

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

November 5, 2024

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 2 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		3:29 p.m.

Staff:

Catosha Woods, General Counsel
Teresa Corrigan, Sr. Exec. Dir., Ethics & Compliance
Jim Terry, Chief Financial Officer
Glenn Reed, Deputy Chief Financial Officer
Sherrie Robinson, Controller
Jessica Neyman, Chief Human Resources Officer
E.J. Machicek, Information Technology Director
George Flores, Sr. Exec. Dir. of Budgeting
Preeti Burns, Information Technology Director
Ann Ebrahimi, Manager, Records & Info. Management
Janet Conroy, Manager, Board Services

Other:

Audrey Momanaee, HISD School Board president
Doris Delaney, Texas Education Agency (TEA) conservator
Laura Lambert, Weaver and Tidwell, LLP
Matt Rogers, Weaver and Tidwell, LLP
Duffy Leidner, RSM
Laura Manlove, RSM
Weiss Campbell, RSM
Edith Rubio, RSM

MEETING CALLED TO ORDER — PURPOSE

Committee Chair Janette Garza Lindner called the Audit Committee meeting to order at 2:43 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 September 13, 2024, were approved.

FISCAL YEAR 2024 FINANCIAL AUDIT UPDATE

Laura Lambert of Weaver and Tidwell, LLP, stated that year-end fieldwork was completed in September and October. She noted that Weaver and Tidwell's audit of financial statements found no material weaknesses, no reported significant deficiencies, and no noncompliance issues. The audit of federal and state awards also found no material weaknesses and no reported significant deficiencies, and no material errors, irregularities, or illegal acts were noted.

STATUS OF FISCAL YEAR 2024 AND FISCAL YEAR 2025 INTERNAL AUDIT PLAN

- **STATUS OF FISCAL YEAR 2024 INTERNAL AUDIT PLAN**

Weiss Campbell of RSM stated that all 2024 internal audit projects are completed and will now roll over into follow-up testing.

- **STATUS OF FISCAL YEAR 2025 INTERNAL AUDIT PLAN**

Mr. Campbell stated that RSM is collaborating with management on three audits in process: Extra Duty Pay, District Timekeeping/Overtime, and Districtwide Activity Funds Review. Walk-throughs have been performed and field work testing should begin shortly. A report on these audits is targeted for a February Audit Committee meeting. Other upcoming internal audit projects include Controller's Office—Asset Management, Information Technology (IT)—Incident Response Tabletop Exercise, IT—Internal Pen Testing and Social Engineering, Purchasing Services—ProCard Program, and Risk Assessment and Internal Audit Plan.

FOLLOW-UP ON INTERNAL AUDIT MANAGEMENT ACTION PLANS

Mr. Campbell said there are 33 total open observations with tentative anticipated follow-up dates, the first of which being Nutrition Services this month. Mr. Campbell said RSM would check with Nutrition Services to see if they are ready for follow-up testing. He stated this is done when plans are effectively implemented, generally at least six months later.

Teresa Corrigan, senior executive director of Ethics and Compliance, stated she had a quick overview of 2018–2023 audits which were in progress before RSM started issuing reports in 2024. She said there are 36 such audits with completion dates to be determined and which were evaluated for relevance. Committee chairperson Garza Lindner asked how relevance is determined. Legal counsel Catosha Woods offered the example of auditing an evaluation system which has since changed, so it doesn't make sense to review it since it's no longer in use. If the risk no longer exists, it should not be evaluated.

FINAL DRAFT INTERNAL AUDIT REPORT – RECORDS MANAGEMENT

Mr. Campbell provided an overview of the Records and Information Management (RIM) Department. In 2023–2024, RIM digitized over one million physical records; disposed of over 7,500 document boxes of records; and made 48 site visits to consult with other campuses and departments on Records Management best practices.

RSM's internal audit evaluated the design of RIM's internal controls. Audit observations found two areas of moderate risk, one involving manual inputs and paper-based documentation, and the other regarding inconsistent data entry. RSM recommended ways to improve efficiency and mitigate some potential human error risks. Management agreed to an action plan automating and streamlining operations with a target date of June 30, 2025, as well as an action plan to implement field validation to support data quality, also targeted for June 30, 2025.

HOUSTON INDEPENDENT SCHOOL DISTRICT FISCAL YEAR 2024 ANNUAL AUDIT COMMITTEE REPORT

The committee discussed RSM's presentation on the annual Audit Committee report at an upcoming board meeting. Chairperson Lindner asked that auditors be available for questions from board members. CFO Terry asked that auditors be heard near the beginning of the board meeting so they would not have to wait too long to be heard. Chairperson Lindner requested clarification on the compliance hotline report which the committee no longer receives. CFO Terry asked if she would like to receive that and she responded yes, as well as anything where the committee would want independent eyes on data. Committee member Campo said he thinks things that should go to the Audit Committee chair are things that involve senior people on whistleblower issues. Attorney Woods stated Ethics & Compliance looks at some of those issues and refers them to Human Resources. Some go to her Legal office and they have outside counsel investigate. Mr. Campo stated the issue is when such investigations are communicated to the committee or to the board. He stated that if there is an investigation of someone high-ranking or someone on the board, that should be communicated at least to the board president.

ADJOURNMENT

There being no further business, the meeting adjourned at 3:51 p.m.