

TEXAS HIGHER EDUCATION COORDINATING BOARD
Agency Operations Committee

Wednesday, October 19, 2016
Board Room, 1st Floor
Room 1.170
2:00 p.m.
1200 East Anderson Lane, Austin, Texas

The Committee on Agency Operations convened at 2:00 p.m. on October 19, 2016, with the following members present: John Steen; presiding; David Teuscher; Javaid Anwar; Fred Farias; Ricky Raven; and Stuart Stedman.

Other Board Members present: Janelle Shepard

AGENDA ITEM	ACTION
I. Welcome and Committee Chair's Opening Remarks	Chair John Steen called the meeting of the Agency Operations Committee to order.
II. Consideration of Approval of the Minutes from July 20, 2016, Committee Meeting	On a motion by Mr. Ricky Raven, seconded by Mr. Javaid Anwar, the Committee approved the July 20, 2016, Agency Operations Committee meeting minutes.
III. Public Testimony on Agenda Items Relating to the Committee on Agency Operations	No action required
IV. Internal Audit	
A. Final Report on the External Quality Assessment of the Internal Audit Function at the Texas Higher Education Coordinating Board	Mr. George J. Shemo, President of G. Shemo Consulting, Inc. briefed the Committee via telephone regarding the results of the External Quality Assessment of the Internal Audit Function. Joining Mr. Shemo on the briefing was Dave MacCabe, who assisted Mr. Shemo on the review. This item did not require any action.

AGENDA ITEM	ACTION
V. Compliance Monitoring	
A. Final Report on the External Quality Assessment of the Compliance Monitoring Function at the Texas Higher Education Coordinating Board	Mr. George J. Shemo, President of G. Shemo Consulting, Inc. briefed the Committee via telephone regarding the results of the External Quality Assessment of the Compliance Monitoring Function. Joining Mr. Shemo on the briefing was Dave MacCabe, who assisted Mr. Shemo on the review. This item did not require any action.
VI. Agency Operations	
A. Consideration of adopting the staff's recommendation to the Committee relating to the Board Operating Policies and Procedures	On a motion by Dr. David Teuscher, seconded by Mr. Javaid Anwar, the Committee deferred this item to the January meeting. Linda Battles, Deputy Commissioner for Agency Operations and Communications/COO presented this item.
B. Report on Major IT Projects in Progress	Ms. Zhenzhen Sun, Interim Assistant Commissioner, Information Solutions and Services, presented this item to the Committee. This item did not require any action.
C. Report on grants and contracts, including those exceeding \$1 million	No action required.
VII. Finance	
A. Consideration of adopting a resolution authorizing the issuance of State of Texas College Student Loan Bonds in one or more series; and delegating to the Commissioner the authority for the filing of one or more applications to obtain a portion of the state's allocation for private activity bonds	On a motion by Dr. David Teuscher, seconded by Mr. Stuart Stedman, the Committee adopted the resolution authorizing the issuance of State of Texas College Student Loan Bonds in one or more series; and delegating to the Commissioner the authority for the filing of one or more applications to obtain a portion of the state's allocation for private activity bonds.
B. Review of the Year to Date Fiscal Year 2016 Financial Report to the Board	Mr. Ken Martin, Assistant Commissioner for Financial Services/CFO presented this item to the Committee. This item did not require any action.

AGENDA ITEM	ACTION
C. Update regarding the Loan Program Internal Audit Management Responses	Mr. Ken Martin, Assistant Commissioner for Financial Services/CFO presented this item to the Committee. This item did not require any action.
VIII. Internal Audit	
A. Update on Internal Audit Reports and Activities	Mr. Mark Poehl, Director of Internal Audit and Compliance presented this item to the Committee. This item did not require any action.
IX. Compliance Monitoring	
A. Update on Compliance Monitoring Reports and Activities	Mark Poehl, Director of Internal Audit and Compliance presented this item to the Committee. This item did not require any action.
B. Consideration of adopting the staff's recommendation to the Committee regarding South Texas College's proposal regarding the Board's determination that South Texas College not receive certain additional formula funding and repay formula funds rendered in error pursuant to the findings of a Compliance Monitoring report dated July 7, 2016	On a motion by Dr. Teuscher, upon reconvening after executive session, seconded by Mr. Ricky Raven, the Committee made a recommendation to the Board that \$1,157,805 be withheld from payments to South Texas College during the fiscal year 2017 and that the amount of \$1,112,401 already paid to South Texas College not be recouped. Mr. Paul Rodriguez, Chair of the South Texas College Board of Trustees Finance Committee, Dr. Shirley Reed, President of South Texas College, and Cobby Caputo, Attorney with Bickerstaff Heath Delgado Acosta, LLP were present to answer any questions regarding this issue.
X. Executive Session	
A. Pursuant to Texas Government Code Section 551.071, Consultation with Attorney, the Agency Operations Committee will meet in closed session to receive its attorney's advice on legal matters relating to Agenda Item IX-B	The Committee went into closed session at 3:52p and reconvened at 4:36p. There was no action taken during this closed session.

With no further business, on a motion by Dr. David Teuscher, seconded by Mr. Ricky Raven, the meeting adjourned at approximately 4:40 p.m.