

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

April 16, 2024

MEETING HELD - MEMBERS PRESENT

The School Board of the Houston Independent School District (HISD) held an Audit Committee meeting on April 16, 2024, beginning at 3 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		Present		
Ric Campo		Present		
Adam Rivon		Present		

Staff:

Jim Terry, Chief Financial Officer
Teresa Corrigan, Sr. Exec. Dir., Ethics & Compliance
Catosha Woods, General Counsel
Jessica Morffi, Deputy Chief of Staff
Scott Gilhousen, Chief Technology Officer
Frank Milton, Exec. Dir. of Nutrition Services
Amber Jay, Director, Nutrition Services
Liping Huang, CTM, QA, Ethics & Compliance
Emily Smith, Exec. Dir., Board Relations
Janet Conroy, Manager, Board Services

Other:

Doris Delaney, Texas Education Agency (TEA) conservator
Elizabeth Logan, Community Volunteer
Joel Perez, RSM
Laura Manlove, RSM
Duffy Leidner, RSM
Anne Slattery, RSM
Jason Broz, RSM
Joe Edens, RSM

MEETING CALLED TO ORDER - PURPOSE

Committee Chair Janette Garza Lindner called the Audit Committee meeting to order at 3:03 p.m. and declared the committee convened to consider matters pertaining to HISD as listed on the duly posted meeting notice.

CONSIDERATION AND APPROVAL OF MINUTES FROM PREVIOUS MEETING

On motion by committee member Rivon, with a second by committee member Campo, the minutes of the Audit Committee meeting held on January 30, 2024, were approved.

REVIEW OF REVISED AUDIT COMMITTEE CHARTER

Committee member Ric Campo requested further revision of the revised Audit Committee charter, to remove the reference in paragraph 2, page 3, which stated that the committee chair is responsible for compliance with laws. Mr. Campo stated that should be the responsibility of legal counsel. He also requested the removal of a reference under “Other Responsibilities” on page 5 that gives the committee authority to request special investigations. Other committee members agreed.

General Counsel Catosha Woods asked whether committee members would consider staggered three-year terms so that at least one board member is always on the committee regardless of board member election results. Committee members discussed this and agreed to not stagger terms and to instead review Audit Committee membership annually.

On motion by committee member Campo, with a second by committee member Rivon, the Audit Committee approved the revised Audit Committee charter. Teresa Corrigan, senior executive director of Ethics & Compliance, agreed to work with Ms. Woods to get the charter on the May agenda for board approval.

CURRENT STATUS OF FISCAL YEAR 2024 INTERNAL AUDIT PLAN

Laura Manlove of RSM stated that four reports were being provided in the Audit Committee meeting: Nutrition Services, IT - Security Maturity, IT - Enterprise Data Warehouse, and IT – Logistical Security and Access Management. She requested that the committee set dates for delivery of the remaining seven reports. She indicated that almost all are already in progress and anticipated that several would be ready for delivery at the next Audit Committee meeting.

NUTRITION SERVICES REPORT

Duffy Leidner of RSM reviewed the Nutrition Services report, which included several observations.

Observation 1: Hazardous cleaning materials were stored near food at one of eight locations visited. Remedial action was immediately taken and new training is planned.

Observation 2: 54 of 136 fixed assets did not have sufficient documentation to confirm their existence or condition. Verification will be done by the end of the year.

Observation 3: At two locations, safe boxes containing mostly petty cash were unlocked. Remedial action was taken immediately and will be addressed in training.

Observation 4: In five of eight site visits, the proper form was not used to show discrepancies between what goods were received and what goods were ordered. An online form will be used going forward and will be addressed in training.

Observation 5: One of eight sites didn't use the “first in, first out” policy for a freezer, increasing spoilage risk. Remedial action was taken quickly and will be addressed in training.

Observation 6: At one of eight sites, frozen food temperature was taken 10 minutes after being placed in the freezer rather than immediately. Training occurred in March and will be

ongoing and monitored as part of the quality control process.

Observation 7: The Bennington site is underutilized at a significant annual cost. CFO Terry indicated that a cost-benefit analysis on how the space can be utilized more effectively is in the budget for next year.

Committee member Rivon asked how the reports would be published to the Audit Committee website. CFO Terry stated that once the full board approves the reports, they would be posted to the website.

RISK ASSESSMENT AND PROPOSED FISCAL YEAR 2025 INTERNAL AUDIT PLAN

Committee member Campo stated that it would be nice to have audits of the procurement process and project management, given that the board would be asking voters for a bond. He said the audits should be done in advance of spending money from a bond, assuming one passes. CFO Terry stated that if the bond passes, the Project Management and Procurement departments would certainly need to look at and adjust the audit plan accordingly.

Laura Manlove of RSM then reviewed slides regarding the risk assessment and proposed internal audit plan for fiscal year 2024–2025, including proposed audits, additional identified high-risk audit areas, and next steps with estimated completion dates.

STATUS OF AUDIT RECOMMENDATIONS FROM PRIOR YEAR AUDITS

Ms. Corrigan presented a slide showing that there are currently 95 open recommendations, some of which date back to 2016.

ADJOURN TO CLOSED SESSION

The committee adjourned to closed session at 4:28 p.m.

RECONVENE IN OPEN SESSION

The committee reconvened in open session at 5:13 p.m.

ACCEPTANCE OF AUDIT REPORTS

On motion by committee member Rivon, with a second by committee member Campo, the Audit Committee approved acceptance of the audit reports as presented in the Audit Committee meeting.

ADJOURNMENT

There being no further business, the meeting adjourned at 5:15 p.m.