

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

April 19, 2022

MEETING HELD - MEMBERS PRESENT

The Board of Education of the Houston Independent School District (HISD) held an Audit Committee meeting on April 19, 2022, beginning at 9 a.m. in the board auditorium of the Hattie Mae White Educational Support Center, 4400 West 18th St., Houston, TX 77092, and via Zoom.

Present:

Committee Member	Title	Status	Arrived	Departed
Sue Deigaard		Present		
Elizabeth Santos		Absent		
Bridget Wade		Present		10:39 a.m.
Other Trustees:				
Judith Cruz		Present		

Staff:

Millard House II, Superintendent
 Garland Blackwell, Chief Audit Executive
 August Hamilton, Special Assistant to the Superintendent
 Elneita Hutchins-Taylor, General Counsel
 Dr. Allison Matney, Executive Officer, Research & Accountability
 Erica Deakins, Officer, Strategic Plan and District Compliance
 Eugene Salazar, Operations Administrative Officer
 Scott Gilhousen, Chief Technology Officer
 Preeti Burns, Director, Information Technology
 Douglas Moore, Senior Information Technology Auditor
 Silvia Trinh, Executive Director, Board Relations
 Janet Conroy, Manager, Board Services
 Teresa Corrigan, Director, Ethics & Compliance
 John Gerwin, Manager, Construction Audit
 Liping "Lee" Huang, Audit Manager, Support Services
 Afzal Kerawalla, Audit Manager, Financial & Operational Audit
 Tammi Mitchell, Audit Manager, Internal Audit

Other: Lisa McBride, partner, Thompson & Horton
 Doris Delaney, Texas Education Agency (TEA) conservator
 Elizabeth Logan, community volunteer (remote)
 Jamey Loupe, BDO
 Darlene Brown, Partner, McConnell & Jones LLP
 Celina Cereceres, Audit Partner, Whitley Penn

MEETING CALLED TO ORDER - PURPOSE

Committee Chair Deigaard called the Audit Committee meeting to order at 9:09 a.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 MEETINGS

No action taken.

SPEAKERS TO AGENDA ITEMS (IF CONVENED AS SPECIAL MEETING)

There were no registered speakers.

DISCUSSION ITEMS

DASHBOARD UPDATE

Update presented:

- Power BI presentation mode is being tested for implementation.
- The public view will be provided through the Audit Committee website.
- Links and a quick reference guide will be provided when it goes live.

Trustee Deigaard requested that the committee be provided with a timeline for completion and each stage in the interim (when the dashboard would be sent to the board and to the cabinet, and when it would be available to the public). Chief Audit Executive Garland Blackwell indicated he would work with Information Technology to develop the timeline.

STATUS UPDATE FOR OPEN AUDIT RECOMMENDATIONS

Internal Audit and Management has been working diligently to close out the past due audit recommendations, with 51 items closed since February. There are 420 items remaining. For those audit recommendations which were due prior to audit year 2020, a “review of relevance” process is occurring now to determine if they are still valid due to changes of systems, processes, and staff.

LEGISLATIVE BUDGET BOARD (LBB) AUDIT RECOMMENDATIONS FOLLOWUP UPDATE

Darlene Brown of McConnell & Jones LLP (engaged to perform an audit of LBB recommendations) indicated that the audit is in progress.

Challenges include:

- Embedded components for each finding were not included in the district’s tracking of recommendation implementation.
- Staff turnover has led to insufficient information being maintained to support reported implementation status for several recommendations.

Of the 57 recommendations reviewed, 30 were fully implemented; 14 were partially implemented; 11 were unable to be assessed; one was not implemented; and one will not be implemented. However, the 57 recommendations originally identified grew into 375 embedded component recommendations to be audited. Ms. Brown indicated they

are having difficulty confirming that these recommendations were implemented due to lack of documentation.

ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF (ESSER) I AUDIT UPDATE

Celina Cereceres of Whitley Penn (engaged to perform an audit of ESSER funds) indicated the company is completing its audits as a fiscal year is completed. ESSER I funds were audited June 30, 2021, and ESSER II funds will be audited June 30, 2022. The 2023 audit plan will include ESSER I, II, and III funds for expenditures charged through June 30, 2022.

Of about \$82 million allocated for ESSER I funds, \$80.6 million was spent as of June 30, 2021.

PROPOSED 2023 AUDIT PLAN, STAFFING, AND BUDGET RESOURCES

Chief Blackwell indicated the plan would be brought to the board for approval in May. Trustee Cruz indicated concern that the audit plan be aligned to the risk assessment that's done annually and that the highest risks are being mitigated. She requested evidence of how the plan connects to the risk assessment. Chief Blackwell agreed to prepare and provide that.

STATUS UPDATE FOR 2021 INTERNAL AUDIT PLAN

Trustee Cruz asked why Construction Services was the category with the fewest complete audits. Chief Blackwell responded that this was a topic for closed session.

STATUS UPDATE FOR 2022 INTERNAL AUDIT PLAN

Chief Blackwell indicated that it was "going to be a stretch" to complete audits on time, given staff vacancies and due to the closed session topic noted above.

STATUS UPDATE FOR OFFICE OF INTERNAL AUDIT 2021-2022 GOALS

Chief Blackwell indicated that of the seven goals, six are in progress and one has been completed (to install and migrate audit work papers to the most advanced version of the department's audit management tool, TeamMate Plus). Five goals in progress have an anticipated completion by June 30. (Completion of the board-approved audit plan will still be in progress as of that date.)

BOARD AUDIT TRAINING

Not discussed.

ETHICS AND COMPLIANCE UPDATE

Theresa Corrigan, Director of Ethics & Compliance, stated there are 104 open ethics hotline cases as of this date.

Updates include:

- Online ethics training and online E-rate training for employees updated
- Code of Silence violation occurred
- Recent uptick in conflict of interest allegations

- Senior E&C analyst position filled
- One open position—E&C analyst

ADJOURN TO CLOSED SESSION

The committee adjourned to closed session at 9:10 a.m.

RECONVENE IN OPEN SESSION

The committee reconvened in open session at 10:20 a.m.

ADJOURN TO CLOSED SESSION

The committee adjourned to closed session at 11:38 a.m.

RECONVENE IN OPEN SESSION

The committee reconvened in open session at 12:40 p.m.

ADJOURNMENT

There being no further business, the meeting adjourned at 12:40 p.m.