

**MINUTES OF THE SPECIAL MEETING/AUDIT COMMITTEE MEETING
BOARD OF EDUCATION
HOUSTON INDEPENDENT SCHOOL DISTRICT**

August 19, 2020

The Board Audit Committee meeting was called to order at 1:06 p.m.

Present:

Committee Members	Status	Arrived
Holly Maria Flynn Vilaseca	Zoom	
Anne Sung	Zoom	
Daniela Hernandez	Zoom	
Judith Cruz	Zoom	1:13 p.m.
Other Trustees		
Sue Deigaard	Zoom	1:13 p.m.

Staff: Garland Blackwell, Chief Audit Executive
Silvia Trinh, Chief of Staff
Vermeille Jones, Director, Board Services
Glenn Reed, Chief Financial Officer
Sherrie Robinson, Controller
Elneita Hutchins-Taylor, General Counsel
Liping "Lee" Huang, Audit Manager, Support Services
Tammi Mitchell, Audit Manager, Educational Programs
Douglas Moore, Sr. IT Auditor, Internal Audit
Julio Laureto, Assistant Controller
Tim Momanyi, Officer Budget & Financial Planning

Other: Lisa McBride, Partner, Thompson & Horton
Elizabeth Logan, Community Volunteer
Laura Lambert, Weaver
Rawan Sakatan, Weaver
Darlene Brown, Director, McConnell & Jones
Odysseus Lanier, Partner, McConnell & Jones

Committee Chair Trustee Flynn-Vilaseca called the meeting to order at 1:06 p.m. Board members present, via Zoom, were Trustee Hernandez, Trustee Sung, and Trustee Flynn-Vilaseca.

Consideration and Approval Of Minutes From Meeting Held On April 30, 2020

On motion by Trustee Sung, with a second by Trustee Hernandez, the minutes of the Audit Committee Meeting held on April 30, 2020, were approved by a vote of three to zero.

Welcome New Community Volunteer: Elizabeth Logan

The committee members and district staff introduced themselves and welcomed Elizabeth Logan, the new community volunteer member, who in turn expressed gratitude for being invited to participate.

Meeting Convened as a Special Board Meeting

Trustee Flynn Vilaseca announced that with the arrival of Trustees Cruz and Deigaard the meeting was now convened as a special meeting of the Board of Education at 1:13 p.m.

DISCUSSION ITEMS

Committee Chair Trustee Vilaseca reviewed the agenda, highlighting that the goals and three major expectations may be placed on the September or October agenda. The deadline for submission for the September agenda is Monday, August 24, 2020.

Receive Mid-Audit Update of the Comprehensive Annual Financial Report.

(Presented by Laura Lambert, Engagement Partner, Weaver)

- Weaver Leadership Team: Laurie Lambert, Matt Rogers, and Rawan Sakatan.
- Audit Progress. Interim fieldwork took place July 6, 2020 through July 17, 2020. Procedures included a walkthrough of accounting controls over significant transaction cycles, major federal and state financial assistance programs, tests of internal control over compliance, tests for compliance, bid/procurement testing, and tests of control over cash disbursements and payroll.
- Audit Plan – Year End. Final fieldwork is tentatively scheduled for September 9, 2020 to November 6, 2020. Procedures will include Completion of Single Audit testing of compliance for major federal and state programs, testing of account balances, follow-up on testing started during the interim period, and a review of the Comprehensive Annual Financial Report.
- Audit Committee Concerns
Trustee Sung: Are we back on track regarding our Ethics and Compliance Department?

Laura Lambert: We will review audit reports that have been done this current year and also the IIA Report that is on the agenda.

Elizabeth Logan: Of all of the cycles for which you have done walkthroughs during interim, do you come back and test the controls specifically or do you come back after those walkthroughs and do more testing?

Laura Lambert: It depends on the transaction class.

Sherrie Robinson: Follow-up to Trustee Sung's question. I do not remember an ethics and compliance issue related to the annual financial audit last year.

Garland Blackwell: I am of the same opinion. I do not recall an Ethics and Compliance Department issue. There was a concern about a vacancy in Ethics and Compliance. Kurth joined us in August last year, he recently resigned.

Trustee Sung: I thought that was in the Weaver report last year, I might be mixing up two different reports. I would just mention that Procurement, generally, is another area that I would like us to be paying more attention to this year.

- Additional Risks/Additional Services Requested

Elizabeth Logan: How do you cover IT risks in the audit?

Laura Lambert: We try not to overlap with Internal Audit; we focus on user access and IT concerns.

Trustee Vilaseca: Are there any recommendations that came out of the Legislative Budget Review that would be appropriate to review to help strengthen our system?

Laura Lambert: We will take that document and include it as part of our planning process.

Trustee Hernandez: Regarding Special Education.

Trustee Vilaseca: Garland is looking at that internally. [She asked Garland Blackwell to discuss how services of external contract firms are leveraged and for what purposes.]

Garland Blackwell: We outsource our IT audits to BDO. They are the primarily IT external auditors for HISD and the contract with them is currently being renewed.

Trustee Hernandez: So, Weaver is also helping with IT?

Garland Blackwell: Weaver performs the external audit of our financial statements for the district.

Laura Lambert: We make sure that the financial statements are not misstated.

Garland Blackwell: We also use other external firms, namely, McConnell & Jones and Whitley Penn to help us complete our annual audit plan or if something comes up during the year that was not planned.

Trustee Deigaard: Should we do an audit on COVID expenses and literacy programs under an education audit?

Garland Blackwell: We have a COVID audit plan in the Education Plan section. However, we intend to take a multi-phase approach on that so all three audit practices will be involved. Their separate audit plans are due to me by the middle of September for review and consultation. We also intend to use an external firm to assist with the COVID audit, and BDO has been requested to participate in our COVID audit.

Tammie Mitchell: The Literacy-By-3 audit report went out earlier this year. Based on the management action plan, we will do a follow-up once those actions have been put in place.

Elizabeth Logan: When you think about COVID and virtual school and a lot more people accessing the network externally, do you feel that your cyber security risk has changed or has gone up?

Garland Blackwell: That is why I asked BDO to join us on the COVID audit.

Trustee Sung: Special Education is an important point, especially since that looks different now with virtual learning. So that is a good thing to highlight.

Progress monitoring of internal audit plan

Garland Blackwell: These are broad high-level statistics broken down by our audit practices: Construction Services, Education, Financial Operations, and IT. They are audits in progress, not yet started, and grand total for this year, as well as what is planned for next year. We have a number of audits to get caught up on. My intent is to get caught up on the backlog of draft reports (we issued two this week); my goal is to get those reviewed by end of this month.

Trustee Sung: The 2020 audit plan ran from January to June because we were changing over to our new system. Why are some of the audits not started since they are carry overs?

Garland Blackwell: We are still working on some of last year's audits. Some are ready for my review, there are audits from the previous year that are not finished, and some are in audit progress that we hope to get done this quarter.

Trustee Sung: Where do you project us to be by the next committee meeting (in November)?

Garland Blackwell: Ideally, we will be finished with all of the audits currently in backlogs. By December (January at the latest) we should be halfway through our current year audit plan. One thing that we are going to do to help us with success, is to outsource certain audits. COVID needs to be very controlled and we will hire a firm to help manage the different pieces of the COVID audit.

Elizabeth Logan: For the next meeting, is it possible to see individual audits as they are closed out and what the ratings were?

Garland Blackwell: Yes. By a rating, what do you mean?

Elizabeth Logan: If there is no rating, that is fine, just a listing.

Trustee Vilaseca: Is that information that can be found in the dashboard?

Garland Blackwell: Yes.

Trustee Deigaard: You are slightly off-track, but you will still be able to complete the full audit plan in the timeframe you intended to complete it. The audits that you are going to outsource, were those always planned to be outsourced?

Garland Blackwell: No, we met as a team within the past two or three weeks and we talked about outsourcing audits and then further identified the specific audits that we intend to outsource.

Trustee Deigaard: Were these outsource expenses budgeted?

Garland Blackwell: They are budgeted now. We have funds in our current fiscal year budget that are designated for outsourcing. We have funds in our budget that we get every year that we have to decide how are we going to use those funds. These are outside payroll dollars; they are to operate the department.

Trustee Vilaseca: You have enough money for the externally outsourced audits from the overall June board-approved budget?

Garland Blackwell: Yes.

Trustee Cruz: When do you plan to have the 2020 audit plan complete?

Garland Blackwell: We plan to get it done by the end of the first quarter of this year.

Trustee Vilaseca: Do you anticipate six-eight months down the road, an additional need to acquire services and do you expect that to happen this fiscal year?

Garland Blackwell: We have scrubbed the audit plan very closely and we have the funds already earmarked for those specific audits. I am confident right now that we will stay on track.

Discussion of specific audits (has been loaded to dashboard)

Garland Blackwell: [Introduced the McConnell & Jones external audit team].

Odysseus Lanier: We have prepared a 3-page high-level summary of the budget process audit for HISD. Darlene Brown will make the presentation.

Darlene Brown: This audit was about how can we help the district improve its budgeting processes.

Background: The audit took place October – January when the district was still managing its budget functions through spread sheets (had not implemented the SAP budget module). The district was doing a great job with the tools they had in place. The audit rating was: Some Improvement Needed. We focused on the general fund and we looked at the whole cycle from development to execution and oversight. Objectives were (1) to ensure that there was proper planning taking place, that revenues and expenses were included in compliance with TEA requirements and (2) to ensure budget stakeholders were considered, resources were assigned, and compliance with the Texas Education Code.

Findings: Overall, the district is in compliance with the TEA requirements. The biggest thing that came to our attention was that the Budgeting and Financial Planning Department does not have the authority or executive leadership support to make sure that budgets are implemented in a strategic manner. The budgets are not tied to the District Improvement Plan or the Campus Improvement Plan, and the campus principals have the authority over their budgets, but they do not have accountability for when they have budget overruns and how they are planning their budgets.

Commendations:

- Continued Professional Development—a minimum of 40 hours annually
- Multiple budget workshops/presentation during the fiscal year

Recommendations:

1. Cease decentralized budgeting for campuses, at least at this point in time, until policies can be put in place to hold campus principals responsible for budget overruns. Establish policy guidelines for what should be included in the budget.
2. Develop and implement policies to enforce accountability for when budget managers overrun their budgets.
3. Establish a Finance and Budget Committee to monitor the budget and set policies.
4. Adopt fund balance and contingency fund policies
Mr. Lanier: A fund balance policy and contingency fund policy (usage and percentage of budget) should be in place to govern how to properly use the contingency fund.
5. Make budgets cycle-based where every year all expenses are analyzed and tied to campus improvement plans and district improvement plans.

6. Provide monthly budget-to-actual detailed reports to the board with a description as to why there is an overage or underage for each major line item.
7. Add more staff in the Office of Budget and Financial Planning to adequately support departments and campuses in planning and administering their annual budgets.

Trustee Deigaard: Regarding Recommendation #1. My interpretation is that this is not a judgement of centralized vs. decentralized, but that how we have been practicing decentralization has resulted in some problems for us and the recommendation, therefore, is that we should return (for a period of time) to centralized budgeting to get a better handle on this by putting some controls/accountability in place. It is not necessarily a permanent recommendation, just that the way we are doing it is not optimal. Am I correct?

Darlene Brown: That is correct. Campus principals know where they need to have some money and that is why we were saying that you centralize key parts of that budget but yet still allow campus principals to have some discretionary funds that they can use where needed, until you can get better policies in place.

Odysseus Lanier: Regarding accountability. In the budget process, if the campus principal overspends, their budget will be reduced the next year and they get a waiver, there is no accountability for overspending if you get a waiver.

Trustee Sung: Regarding the recommendations. Are these common practices in other large school districts?

Odysseus Lanier: Yes, strategic budgets and fund balances.

Trustee Sung: What evidence do you look for in the linkage between the formal budget and the district and campus improvement plans?

Darlene Brown: When you have your budget document you would have a bucket of money allocated to a specific objective or goal, or improvement and that is how you would monitor how much was actually spent relative to how much was budgeted and what was accomplished.

Trustee Sung: Where can we get best practices of districts that do this?

Darlene Brown: We can provide that.

Trustee Cruz: I would also like to see samples from other districts. What does it look like for our district to have stronger accountability for our principals and cycle-based budgeting; that would be important for next steps?

Darlene Brown: The reason that you did not have cycle-based budgeting right now is that the tools are not in place to do those analytics. Once the SAP budget module is up and running, you should be able to do that.

Trustee Cruz: Is that what we are moving toward?

Darlene Brown: To my knowledge.

Glenn Reed: Yes, we are.

Trustee Hernandez: Do you know when that will be fully implemented?

Glenn Reed: Yes, the board approved the budget system in April of last year. Phase 1 (personnel projections) went live in February. We are now in Phase 2 where people will be able to do their budgets online in the system (goes live February 2021). This will give much more visibility to everyone in the budget process.

Trustee Vilaseca: Can we have a summary of the 25-page document?

Darlene Brown: We can prepare a summary.

Garland Blackwell: A summary would be very helpful.

Trustee Hernandez: Regarding Recommendation #7. Is there a recommended number of staff to add?

Darlene Brown: Because COVID has changed things—the way everybody works and the resources--this would have to be analyzed to determine staff needed to support campuses in the future.

Trustee Hernandez: If it were pre-COVID, what number would you think?

Darlene Brown: Pre-COVID, I would say five, possibly seven.

Glenn Reed: Right now, we have about two experienced budget analysts on a team of five. They each have about 55 campuses each. The sheer number of campuses makes it difficult to do any follow-up.

Trustee Sung: In the four recommendation groups; three of the four is implement as proposed. Under budget monitoring, it is to implement alternative plan. Why is it different?

Glenn Reed: One of the issues is that we have no way of tracking monitoring of budgets.

Trustee Cruz: Will that change with SAP?

Glenn Reed: SAP does not track every single report and everything that you run. I have no way to see that principals or someone is running reports.

Trustee Hernandez: It is not an option, at all, for SAP.

Glenn Reed: Not that I am aware of, to log every budget report that they run.

Trustee Deigaard: I will discuss best practices with Dr. Lathan and do research to get a plan for how we are going to respond before we set our next budget.

Trustee Vilaseca: Agreed with Trustee Deigaard. Also, once some of the recommendations have been implemented, we need to have a follow-up audit.

Garland Blackwell: A follow-up audit on this is critically important but also the timing is important for implementation. Some of this will take some time for the administration to implement and to see that they are working as intended. Maybe a follow-up to this report should be done in two years after this report. I do not think we should go beyond two years for this report; maybe a year from now. I am open to stakeholders' input as to when it should be done.

Trustee Sung: In the report, the administrative response has the completion date of June 2021 for every recommendation. It seems that the administration has a plan to complete the recommendations within the year.

Garland Blackwell: We can put it in the next audit plan that we pursue, I just want to make sure that we are careful about the timing.

Trustee Deigaard: Has the administration already drafted a plan on this?

Glenn Reed: Right now, we are working on each piece, individually, and our expectation is to get it done by June 2021. Most of it is contingent on the SAP budget planning tool going live in February.

Trustee Deigaard: Some of these do relate to governance. So, if there is already a plan drafted and the administration has its timeline for things getting completed, it does need to dovetail with our board work.

Odysseus Lanier: When you look at the recommendations, there are those with governance implications and policy and those that are process oriented. We need to dissect the ones that are for the board and the ones that are for the executive team leadership and let's do a time phase implementation of those; some may be able to be implemented earlier than June 2021. McConnell & Jones is available to do a follow-up audit.

Discuss annual department goals

Garland Blackwell: We have three very important goals for each of the pieces of the Office of Internal Audit and three for Ethics and Compliance.

Internal Audit

1. Complete the Board approved Audit Plan. Completing the board-approved audit plan is our number one goal for this performance period.
2. IIA Standards Section 2000: Remedy the areas that were identified as needing improvement in the Department Assessment. We went through a very exhaustive assessment of the department, and it is extremely important to correct shortfalls in Section 2000 of the Redbook (audit standards) and get those fixed as soon as we can.
3. Create and implement an action plan to prepare for the department's assessment under the government auditing standards (Yellow Book). This is required and it is overdue. It is tasked for within two years. We want to create and implement the action plan during the 2020-2021 performance period and have the assessment done after that.

Ethics and Compliance.

1. Issue a Compendium of Predominant Ethics and Compliance Issues. This was a goal last year and we did not get to it, so we are rolling that goal forward.
2. Hire an ethics and compliance manager and a senior ethics and compliance investigator. Kurth decided to resign, and we have a vacant investigator position, so it is important to get those two positions filled as soon as possible during the current year. One thing that I am concerned about is that the position was downgraded from 35 to 32 which makes it more difficult to get an experienced manager to run that department at the lower salary.

Trustee Vilaseca: What is that difference in the salary pay grades?

Garland Blackwell: The previous manager was making \$135,000 a year and the one who just resigned was making (I believe) around \$96,000, a pretty significant gap. A higher salary may help us to find someone.

3. Pass the E-Rate Audit. We need to do an e-rate audit, the district got written up fairly well in 2015 in the audit that was done by Deloitte. It is time now (after five years) to follow-up on that and do a new e-rate audit and that is in the board-approved audit plan. We need to get that done during this performance period.

Trustee Cruz: We say 2020-2021, can you give me the month?

Garland Blackwell: July this year through June next year.

Trustee Cruz: What is the department doing regarding vacant positions besides working with HR?

Garland Blackwell: We advertise vacant positions on HISD's network, and advertise in outside organizations, i.e., the Institute of Internal Auditors and the Houston Ethics Group.

Trustee Sung: Regarding pay grades for the Ethics and Compliance manager. President Deigaard can you facilitate Garland talking to Dr. Lathan about the pay grade question for the Ethics and Compliance position?

Trustee Deigaard: Yes, I will do that.

Trustee Vilaseca: This will be going forward for approval by the full board in September. Lisa, is there any additional information needed for the cover so that we can get this wrapped up by Friday?

Lisa McBride: This will probably be information to the board, the board can approve it or not. The critical piece is which three of these department goals will become a part of the major expectations for Garland's performance evaluation.

Three Major Expectations

Garland Blackwell: I was trying to make a distinction between goals and expectations and decided that perhaps expectations are things that are in support of the goal or an outflow from executing the goal. These are the three our team developed for this performance period:

1. Identify potential cost savings \$250k - \$500k. This is usually included by audit departments. We will be on the lookout for opportunities based on costs.
2. Remedy all issues from IIA assessment related to standard Section 2000. We must fix them.
3. Develop an online training course for District employees on the Employee Code of Conduct. All district employees could benefit from training on the Code of Conduct, open to Dr. Lathan's direction on this item.

Trustee Vilaseca: Have you had the opportunity to talk with Dr. Lathan regarding #1 and #3? #1. Is that a rigorous amount of potential savings; how did you come to that range, and #3. If there is a Code of Conduct online training course, are you assuming responsibility to develop that and it will be pushed out by the district?

Garland Blackwell: I have not discussed the potential cost savings topic with Dr. Lathan, but I am open to the conversation. Looking for cost saving is routine with audit departments. This is new with our audit management team. The dollar range can be up for discussion. Since this is our first time doing it, the target is fairly low, it is a start.

Trustee Vilaseca: I do not know if that is a necessary step and if you have time to meet with her. I would think that at least for the online course,

Garland Blackwell: It was a goal to get the Employee Code of Conduct done last year so we accomplished that goal. The question is how to get that out to all district employees now; probably the best way to do that is an online course, we can work with the appropriate people to get this done during the performance period. I think Dr. Lathan would support it. She and I will correspond on this one as soon as we can.

Lisa McBride: Regarding the Employee Code of Conduct. I have not seen that document and my only concern would be if it is broader than audit-specific employee issues. There are board policies regarding issues such as Sexual Harassment, Procurement, Nepotism, and Conflict of Interest. If it gets into some of those issues, a final check may need to be made against those board policies just to be sure we are speaking in one voice.

Trustee Cruz: Looking at the potential cost savings, that does seem extremely low, does it make sense to change it?

Garland Blackwell: This is the first time that this particular audit team is being confronted with this. They would now have to make sure that as they pursue their audits, they are open for potential situations where the district could have cost savings opportunities. I am not opposed to raising it, I was looking to it as a starting point.

Trustee Sung: I pulled up the expectations from last year and realize that we have taken off the dashboard. Is that because we finished the dashboard; we consider it complete?

Garland Blackwell: I would say it is about 99% complete.

Lee Huang: At this point, we have achieved the goal of establishing and implementing the dashboard. Maintaining the dashboard is an on-going process. It is not a goal for this audit presentation

Trustee Sung: I just want to make sure that not only is the technology for the dashboard up but that it is getting full use.

Lee Huang: We are not dropping the dashboard. We are continuing to enhance the functionality, adding value to the audit process to serve stakeholders. We are collecting suggestions, comments, and recommendations from the stakeholders.

Trustee Sung: I do not know how my colleagues feel about that--should it be a major expectation or goal?

Trustee Vilaseca: Are you proposing replacing one of the three major expectations with the dashboard implementation and use?

Trustee Sung: I think it is something that we might consider. There are some things that we had hoped for that are not there yet. The other thing is the catch-up on the backlog of hot-line calls – should that be a goal as well.

Garland Blackwell: The way I weigh them is what items are the most important to the school district. I am remiss on one thing, I have not sat down with Dr. Lathan to get her thoughts on expectations, she might have some changes. We should give her a chance to weigh-in.

Trustee Vilaseca: It sounds like this is still in discussion, we are not ready to take to the board in September. We can continue to provide feedback. Perhaps we should plan for the October board agenda.

Trustee Hernandez: Regarding developing an on-line training course. Is that something that the Audit Department usually does, or should that be something for another department?

Elneita Hutchins-Taylor: It may be being reviewed by HR right now, and we need to do a thorough legal review on it as well. I think it will be a collaborative between Auditing, Human Resources and Legal to get a final product.

Garland Blackwell: I agree with you Elneita. Also, how we are going to train should be incorporated into the discussion.

Trustee Deigaard: Regarding the expectations, what gives us the biggest return on investment of our resources in our audit function? Regarding the Code of Conduct online course, what is the problem it is trying to solve? What are the things that need to be addressed in the audit function? How do we measure the success of implementing the expectation?

Trustee Sung: I share Trustee Deigaard's hesitation around the Code of Conduct online training. What is the most important thing that needs to be done in the area of ethics this year? Regarding cost savings, I appreciate why Garland would want to start with the limited goal and then come back with higher goals in the future. Trustee Vilaseca, if you want to work with Garland and Dr. Lathan (on behalf of the committee) to bring any modifications to these expectations to bring to the board, I agree with that.

Garland Blackwell: I would not have a problem with changing the cost savings to a million dollars (that would double the end-of-range value) as a starting point for my team. As for the Code of Conduct online training, it was a goal of our team last year to create the Code of Conduct, so it seems that a natural outflow from that is to get people trained on that Code of Conduct. If there is something more important than training on the code, we are open to changing that.

Trustee Deigaard: The problem with #1 is what are the numbers in the cost savings expectation being based on? It should be an achievable and meaningful expectation.

Garland Blackwell: No scientific process was used for that. From my experience with other audit departments, I know that it is usual to try to achieve some cost savings.

Trustee Deigaard: So, we are not currently tracking costs. Perhaps the better thing would be not only to identify but track, and it does not have to have a number tied to it.

Garland Blackwell: I am okay with that.

Trustee Vilaseca: I agree.

Garland Blackwell: How do we want to reword number one – just make it a practice in all of our audits to be on the look-out for potential cost savings and either we did, or we did not?

Trustee Sung: Garland, if this is something that you have seen done in other places where you have worked and you are comfortable with it, I would rather us not try to rewrite this expectation and just say “track” potential cost savings.

Trustee Deigaard: Does having a particular number in there have an effect of having the audit staff focusing on things that have cost savings as opposed to effectiveness of dollars spent?

Garland Blackwell: It would change the culture because the team is focused more on internal controls as opposed to the potential financial impact in the absence of financial controls. This is a way of trying to put the two together. I am also open to something that you think is more important.

Trustee Vilaseca: Garland, would you like more time to think about this and work with Dr. Lathan to make any revisions and then bring this to the board for approval at the October meeting?

Garland Blackwell: I am open to that. Sounds like everyone is okay with #2. It seems like the difficulty is with #1 and #3. I do strongly believe employees need to be trained on the Employee Code of Conduct.

Ethics and Compliance Update: Status of AlertLine Cases

Garland Blackwell: We reviewed all of the items that Kurth inherited and are focusing on things that are important. Things that were really old were eliminated. The net result is that the total open cases is 15 and the team is working on those currently.

Trustee Hernandez: Can you explain the chart by giving background information. These were investigations that were opened?

Garland Blackwell: The transition was when Kurth joined in August 2019. Since then, some cases were opened; some closed. Result is that 15 are currently open (actively

being investigated). Cases refer to someone calling the Alert Line and reporting an allegation. Cases may be shared with Human Resources and Employee Relations. External law firms handle cases involving chiefs.

Review audit committee charter and make recommendations to board for revisions if any

Upon motion by Trustee Sung, seconded by Trustee Cruz, the Review Audit Committee Charter And Make Recommendations To Board For Revisions item was postponed to the next Audit Committee Meeting. The motion passed by a vote of 5 to 0.

The Institute of Internal Auditors (IIA) Audit Report – Summary and Next Steps

Trustee Vilaseca: We received this report about a month ago from the IIA. We did well on this report, and it merits having a discussion with the full board.

Garland Blackwell: Internal auditors need to ensure that they are in conformance with the Institute of Internal Auditors' (IIA) Red Book and Blue Book; especially the Red Book which has seven mandatory sections for evaluation. The Blue Book is a resource for quality assessments. We were successful on all assessments except for one, Section 2000; an action plan is being created to get bring it up to par. Assessments are generally done every five years, but if the board would like them done more frequently, I am open to doing that.

Trustee Deigaard: If we do assessments every three years instead of every five year, what is the impact?

Garland Blackwell: We would have the opportunity to get some items classified as world-class.

Trustee Deigaard: How much does it cost?

Garland Blackwell: It was planned to be \$30,000 with them coming to visit us, however, because of COVID, it cost us \$25,000.

Trustee Deigaard: Regarding the recommendation that we include this as a presentation in a regular meeting. What meeting and how much time will be needed?

Trustee Vilaseca: This is an informational item.

Garland Blackwell: It could be as simple as letting the public know that their audit department was assessed and it received the highest rating from the IIA, which is generally conforms.

Trustee Deigaard: I agree with that. Which board meeting do you want this on Madam Chair?

Trustee Vilaseca: I recommend the September board meeting

Trustee Deigaard: If this is only a five-minute item, I do not see a problem in putting it on the September agenda (will go over with Dr. Lathan on Friday). Send the agenda item and attachments to me by Friday.

Trustee Vilaseca: Garland, send the two slides to Board President Deigaard.

Lisa McBride: Normally for the board (since you do not have a chief) I assist. There is a template from Board Services to be completed.

Garland Blackwell: I think it will be a "J" item if I do the presentation.

Trustee Vilaseca: Garland, send to Vermeille Jones and Brian with the two slides and the cover by Friday at noon and copy Board President Deigaard.

Discuss changes to audit plan as response to COVID-19 emergency

Garland Blackwell: As discussed earlier, we are using a multi-phased approach.

Dashboard update

Garland Blackwell: It is an active dashboard that is being maintained. We need to provide video training clips for board member and chiefs. Next steps are soliciting ways we can enhance the dashboard to make it more functional for stakeholders and the board. Email suggestions to Lee Huang and copy me. Lee is putting together a training regarding the dashboard.

Trustee Cruz: Is it possible for our community volunteer to have access to the dashboard or is that a security issue?

Lisa McBride: It depends on what gets reported on the dashboard. The concern is confidential information. If any legal advice or anything that is employee-specific about conduct or corrective action is reported in the dashboard, then that is confidential information and needs to stay within the group that the privilege applies.

Garland Blackwell: Also, Legal Services weigh-in on audit reports when we cite law, so their comments/feedback would be in there, too.

Trustee Vilaseca: When we approve the minutes, is this backup information made available to the public as well?

Vermeille Jones: We never post any additional documents on the website unless we are told to post those additional documents; we post the minutes.

Trustee Vilaseca: I think it would be better to have this information made available to the public as well. I do know that in the packet that was mailed to us, there was in one pdf file, open and closed. Next time, we need to have one pdf file, open, going to everybody and a separate pdf file that is closed, only going to committee members and Legal.

Garland Blackwell: I will convey that to Rosalinda, and we will make that happen.

Vermeille Jones: Do you want this packet posted?

Trustee Vilaseca: I do, but it needs to be separated. The closed pdf file does not need to go public because it has sensitive information.

Lisa McBride: Garland or someone from his team needs to resend the package to Board Services, broken out between open session and closed session.

Garland Blackwell: We can certainly divide open session and closed session and give that to Vermeille Jones.

ADJOURNMENT

There being no further business, the meeting adjourned at 4:11 p.m.

MINUTES APPROVED

The foregoing minutes of the Special Meeting/Audit Committee Meeting of the Board of Education of the Houston Independent School District held on August 19, 2020, in the Board Services Conference Room of the Hattie Mae White Educational Support Center of the Houston Independent School District, 4400 West 18th Street, Houston, Texas, were duly approved at a meeting held on October 6 2020.

ATTEST



Sue Deigaard
Board of Education, President
Houston Independent School District



Dr. Patricia K. Allen
Board of Education, Secretary
Houston Independent School District