

**MINUTES OF THE AUDIT COMMITTEE
SCHOOL BOARD
HOUSTON INDEPENDENT SCHOOL DISTRICT**

February 27, 2025

MEETING HELD - MEMBERS PRESENT

The School Board of the Houston Independent School District (HISD) held an Audit Committee meeting on November 5, 2024, beginning at 12:30 p.m. in the Board Services conference room of the Hattie Mae White Educational Support Center, 4400 West 18th St., Houston, TX 77092.

Present:

Committee Member	Title	Status	Arrived	Departed
Janette Garza Lindner	Chair	Present		
Ric Campo	Member	Present		
Adam Rivon	Member	Remote		

Staff:

Erica Graham, Deputy General Counsel
Teresa Corrigan, Sr. Exec. Dir., Ethics & Compliance
Rebecca Dray, Dep. Chief of Public Affairs/Board Engagement
Sherrie Robinson, Controller
E.J. Machicek, Director of Information Technology
Tanya Pridgeon, Senior Manager, Information Technology (remote)
Brad Bailey, Senior Exec. Director, Benefits & Payroll
Jahnavi Kavuru, Director of Payroll
Alexis Licata, Senior Exec. Director, Business Logistics & Purchasing
Janet Conroy, Manager, Board Services

Other:

Anastasia Lindo Anderson, Texas Education Agency (TEA) conservator
Elizabeth Logan, Community Volunteer
Duffy Leidner, RSM
Laura Manlove, RSM
William Weiss Campbell, RSM
Matthew Marcinek, RSM
Edith Rubio, RSM
Meagan Brouwer, RSM

A reporter from the Houston Chronicle was also in attendance.

MEETING CALLED TO ORDER — PURPOSE

Committee Chair Janette Garza Lindner called the Audit Committee meeting to order at 12:39 p.m. and declared the committee convened to consider matters pertaining to HISD as listed on the posted meeting agenda.

CONSIDERATION AND APPROVAL OF MINUTES FROM PREVIOUS MEETING

On motion by committee member Campo, with a second by committee member Rivon, the minutes of the Audit Committee meeting held on November 5, 2024, were approved.

REVIEW NEW REPORTS

- **EMPLOYEE TIMEKEEPING/OVERTIME**

Laura Manlove from the district's outsourced internal audit firm, RSM US LLP, stated that the employee timekeeping/overtime report is 85 percent complete and is being escalated through leadership channels for further review. RSM is examining some additional procedures to capture concerns expressed by the Chief Finance and Operations Officer. This report should be issued at the next Audit Committee meeting.

- **EXTRA DUTY PAY**

RSM found that extra duty pay pre-approvals were not documented in TCP for any of the 40 samples tested, and delayed supervisor approvals in four cases resulted in late employee payments. Additionally, for eight out of 40 sampled extra duty pay transactions, group approval was not performed within the TimeClock Plus (TCP) time management system, prior to system lockout. RSM recommends strengthening pre-approval and approval processes within TCP, as well as enhancing oversight and training. Brad Bailey, senior executive director of Benefits & Payroll, stated that management staff will be retrained on using TCP.

- **ACTIVITY FUND PROCESS**

RSM also presented its final draft internal audit report on the Activity Funds Process. The report found that none of the 20 direct-pay disbursements sampled at Bellaire High School had the required AF-115 and AF-116 forms that document the principal's pre-approval of disbursement. Additionally, RSM identified a segregation of duties concern as the same individual collected, receipted, and deposited the cash for seven of the sampled transactions. Additionally, of 20 Bellaire High School activity fund Direct Pay disbursements, RSM identified two instances where Direct Pay Cover Sheet amounts did not match SAP entries, resulting in a total variance of \$10.50 disbursed over the requested amount. Controller Sherrie Robinson stated the district is reviewing activity funds procedures between now and July, with plans to update the relevant manual to be incorporated into staff training in July–August.

UPDATE ON FOLLOW-UP ACTIONS FOR PREVIOUS REPORTS/AUDITS

In a follow-up update on fiscal year (FY) 2024–2025, RSM stated there were a total of 35 observations, of which four are closed; 31 remain open; and 10 are ready for testing. RSM hopes to have those 10 closed for their next report. Audit Committee community member Elizabeth Logan noted it might be helpful for RSM to note any observations that are overdue, and RSM stated it could incorporate that information and any anticipated delays in the dashboard that it provides.

DISCUSS CHANGE TO 2024–2025 PLAN AND EFFORT REQUIRED FOR PROCUREMENT PROCESS AUDIT

The committee indicated agreement with the scope of a planned audit of the competitive procurement processes, which the committee had requested. RSM offered three budget options to add the competitive procurement project to the 2025 plan, including two options that would remove or defer one or more planned audits. The committee expressed support for Option 1, which would defer only one planned audit, regarding the ProCard program, until FY 2026. Alexis Licata, senior executive director of Business Logistics and Purchasing, noted that FY 2026 would be more appropriate for the audit given the recent rollout of the SAP Concur expense, travel, and invoicing software.

COMMITTEE ONLY: PLANNING AND PREPARATION FOR INTERNAL AUDIT PERFORMANCE REVIEW

The committee also discussed planning and preparation for an internal audit performance review, targeting completion by the next scheduled committee meeting.

ADJOURNMENT

There being no further business, the meeting adjourned at 1:58 p.m.