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**Economic Development, Transportation, Natural Resources and Regulatory Subcommittee Meeting
August 11, 2015
9:00 a.m.
Room 110 - Blatt Building**

ARCHIVED VIDEO AVAILABLE

- I. Pursuant to House Legislative Oversight Committee Rule 6.8, S.C. ETV was allowed access for streaming the Subcommittee meeting. You may access archived video of this meeting by visiting the South Carolina General Assembly's website (<http://www.scstatehouse.gov>) and click on "Committee Postings and Reports," then under House Standing Committees click on "Legislative Oversight". Lastly, click on "Video Archives" for a listing of archived videos for the Legislative Oversight Committee.

MINUTES

- I. House Rule 4.5 requires the standing committees of the House to prepare and make available for public inspection, in compliance with Section 30-4-90, the minutes of full committee meetings. House Rule 4.5 further provides that such minutes need not be verbatim accounts of such meetings. It is the practice of the House Legislative Oversight Committee to provide minutes, which are not verbatim accounts of such meetings, for its Subcommittee meetings.

Attendance

- II. The Economic Development, Transportation, Natural Resource and Regulatory Subcommittee (Subcommittee) meeting was called to order by Subcommittee Chair Phyllis J. Henderson on Tuesday, August 11, 2015, in Room 110 of the Blatt Building, Columbia, South Carolina. The following Subcommittee Members were present: Subcommittee Chair Henderson, Representative Robert L. Ridgeway III, Representative Samuel Rivers, Jr., and Representative Ralph W. Norman.

Approval of Minutes from Previous Meeting

- III. Subcommittee Chair Henderson submitted proposed minutes from the Committee's previous meeting, June 30, 2015. Representative Ridgeway moved to approve the minutes. A roll call vote was held, and all present voted in favor of approval.

Rep. Ridgeway's Motion to Approve the Minutes from the June 30, 2015 Meeting	Yea	Nay	Not Voting
Rep. Phyllis Henderson	Yea		
Rep. Ralph Norman	Yea		
Rep. Robert Ridgeway	Yea		
Rep. Samuel Rivers	Yea		

Discussion of the Study of the Department of Transportation

- IV. This was the fifth meeting with the Department of Transportation ("DOT") held to provide the agency and the public an update on the status of the oversight study of the agency; allow DOT to provide information about the Chief Internal Auditor, Act 114 criteria, and the State Transportation Improvement Plan (STIP) and allow Subcommittee Members to ask questions about these topics.

Subcommittee Chair Henderson provided an update on steps that had been taken so far in the study of the DOT. She stated that the Legislative Audit Council is in the process of conducting a comprehensive audit of DOT; the Committee has provided the Legislative Oversight Committee with its Restructuring and Seven-Year Plan Report and its Program Evaluation Report; the Committee has solicited input from the public in the form of a public survey and an option to submit comments, concerns or suggestions via the Committee website; and the DOT provided responses to the Committee's follow up questions from the June 30, 2015 hearing, which are online.

Subcommittee Chair Henderson stated that the purpose of the meeting was to continue its discussion of the DOT study and focus on the Office of the Chief Internal Auditor and objective criteria to be taken into consideration when prioritizing projects included in Act 114 of 2007, and the STIP.

Subcommittee Chair Henderson then swore in all the individuals present on behalf of DOT, including: Christy Hall, Acting Secretary of DOT; Ron Patton, Deputy Secretary of Intermodal Planning; Brian Keys, Deputy Secretary for Finance and Procurement; Paul Townes, Chief Internal Auditor; Jim Rozier, Chairman, DOT Commission; Mike Wooten, Vice-Chairman, DOT Commission, John Hardee, DOT Commissioner; and Allen Hutto, DOT Government Relations.

Next, the Chairman of the DOT Commission, Jim Rozier, gave brief opening remarks and introduced the other two commissioners, Mike Wooten and John Hardee. Chair Henderson asked Chairman Rozier to elaborate on what had caused several top staff members to leave and Chairman Rozier provided his understanding. Secretary Hall introduced her new deputies, Brian Keys and Ron Patton.

The Chief Internal Auditor for DOT, Mr. Paul Townes, gave a presentation about the duties and purpose of the Internal Auditor's office. As part of the presentation, Mr. Townes stated the Auditor's Office

works directly for the Commission. Mr. Townes also the Auditors conducted performance audits in the past but now only perform compliance audits.

Mr. Townes was questioned by Rep. Norman regarding firms performing work for DOT, specifically those that were the subject of lawsuits.

Subcommittee Chair Henderson asked Mr. Townes questions about the frequency of audits, and the manner in which an audit is presented. She also questioned Mr. Townes regarding a recent outsourcing audit which was tabled by the Commission. Mr. Wooten and Ms. Hall also responded to the issue of the tabled audit.

Subcommittee Chair Henderson asked Mr. Townes about the status of hiring a management consultant, which he deferred to Ms. Hall. Ms. Hall explained that DOT is in the process of refining the scope and wants to hire a large company that deals with other transportation departments around the country to help provide them with best practices.

Rep. Norman questioned Mr. Townes if the hotline where DOT employees can give tips or make complaints is still active. Mr. Townes responded that the hotline is no longer active as it was transferred to the Inspector General's office. Ms. Hall added that it still exists, it just rings to the Inspector General.

Subcommittee Chair Henderson and Ms. Hall then discussed the timetable of the outsourcing audit and the working relationship between the Chief Internal Auditor and the rest of the agency.

Mr. Wooten spoke to the role of the Chief Internal Auditor and the working relationship with the Commission. Rep. Norman requested a log of hotline calls made to the Inspector General since the hotline was moved to his office in 2013, as well as a copy of the outsourcing audit.

Mr. Townes and Rep. Norman further discussed the working relationship between the Chief Internal Auditor and the Commission. Ms. Hall added that it was not her intention to tell him what to audit but to talk through what should possibly be looked at together and identify the high risk items. Mr. Townes noted that recent meetings between himself and Ms. Hall had gone very well.

Mr. Ron Patton, of DOT, then made his presentation about the Statewide Transportation Improvement Program and Act 114 objective criteria.

Adjournment

V. There being no further business, the meeting was adjourned.