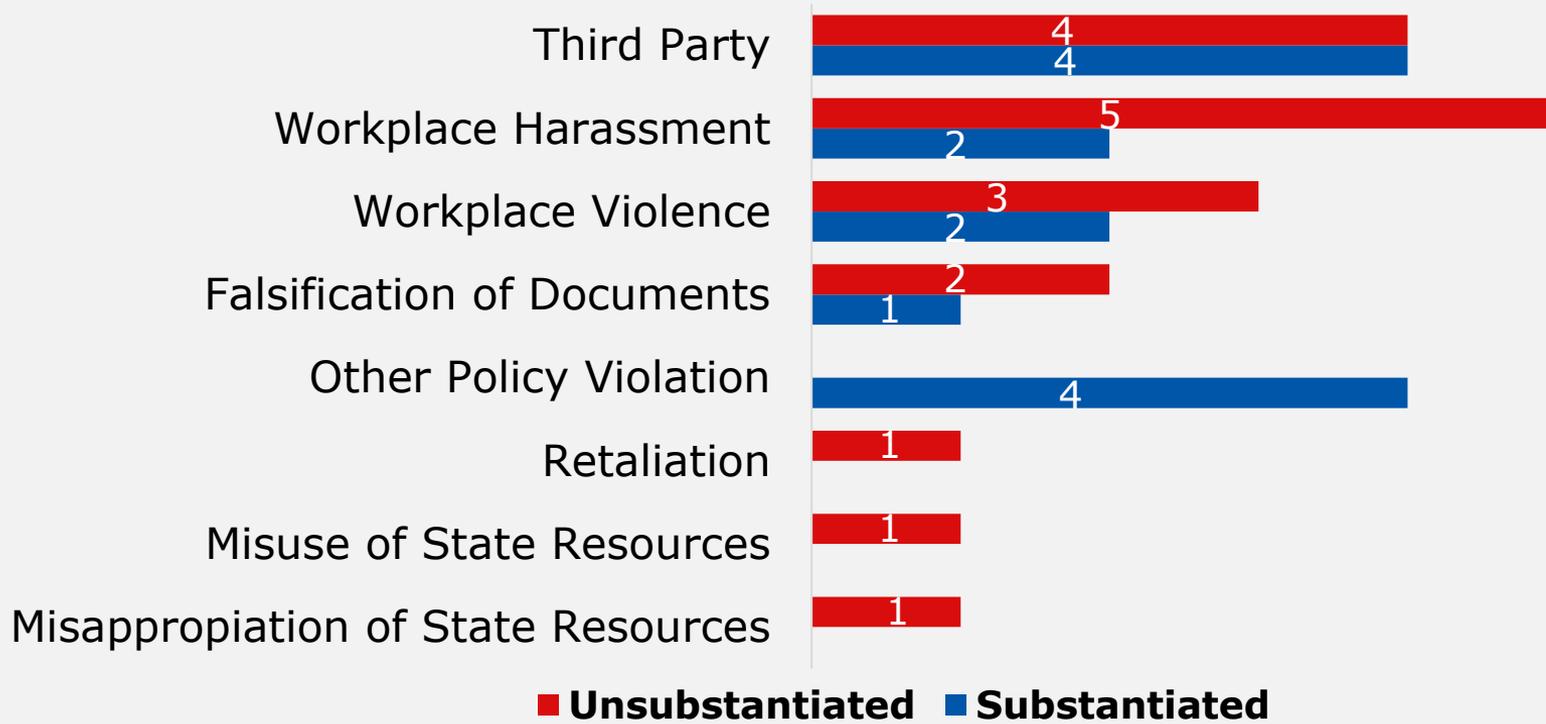


Figure 2 – Outcome by Allegation Category

### 3.a. Summary of Investigations: 12-Month Summary

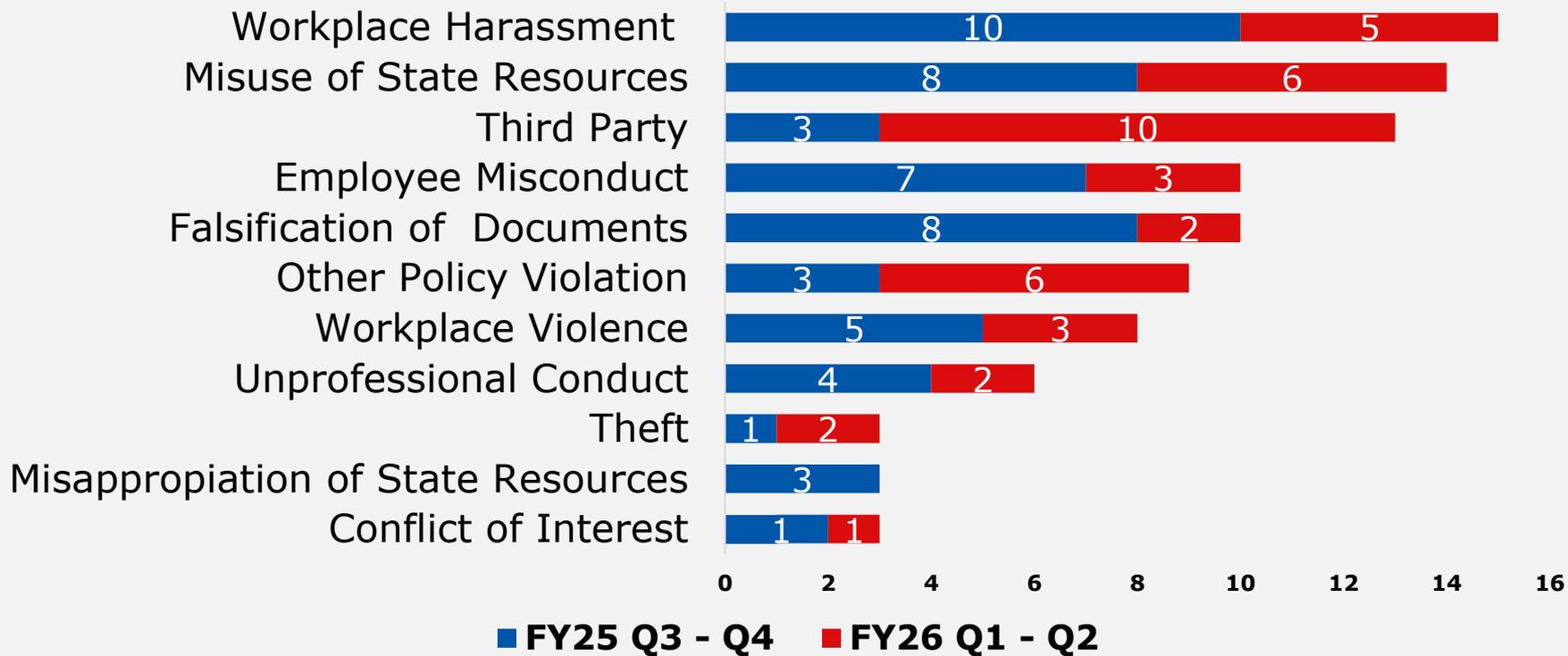


Figure 3 – 12-month Summary of Substantiated Allegations by Category

## 3.b. Compliance Division Metrics

Met or exceeded most performance measures, including training and certification targets, fraud allegation triage timeliness, investigative readiness, quality assurance standards, and outreach activities.

- **Met: 8**
- **Did Not Meet: 2**

Areas of focus for next quarter include reassessing project timelines to meet anticipated completion dates and monitoring training schedules to ensure division employees complete required courses within expected timeframes.



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# 4. Internal Audit Division

Craig Otto, Division Director

## 4.a.1. Multiple Use Agreements Audit – Priority 3

**Overview:** Multiple Use Agreements (MUA) allow for the utilization of right of way sections by public entities.

**Impact:** Program lacked consistent tracking, oversight, and monitoring which led to inaccurate reporting, inconsistent inspections and agreements, and potential missed revenue. These impacts raise safety and right of way misuse concerns.

**Mitigation:** Planned corrective actions involve standardizing tracking, strengthen approvals, reassessing and enforcing inspection timelines, and improving MUA compliance across the MUA lifecycle.

## 4.a.1. Multiple Use Agreements Audit Examples

### **Tracking Examples:**

- Inconsistencies were identified in location and counts of MUAs.
- Five non-interstate MUAs were reported unnecessarily.

### **Oversight Examples:**

- 9 of 11 (82%) parking lot MUAs lacked required contractual clauses.
- Two MUAs did not verify the fees collected by public entities were compliant.

### **Monitoring Examples:**

- Inspections were not performed or documented on all 18 MUAs audited.
- 1 of 10 (10%) MUA was not maintained well (i.e., graffiti, litter)

## 4.a.2. Construction Change Order Price Justification – Priority 3

**Overview:** Change orders (COs) are used to amend contract work whenever there is significant change in the character of the work.

**Impact:** Lack of documentation to support both verbal approvals and line-item pricing could impair TxDOT's position in contractor disputes or give the public the perception of poor contract administration.

**Mitigation:** Planned corrective actions involve standardizing documentation and approval requirements, updating policies and training, enhancing monitoring, and establishing clearer expectations for verbal approvals, positive pay usage, and price justification.

## 4.a.2. Construction Change Order Price Justification Examples

### **Verbal Approval Examples:**

- Missing documentation to support verbal approval.
- Timing between the verbal approval and final documented approval ranged from 30 to 344 calendar days.

### **Pricing Examples:**

- Missing documentation to fully support \$5.9M of CO pricing.
- Pricing was determined from outdated equipment sources; resulting in a \$22K variance.
- Missing detail on how \$1.7M in CO's was determined to be fair and reasonable.

## 4.b. Internal Audit Division Metrics

Met or exceeded most performance measures, including collaboration with state DOT audit functions, state agency audit functions, training and certification targets, quality assurance standards, and safety training.

- **Met: 6**
- **Did Not Meet: 1**

Internal Audit metrics are reviewed quarterly to promote consistent performance.



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# 5. Executive Session



3/24/2026

# Adjourn

**HELP MAKE TEXAS SAFER FOR EVERYONE**

**DRIVE *like a* TEXAN™**

**Kind. Courteous. Safe.**

