

Amendments to TCDD Policies

Tab 5

Background:

Two amendments to TCDD Policies are proposed for consideration:

The Audit Committee has recommended various revisions to TCDD Policies concerning the Audit Committee Duties and Composition. These revisions reflect recommendations from the External Quality Assurance Review of TCDD Internal Audit Functions completed this past quarter and continued discussions of the Committee concerning its responsibilities. The Committee approved these recommendations at its meeting October 19, 2009.

The Executive Committee reviewed proposed amendments to Section XII to allow a notice to be provided to members of proposed amendments to policies either as a written notice (mailed) or electronically (e-mail). Those proposed amendments are also recommended for approval.

Both of these items are included in one document.

Executive Committee

Agenda Item VIII.

Expected Action:

The Committee will review proposed amendments to Council Policies concerning Amendments to Policies and determine a final recommendation for Council consideration.

Council

Agenda Item VII.

Expected Action:

The Council will take action on the proposed amendments to TCDD Policies.

TCDD Policies

Proposed Amendments

VII. COMMITTEES OF THE COUNCIL

D. Audit Committee Duties and Composition

1. The Audit Committee shall have the following powers and duties, and others that may be designated from time to time by the Council.
 - a. **Annually review and make** recommendations to the Council regarding an internal audit charter, an annual internal audit plan and any special audits;
 - b. Approve submittal of the annual internal audit plan subject to review and revision by the Council; and
 - c. Review audit reports from the internal auditor and make recommendations to the Council concerning actions or resolutions.
 - d. **Provide guidance and oversight to the process to solicit offers for internal audit services when determined to be appropriate, and recommend the final selection of an internal auditor to the Council.**
 - e. **Ensure the External Quality Assurance Review of the TCDD internal audit function is conducted according to the Texas Internal Audit Act and the report is reviewed by the Audit Committee.**
2. The Audit Committee shall be comprised of no more than five (5) members including the Chair.
 - a. The Council Vice-Chair shall serve as Chair of the Committee;
 - b. The Council Chair shall appoint other members of the Committee subject to approval by the Council;
 - c. The Council Chair shall be a non-voting ex-officio member of the committee.
3. **The Audit Committee shall meet at least two (2) times yearly.**

XII. AMENDMENT OF POLICIES

Council policies may be adopted or revised by a two-thirds (2/3) majority of the members present at a regular or called Council meeting providing a quorum is present at that time. ~~Written~~ **Notice of the proposed amendment(s) must be provided to Council members at least 10 days prior to any such action in either written (ie., hard copy, mailed) or electronic (e-mail) form in accordance with each Council member's preference.**

Amendments may be proposed by a recommendation of the Executive Committee or by written request of any five (5) members of the Council.