

**AUSTIN TRANSIT
PARTNERSHIP BOARD OF
DIRECTORS MEETING**
Austin Central Library

~ Agenda ~

Wednesday, May 18, 2022

2:00 PM

Austin Central Library

710 W Cesar Chavez St. Austin, TX 78701

1. **Public Comment**
2. **Technical Advisory Committee Reports**
3. **Executive Director Report**
4. **Monthly Program Updates**
 1. Community Engagement and Involvement Update
 2. Technical Program Update
5. **Action Items**
 1. Approval of minutes from the April 20 Board Meeting
 2. Approval of a resolution adopting Articles of Amendment to the Austin Transit Partnership Articles of Incorporation to reflect amendments approved by the Capital Metro Board of Directors on April 25, 2022 and by the Austin City Council on May 5, 2022
6. **Discussion Items**
 1. Briefing on ATP Audit Charter
 2. Discussion of upcoming interlocal grant agreements with the City of Austin and CapMetro to implement Project Connect
7. **Adjournment**

ADA Compliance

Reasonable modifications and equal access to communications are provided upon request. Please call (512) 389-7525 or email chloe.maxwell@atptx.org if you need more information.

ATP has resumed in-person board meetings. They can be [streamed live](#) and public comments may be made virtually over Webex or in-person. Those wishing to contribute comments must notify ATP 24-hours before the meeting (by 2:00 p.m. on Tuesday, May 17) by calling 512-389-7525 or emailing chloe.maxwell@atptx.org. Give your name, phone number and the topic you wish to discuss. On the day of the meeting, you will be contacted, added as an attendee of the board meeting, and

have 3 minutes to speak.

Please Note: You will have only one opportunity at the beginning of the board meeting to speak on all items you intend to address.

Public comment will be over Webex (camera may be turned off) or in person. Once registered for Public Comment, a participation link will be distributed.

BOARD OF DIRECTORS: *Veronica Castro de Barrera, Chair; Colette Pierce Burnette, Vice Chair; Steve Adler, Tony Elkins, Eric Stratton, and Gina Fiandaca (ex officio).*

The Board of Directors may go into closed session under the Texas Open Meetings Act. In accordance with Texas Government Code, Section 551.071, consultation with attorney for any legal issues, under Section 551.072 for real property issues; under Section 551.074 for personnel matters, or under Section 551.076, for deliberation regarding the deployment or implementation of security personnel or devices; arising regarding any item listed on this agenda.

Date: May 10, 2022

AUSTIN TRANSIT PARTNERSHIP

Board of Directors Meeting
May 18, 2022

May 18- AGENDA

1. Public Comment

2. Technical Advisory Committee Reports

3. Executive Director Report

4. Monthly Program Updates

1. Community Engagement and Involvement Update
2. Technical Program Update

5. Action Items

1. Approval of minutes from the April 20 Board Meeting
2. Approval of a resolution adopting Articles of Amendment to the Austin Transit Partnership Articles of Incorporation to reflect amendments approved by the Capital Metro Board of Directors on April 25, 2022 and by the Austin City Council on May 5, 2022

6. Discussion Items

1. Briefing on ATP Audit Charter
2. Discussion of upcoming interlocal grant agreements with the City of Austin and CapMetro to implement Project Connect

7. Adjournment

PUBLIC COMMENT

TECHNICAL ADVISORY COMMITTEE REPORTS

- **Engineering, Architecture & Construction Advisory Committee (EAC)**
- **Finance and Risk Committee (FAR)**

EXECUTIVE DIRECTOR'S REPORT

Greg Canally

Interim Executive Director
Austin Transit Partnership

MONTHLY PROGRAM UPDATES:

COMMUNITY ENGAGEMENT AND INVOLVEMENT UPDATE

Community Engagement Update

Event	Participants
<ul style="list-style-type: none"> •April 26 – Blue Line Bridge at Lady Bird Lake Meeting •May 3 - North Line Working Group Meeting •May 10 - Combined Maintenance Facility Community Meeting #1 •May 18 – Pleasant Valley/E. Riverside Working Group Meeting 	<p>193 38</p>
Advisory Groups	
<ul style="list-style-type: none"> •May 6 - PSEC Meeting •May 10 - FAR Meeting •May 12 - CAC Meeting 	



Community Engagement Look-Ahead

- **May 26** – South Shore Working Group Meeting
- **June 1** - Vehicles & Systems Community Meeting
- **June 2** – PSEC Meeting
- **June 8** – CMF Community Meeting #2
- **June 9** – CAC Meeting
- **June 14** – Drag Working Group Meeting
- **June 22** – Tunnel Technology/Subway Concourse & Stations Community Meeting
- **August – September TBD** – Orange & Blue Lines 30% Design Community meetings
- **September TBD** - Draft EIS Public Hearing



MONTHLY PROGRAM UPDATES:

TECHNICAL UPDATE

PROGRAM UPDATES:

Blue & Orange Line Engineering Activities

- Orange Line Draft 30% design comment resolution in progress. Comment verification is to be completed in early May
- Advancing Austin Water (AW) betterment design through workshops and Bluebeam review sessions
- Blue Line Draft 30% design comment resolution in progress and preparing for final submittal on May 27, 2022, Advancing the LBLB (Lady Bird Lake Bridge) design with separate bus and LRT guideway design with grade-separated design for the trail
- Incorporating Barton Springs Road development into Waterfront Station design with Bus on Bridge option
- In coordination with Austin Transportation Department (ATD), advancing the design of a third option for the Pleasant Valley Station, addressing safety and operational concerns from the City

Blue Line: South central Waterfront Station (Before)



Blue Line : South Central Waterfront Station (After)



PROGRAM UPDATES:

Blue & Orange Line Planning/NEPA Progress

- All comments received from the FTA on the Orange Line Administrative Draft EIS (ADEIS) have been responded to, and the revised Draft EIS was submitted back to the FTA for review on April 26, 2022. Additional comments are expected on May 24, 2022, and further revisions made will be resubmitted to FTA Legal, Cooperating Agencies, and the City of Austin for review on June 8, 2022
- Blue Line continues to respond to comments on the ADEIS. The Draft EIS will be submitted to the FTA on May 27, 2022, for review ahead of the FTA legal review scheduled for July 5, 2022
- Both line teams continue to analyze various environmental topics, including, but not limited to, Section 4f/6f, Noise & Vibration, leading to the development of the DEIS documents
- The Orange Line team will meet with the Section 106 (Cultural/Historic Properties) Consulting Parties in May 2022
- The Blue Line team will provide the Historic Resources Eligibility Report to the Consulting Parties in May 2022
- Continued environmental clearance activities for the Combined Maintenance Facility held a public meeting on May 10, 2022

PROGRAM UPDATES:

MetroRapid

Expo & Pleasant Valley

- Projects were recommended for funding by the FTA in the upcoming funding cycle with increased federal share
- Construction on the fourth Expo station in TO#1 is underway; NTP for Pleasant Valley construction TO#1 was issued; TO#2 for Expo is being prepared
- Shelter contract executed and initiated weekly design coordination meetings - TVM & ePaper contracts approved
- Continued design development and submittal reviews (90% and IFC). Emphasis in first quarter on utility coordination and conflict mitigation

Gold Line & South Lamar

- Menchaca 30% design plans submitted for comments on April 14th. 30% Gold Line plans submitted for comments on April 28th. Coordination with TxDOT on the Oak Hill leg underway
- Surveying, SUE, and Geotechnical work began on the S. Lamar project. These tasks will begin on Gold Line once complete on S. Lamar
- Decision to extend Gold Line to N. Lamar Transit Center

PROGRAM UPDATES:

Red Line

Crestview

- 15% PE & Environmental Documents received on March 28 and is being reviewed
- Next deliverable is 30% PE expected by June 30

McKalla Station

- 100% design for double track & drainage improvements received on April 29th and is being reviewed
- Advance Culvert Construction contract awarded by the CapMetro Board in April

Lakeline-to-Leander

- Skeletal trackwork for the second track in progress

Broadmoor Station

- Preparing for Construction

ACTION ITEM 1:

Approval of minutes from the April 20, 2022 ATP Board Meeting

AUSTIN TRANSIT PARTNERSHIP BOARD OF DIRECTORS MEETING

Austin Energy Headquarters
4815 Mueller Blvd, Austin, TX 78723

~ Minutes ~

Board Secretary Casey Burack
512-369-6040

Wednesday, April 20, 2022
2:00 PM

2:12 PM Meeting Called to Order
7:32 PM Meeting Adjourned

I. Public Comment

Ms. Zenobia Joseph and Mr. Ben Alford joined this meeting.

II. Technical Advisory Committee Reports

ATP Board Chair, Veronica Castro de Barrera, provided the April Engineering, Architecture & Construction Committee (EAC) report. The agenda items were:

- Vehicle procurement process; and
- Blue Line Bridge at Lady Bird Lake.

Ex-Officio Board Member, Gina Fiandaca, updated the Board on the April meeting of the Planning, Sustainability, Equity and DBE Committee (PSEC), which included a discussion of the Blue Line Bridge at Lady Bird Lake.

III. Executive Director Report

Executive Director, Randy Clarke, highlighted the Transit Industry Day scheduled after this Board Meeting on April 26. He indicated the event would be an opportunity for vendors, consultants, and contractors to discuss the program with staff. Mr. Clarke reported that there were 300 individuals registered for the event. After the 30% design is issued, Mr. Clarke expects another industry day.

Mr. Clarke also discussed the grant program; specifically, the small starts grants for Expo and Pleasant Valley. He stated that we are now expecting a greater than 50/50 cost share with the federal government, saving the program around \$500,000.

IV. Monthly Program Update

1. *Monthly Community Engagement Update*

Ms. Nirenberg, Director of Community Engagement and Involvement, provided a three-month Community Engagement Look-Ahead. She reviewed the community meetings that took place over the last month and the participation numbers for each.

Chair Castro de Barrera brought up the Crestview Townhall with Council Members Pool and Vela and the positive feedback about this event. She emphasized that she would like to see this be a model moving forward and that our engagement team seek out the groups that were missing. Mayor Adler reiterated the Chair's comments about the Crestview town hall. Board Member Stratton asked about the possibility of doing a similar townhall style meeting with Council Member Kelly related to commuter rail.

2. Monthly Technical Program Update

ATP's Chief Program Officer, Dave Couch, provided this update.

Mr. Couch provided an update on the NEPA process for the Orange and Blue Lines and discussed the ongoing process of developing the Environmental Impact Statement. He also stated that ATP has received nearly 10,000 comments on the 30% design, and that the team is working through them. With respect to the MetroRapid projects, he stated that work has commenced to build the Expo stations and that CapMetro is in the process of securing a contract to build the shelters.

Board Member Elkins asked if the number of questions and comments to the 30% design is in line with other projects and how the questions between ATP, CapMetro, and the City of Austin are organized. Mr. Couch explained the computer program used and how it sorts the comments. Board Member Elkins asked a follow-up question about the status of other aspects of the program, such as the rolling stock, maintenance facilities, and station design. Mr. Couch stated that while certain of these elements were behind schedule, the overall program is on track and that such areas will catch up.

V. Action Items

1. Approval of minutes from the March 23 Austin Transit Partnership Board Meetings.

RESULT: ADOPTED [UNANIMOUS]

MOVER: Adler

SECONDER: Elkins

AYES: Castro de Barrera, Stratton, Elkins, Pierce Burnette, Adler

ABSENT:

2. Adoption of a resolution determining the executive director leadership of ATP in accordance with Section 4.2.2 of the Joint Powers Agreement, and the possible appointment of an Interim Executive Director

RESULT: ADOPTED [UNANIMOUS]

MOVER: Stratton

SECONDER: Burnette

AYES: Castro de Barrera, Stratton, Elkins, Pierce Burnette, Adler

ABSENT:

VI. Discussion Items

1. Sustainability Policy Briefing

Rob Borowski, CapMetro Sustainability Officer, and Lisa Storer, Program Manager, Sustainability, provided this update.

Mr. Borowski explained that the CapMetro Board recently passed this Sustainability Vision Policy, which guides the planning and provides principles, goals, and action areas for Austin transit.

Board Member Elkins brought up that we must include the private sector as a partner. He also recommended ATP is not be overly prescriptive with respect to sustainability in the technical specs, but instead utilizes performance specs.

In these discussions, Vice-Chair Burnette emphasized the importance of bringing the policy before the Planning, Sustainability, Equity, and DBE Committee. Ms. Storer responded that she had an opportunity to meet with that committee, and she looks forward to a continued partnership with them on sustainability initiatives.

Board Member Stratton and Mayor Adler asked questions about how the policy relates to the organizational structure of Project Connect. Ms. Storer explained that while the programs between the City of Austin, CapMetro, and ATP are all interdependent, they will have independent sustainability initiatives.

2. Quarterly Financial Update

Diane Siler, ATP's Budget Director, provided this update. Ms. Siler updated the Board on the FY21 year-end statements and the Q1 FY22 financial statement. She thanked the Board for their feedback and included these elements in this quarterly financial report, such as more information related to staffing and design contracts.

Board Member Elkins asked about the auditing firm hired to perform the audit. Ms. Siler explained that the new Director of Accounting would be investigating if we want to continue with the same auditor or select a different one. She reported that the audit was clean.

VII. Adjournment

ADA Compliance

Reasonable modifications and equal access to communications are provided upon request. Please call (512) 369-6040 or email chloe.maxwell@austinttransitpartnership.org if you need more information.

BOARD OF DIRECTORS: Veronica Castro de Barrera, Chair; Colette Pierce Burnette, Vice Chair; Steve Adler, Tony Elkins, Eric Stratton and Gina Fiandaca (ex officio).

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ACTION ITEM 2:

Approval of a resolution adopting Articles of Amendment to the Austin Transit Partnership Articles of Incorporation to reflect amendments approved by the Capital Metro Board of Directors on April 25, 2022 and by the Austin City Council on May 5, 2022



Austin Transit Partnership Board of Directors Resolution

Meeting Date: 05/18/2022

ATP-2022-005

*Resolution adopting Articles of Amendment to
the Austin Transit Partnership Articles of Incorporation*

SUBJECT: Approval of a resolution adopting Articles of Amendment to the Austin Transit Partnership Articles of Incorporation to reflect amendments approved by the Capital Metro Board of Directors on April 25, 2022 and by the Austin City Council on May 5, 2022.

FISCAL IMPACT: None.

BUSINESS CASE: Does not apply.

EXECUTIVE SUMMARY: This resolution is for the adoption of Articles of Amendment to the Austin Transit Partnership Articles of Incorporation to reflect amendments approved by the Capital Metro Board of Directors on April 25, 2022 and by the Austin City Council on May 5, 2022. The amendments to be adopted are as follows: (i) subject to state law, any residency requirements for Directors may be waived by a majority vote of the City Council or the Capital Metro Board for their respective Director appointees, or jointly for a joint appointee; and (ii) the expansion of the Austin Transit Partnership Board of Directors to include the Chief Executive Officer of Capital Metro or their designee as a non-voting ex-officio Director of Austin Transit Partnership.

RESPONSIBLE DEPARTMENT: Legal.

PROCUREMENT SUMMARY: Does not apply.

**RESOLUTION
OF THE
AUSTIN TRANSIT PARTNERSHIP
BOARD OF DIRECTORS**

STATE OF TEXAS

Resolution ID: ATP-2022-005

COUNTY OF TRAVIS

***Resolution adopting Articles of Amendment to the
Austin Transit Partnership Articles of Incorporation***

WHEREAS, pursuant to Article XVII of the Austin Transit Partnership ("ATP") Articles of Incorporation (the "Original Articles"), the ATP Board may make a request to amend the Original Articles to City Council and the Capital Metro Board, and after considering the request, the City Council and Capital Metro Board may authorize the proposed amendments by resolution; and

WHEREAS, on April 20, 2022, pursuant to Resolution No. ATP-2022-004, the ATP Board formally requested that the City Council and the Capital Metro to consider amending the Original Articles to foster and promote enhanced collaboration and communication among the parties, including the addition of one new ex-officio-non-voting director position of the ATP Board, to be occupied by the Chief Executive Officer of Capital Metro, or their designee from Capital Metro; and

WHEREAS, on April 25, 2022 the Capital Metro Board adopted Resolution No. AI-2022-409, and on May 5, 2022, the City Council adopted Resolution No. 20220505-033, approving amendments to the Original Articles to provide as follows: (i) subject to state law, any residency requirements for Directors may be waived by a majority vote of the City Council or the Capital Metro Board for their respective Director appointees, or jointly for a joint appointee; and (ii) the expansion of the Austin Transit Partnership Board of Directors to include the Chief Executive Officer of Capital Metro or his or her designee as a non-voting ex-officio Director of Austin Transit Partnership

WHEREAS, in compliance with State law, the ATP Board desires to formally adopt the amendments approved by the City Council and Capital Metro Board as described above; and



austintransitpartnership.org



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301 Congress | 10th Floor | Austin, Texas

NOW, THEREFORE, BE IT RESOLVED the Board of Directors of ATP, hereby adopts these Articles of Amendment to the Articles of Incorporation of the Austin Transit Partnership Local Government Corporation in the form attached hereto as Exhibit A; and

BE IT FURTHER RESOLVED THAT, the Interim Executive Director, the General Counsel, and the ATP Board Chair (or their respective designees) are hereby authorized to take all actions as are necessary and appropriate to carry out the purposes of this Resolution.

Date: _____

Casey Burack
Secretary of the Board





Austin Transit Partnership Board of Directors Resolution

Meeting Date: 05/18/2022

ATP-2022-005

*Resolution adopting Articles of Amendment to
the Austin Transit Partnership Articles of Incorporation*

EXHIBIT A

**ARTICLES OF AMENDMENT
TO THE ARTICLES OF INCORPORATION**

OF THE

AUSTIN TRANSIT PARTNERSHIP LOCAL GOVERNMENT CORPORATION

Reference is hereby made to the Articles of Incorporation of the Austin Transit Partnership Local Government Corporation dated December 18, 2020 as filed with the Secretary of State of the State of Texas (the "Original Articles").

The Undersigned, pursuant to (i) the provisions of Subchapter D of Chapter 431, Texas Transportation Code (the "Act"), and, to the extent required by the Act, Chapter 394, Texas Local Government Code (ii) Resolution No. 20220505-033 adopted by the City Council of the City of Austin ("City Council") on May 5, 2022; (iii) Resolution No. AI-2022-409 adopted by the Board of Directors of the Capital Metropolitan Transportation Authority (the "Capital Metro Board") on April 25, 2022; and (iii) Resolution No. ATP-2022-409 adopted by the Board of Directors of the Corporation on May 18, 2022, hereby adopt these Articles of Amendment to the Articles of Incorporation of the Austin Transit Partnership Local Government Corporation (these "Articles of Amendment").

**ARTICLE I
NAME**

The name of the corporation is the AUSTIN TRANSIT PARTNERSHIP LOCAL GOVERNMENT CORPORATION (the "Corporation").

**ARTICLE II
SUBSTANCE OF AMENDMENT**

Article VI of the Original Articles are amended as follows:

(i) The final paragraph of Article VI is hereby amended as follows:

"The City Manager or his or her designee from the City Manager's Office and the Chief Executive Officer of Capital Metro or his or her designee from Capital Metro are ~~is a~~ non-voting ex-officio Directors of the Corporation. ~~Capital Metro shall not have an ex-officio Director of the Corporation.~~ The initial Executive Director of the Joint LGC will be the Capital Metro President & CEO.

(i) the following sentence is hereby added to the end of the fourth paragraph of Article VI:

"Subject to state law, any residency requirements may be waived by a majority vote of the City Council or the Capital Metro Board for their respective Director appointees, or jointly for a joint appointee."

**ARTICLE III
PROCEDURE USED IN ADOPTING AMENDMENT**

On December 18 2020, City Council adopted Resolution No. 20201218-002, and the Capital Metro Board adopted Resolution No. AI-2020-1399, which authorized the creation of the Corporation to aid and act on behalf of the City and Capital Metro in the performance of their governmental functions and approved and adopted the Original Articles. The Original Articles were subsequently filed with the Secretary of State of the State of Texas.

On April 25, 2022 the Capital Metro Board adopted Resolution No. ai-2022-409 approving the amendments contained herein.

On May 5, 2022, City Council adopted Resolution No. 20220505-033 approving the amendments contained herein.

These Articles of Amendment were approved at a meeting of the Board of Directors of the Corporation held on May 18, 2022, and received the vote of not less than a majority of the Directors in office, there being no members having voting rights in respect thereof.

(signature page follows)

WHEREFORE, the undersigned have been duly authorized to execute these Articles of Amendment on the Corporation's behalf on May 18, 2022.

**AUSTIN TRANSIT PARTNERSHIP
LOCAL GOVERNMENT CORPORATION**

By: _____

Name: Greg Canally

Title: Interim Executive Director

By: _____

Name: Casey Burack

Title: Secretary

STATE OF TEXAS §

§

COUNTY OF TRAVIS §

SWORN TO AND SUBSCRIBED BEFORE ME this ____ day of May, 2022, by Casey Burack, Secretary of Austin Transit Partnership Local Government Corporation.

[S E A L]

Notary Public, State of Texas

My Commission Expires:

IN WITNESS WHEREOF, The undersigned Mayor and City Clerk of the City of Austin have hereunto set our hands this 18th Day of May, 2022.

Steve Adler, Mayor
City of Austin

Myrna Rios, City Clerk
City of Austin

IN WITNESS WHEREOF, The undersigned Chair and Secretary of the of the Capital Metro Board have hereunto set our hands this 18th Day of May, 2022.

Jeff Travillion, Board Chair
Capital Metro Transportation Authority

Leslie Pool, Secretary
Capital Metro Transportation Authority

DISCUSSION ITEMS:

Briefing on ATP Audit Charter



Internal Audit Update

Katie Houston, Internal Audit Director

Internal Audit Charter

- Draft Internal Audit Charter in backup for review
- Most important elements:
 - Internal Audit is organizationally independent
 - Scope is organization-wide and access to records is unrestricted
 - Audit's primary responsibilities are to:
 - Prepare and carry out the audit plan
 - Follow up on findings and corrective action plans
 - Quarterly updates to the Board and Finance and Risk Advisory committee, and communicate results using a 'no surprises' approach
 - Adhere to audit standards

Audit Planning Process

- Risk-based approach
- Seek input from ATP Board and staff, advisory committee, other auditors
- Determine audit universe and create combined assurance map
- Select projects: audits, advisory services, or other assessments

Next Steps & Other Work Underway

- Board approval of Internal Audit Charter in June
- Create reporting hotline
- Understand contracts and current activities
- Develop audit manual to comply with audit standards
- Identify staff needs

INTERNAL AUDIT CHARTER

The Austin Transit Partnership (“ATP”) serves as the independent local government corporation tasked with implementing Project Connect. ATP is governed by a Board of five voting members and one ex officio member as outlined in the ATP Articles of Incorporation. The ATP Board (“Board”) established the Internal Audit Department (“Internal Audit”) as a key component of ATP’s governance structure. This Internal Audit Charter serves as a framework guiding Internal Audit in the performance of its duties. It is a living document and subject to change with the Board’s approval, however minor non-substantive changes are permitted without Board approval (e.g. grammar, spelling, re-ordering, etc.).

The components of this Internal Audit Charter are the following:

- Mission
- Independence and Authority
- Standards of Audit Practice
- Scope of Work
- Access to Records
- Responsibilities
- Reporting to the Board
- Audit Planning
- Consideration of Management Responses to Audit Recommendations
- Reliance on Work of Others
- Consideration of Fraud, Waste, and Abuse
- Quality Assurance and Peer Review

DRAFT AUDIT WORKING PAPER - DO NOT RELEASE

MISSION

The mission of Internal Audit is to help improve ATP's governance, control, and risk management through independent, objective assurance and advisory services.

INDEPENDENCE AND AUTHORITY

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations and strengthen government accountability to the public for stewardship of resources and achievement of community goals. Internal auditing helps an organization accomplish objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. An effective, independent Internal Audit function can increase a government's credibility with the public, oversight agencies, granting authorities, and bond markets.

Internal Audit is organizationally independent of ATP administration and reports directly to the Board. All Internal Audit personnel will report to the Director of Internal Audit. Any external audit staff that the Internal Audit Director hires to support the Internal Audit function will report to the Internal Audit Director. To maintain its independence, Internal Audit will have no direct operational responsibility or authority over any of the activities under its scope of work. Accordingly, Internal Audit will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair its judgment, including:

- Assessing specific operations for which they had responsibility within the previous year
- Performing any operational duties for the Board or ATP Management
- Initiating or approving transactions external to the internal audit function
- Directing the activities of any employee not employed by Internal Audit

The Director of Internal Audit will ensure that the service remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner. Internal Audit staff will maintain an unbiased mental attitude that allows them to perform engagements. If the Director of Internal Audit determines that independence or objectivity may be impaired, the details of impairment will be disclosed to the Board.

In addition to conducting assurance (audit) engagements, Internal Audit may perform advisory services as part of its ongoing role in evaluating and improving the organization's risk management, control, and governance processes. Participation in advisory services will be of a consultative nature and must be performed without Internal Audit taking on any decision-making authority to protect the independence of Internal Audit. In the performance of advisory services, safeguards will be established to prevent impairments to independence and objectivity.

Periodically, Internal Audit may participate in management committees or project teams. Participation in these engagements will be of an advisory nature to preserve auditor independence. Audit is not a

management decision-making function. Decisions to develop, adopt, and implement policies, procedures, internal controls, or other risk mitigation tools relating to an Internal Audit advisory service must be made by management. Such decisions do not impair auditor independence or objectivity.

STANDARDS OF AUDIT PRACTICE

Internal Audit will govern itself by adhering to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, including the Core Principles, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing in the execution of its duties. When the Internal Audit function becomes fully established, the Internal Audit Director will seek a peer review to evaluate compliance with the standards.

SCOPE OF WORK

The scope of audit coverage is organization-wide. No aspect of ATP is exempt from an audit or review by Internal Audit. Internal Audit's scope of work is any activity relating to ATP's risk management, control, and governance processes and may include evaluation to help ensure:

- Money spent on Project Connect is aligned with ATP's mission
- Risks are appropriately identified and managed
- Assets are safeguarded
- Controls are effective and efficient
- Financial, managerial, and operating information is accurate, reliable, and timely
- Employee actions comply with policies, standards, procedures, and applicable laws and regulations
- ATP complies with significant regulatory requirements
- Quality and continuous improvement are fostered in conjunction with control processes

ACCESS TO RECORDS

Internal Audit is authorized to have unrestricted access to all Project Connect and ATP records, property, equipment, facilities, personnel, contractors, vendors, funding partners, and operations. Any access limitations or restrictions that prevent Internal Audit from performing its duties will be reported immediately to the Board, in addition to regulatory authorities and Project Connect funding partners as applicable. All ATP contracts will contain a "right to audit" clause to help ensure Internal Audit's access to Project Connect records created and maintained by third-party contractors and funding partners. Internal Audit workpapers are confidential and exempt from the disclosure requirements of the Texas Public Information Act. Final audit reports will be posted so they are accessible to the public.

RESPONSIBILITIES

The Director of Internal Audit is responsible for:

- Developing an annual audit plan using appropriate risk-based methodologies, and submitting that plan to the Board for review and approval
- Conducting internal audit and advisory engagements in accordance with the annual audit plan

- Reviewing and adjusting the annual audit plan, as necessary, in response to changes in ATP's risk environment, operations, programs, systems, and controls
- Communicating audit findings, recommendations, and management action plans to the Board, and other relevant parties
- Following up with management to assess whether corrective action plans were performed within the mutually agreed-upon timeframe to address the risks noted by Internal Audit
- Preparing and presenting quarterly reports to the Board summarizing the status of Internal Audit's work in a public meeting
- Posting audit reports on ATP's website accessible to the public
- Assisting in the investigation of suspected misconduct or fraudulent activities within the organization and notifying the Board and management of the investigation results
- Supporting ATP management in their interaction with external auditors
- Maintaining professional Internal Audit staff with sufficient knowledge, skills, experience, and professional certification to meet the requirements of this Charter
- Ensuring conformance with the Code of Ethics and International Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors
- Ensuring Internal Audit's adherence to ATP's relevant policies and procedures unless such policies and procedures conflict with this internal audit charter, any such conflicts will be resolved with the Board

Internal Audit staff will adhere to the Core Principles for the Profession of Internal Auditing which include:

- Demonstrating integrity
- Demonstrating competence and due professional care
- Being objective and free from undue influence
- Aligning with the strategies, objectives, and risks of the organization
- Ensuring the audit function is appropriately positioned and adequately resourced
- Demonstrating quality and continuous improvement
- Communicating effectively
- Providing risk-based assurance
- Being insightful, proactive, and future-focused
- Promoting organizational improvement

REPORTING TO THE BOARD

The Director of Internal Audit will update the Board and the Finance and Risk Advisory (FAR) Committee at least quarterly. Periodic updates may concern:

- Internal Audit's purpose, authority, and responsibility

- Internal Audit's plan and performance relative to its plan
- Internal Audit's conformance with the International Professional Practices audit standards, Core Principles, and Code of Ethics
- Significant risk exposures and control issues, including fraud risks, governance issues, and other matters requiring the attention of the Board
- Results of audit engagements or other activities
- Resource requirements

AUDIT PLANNING

Each year, Internal Audit will assess the governance, risk environment, and operations of ATP and will prioritize key risks. This information will be used to identify priorities to be addressed through the annual audit plan. Based on this risk assessment, the Internal Audit Director will present a proposed annual audit plan to the Board for approval. The Internal Audit Director will determine when certain critical risks require more internal audit review. Any significant deviation from the formally approved audit plan will be communicated to the Board.

Internal Audit will report to the Board on its organizational independence at least annually. The Internal Audit Director will disclose any interference in determining the scope of audits, performing work, or communicating results.

The annual audit plan may include compliance, performance, or financial audits and advisory projects. To develop the annual audit plan, an overall risk-based approach will be used to ensure that the Internal Audit function provides the greatest possible benefit to ATP, given resources and combined assurance from other oversight functions. On an ongoing basis, matters considered in developing the annual audit plan may include:

- Strategic and operational plans of ATP and Project Connect
- Known and potential risks to ATP and Project Connect
- Opportunities to enhance achievement of organizational goals and outcomes
- Existence of known errors, irregularities, or control weaknesses
- Results of previous audits
- Changes in operations, systems, or controls
- Changes in regulatory or other requirements
- Financial risks including those noted by external auditors
- Risks noted by the Board, advisory committees, ATP management, and the public
- Requests from the Board, management, or regulatory auditors and authorities

Projects included in the annual audit plan may include assurance and advisory services conducted by Internal Audit, co-sourced with other oversight entities, or outsourced to external auditors at the discretion of the Internal Audit Director.

Projects may include evaluations of whether:

- Desired results or benefits of programs, activities, and policies are being achieved
- ATP management has established adequate internal controls to safeguard assets
- ATP resources and Project Connect funds are utilized economically, efficiently, and effectively
- Reports are being timely and accurately prepared and disseminated for review by the Board and oversight entities as applicable
- Indications of fraud, abuse, or illegal acts are present

Occasionally, Internal Audit may, at its discretion, conduct informal reviews in response to a Board request. A Board Member's request for an informal review must have the support of a co-sponsoring Board Member. Such an engagement will be limited in scope and serve as a cursory review of the area in question. The Internal Audit Director will communicate these requests to the entire ATP Board and may report the results of this work in a memo or alternative presentation as determined by the Internal Audit Director. If the Internal Audit Director determines an audit would be a more effective way to address the subject of an informal review, Internal Audit may opt to delay reporting on an informal review until the required audit is completed.

CONSIDERATION OF MANAGEMENT RESPONSES TO AUDIT RECOMMENDATIONS

At the conclusion of an audit, a draft report will be shared with ATP management so that management can provide written response to each recommendation contained in the draft report. This response should: state whether management agrees or disagrees with each recommendation, state the reason for disagreement with a recommendation if applicable, and describe the actions that management will take to address all agreed-upon recommendations, along with a timeline for implementing corrective actions in response to recommendations. Management's response will be included in the final audit report delivered to the Board.

RELIANCE ON WORK OF OTHERS

Internal Audit may consider relying on the work of other internal and external assurance and consulting service providers as needed. When relying on the work of others, Internal Audit will review the others' auditor report(s), audit plan, or audit documentation, and will evaluate their qualifications, adherence to standards, sampling techniques, independence to conduct audit work, quality control procedures, and supervisory oversight. Additionally, Internal Audit will inquire about their methods to determine the scope, quality, and timing of audit work.

CONSIDERATION OF FRAUD, WASTE, AND ABUSE

If Internal Audit determines an ATP employee or official may have violated the law, Internal Audit will consult with and obtain advice from the ATP's attorney, promptly report the suspected violation to the appropriate authority, and notify the appropriate prosecuting authority if the suspected violation may be criminal in nature.

The ATP Internal Audit Director shall manage a whistleblower hotline, and reporting system, through which an ATP employee, Board Member, contactor, vendor, or a member of the public may submit an allegation of wrongdoing. The person making an allegation is not required to provide the person's name. An allegation may include an allegation of: fraud or abuse for personal gain, waste, a violation of ATP personnel policies, or a violation of law.

QUALITY ASSURANCE AND PEER REVIEW

Internal Audit will maintain a quality assurance and improvement program that covers all aspects of the internal audit activity. The program will include an evaluation of the internal audit activity's conformance with the Standards and an evaluation of whether internal auditors comply with the IIA's Code of Ethics. The program will also assess the efficiency and effectiveness of the internal audit activity and identify opportunities for improvement. The Internal Audit Director will update the Board on the internal audit activity's quality assurance and improvement program, including results of internal assessments and peer review external assessments conducted every five years by a qualified, independent peer review team external to ATP.

DRAFT AUDIT WORKING PAPER

DISCUSSION ITEMS:

Discussion of upcoming interlocal grant agreements with the City of Austin and CapMetro to implement Project Connect

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THANK YOU!