

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

**November 15, 2022**

**MEETING HELD - MEMBERS PRESENT**

The Board of Education of the Houston Independent School District (HISD) held an Audit Committee meeting on November 15, 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:

<b>Committee Member</b>	<b>Title</b>	<b>Status</b>	<b>Arrived</b>	<b>Departed</b>
Sue Deigaard		Present		
Elizabeth Santos		Present		
Bridget Wade		Present		
<b>Other Trustees:</b>				
Judith Cruz		Present		

Staff:

Garland Blackwell, Chief Audit Executive  
August Hamilton, Special Assistant to the Superintendent  
Glenn Reed, Chief Financial Officer  
Alexis Licata, Officer, Business Logistics & Purchasing  
Emily Smith, Director, Policy Management, Board Relations  
Janet Conroy, Manager, Board Services  
Doris Aguilar, Executive Admin. Assistant, Board Services  
John Gerwin, Manager, Construction Audit  
Liping "Lee" Huang, Audit Manager, Support Services

Other: Lisa McBride, partner, Thompson & Horton  
Doris Delaney, Texas Education Agency (TEA) conservator  
Elizabeth Logan, community volunteer (remote)  
Jim Grady, Alvarez & Marsal

**MEETING CALLED TO ORDER - PURPOSE**

Committee Chair Sue Deigaard called the Audit Committee meeting to order at 9:02 a.m. and declared the committee convened to consider matters pertaining to HISD as listed on the duly posted meeting notice.

**SPEAKERS TO AGENDA ITEMS (IF CONVENED AS SPECIAL MEETING)**

There were no registered speakers.

### **CONSIDERATION AND APPROVAL OF MINUTES FROM PREVIOUS MEETINGS**

On motion by Trustee Santos, with a second by Trustee Wade, the minutes of the Audit Committee meeting held on September 22, 2022, were approved.

### **ADJOURN TO CLOSED SESSION**

The committee adjourned to closed session at 9:22 a.m.

### **RECONVENE IN OPEN SESSION**

The committee reconvened in open session at 10:05 a.m.

### **DISCUSSION ITEMS**

#### **STATUS UPDATE FOR AUDIT RECOMMENDATIONS/AUDIT DASHBOARD**

With continued collaboration between Internal Audit and management, all 471 past-due audit recommendations are expected to be addressed by March 2023. Of the 471 recommendations, 335 have already been closed, 98 will be closed by December 2022, and the remaining 38 will be closed by March 2023.

#### **AUDIT COMMITTEE CHARTER ANNUAL REVIEW**

Committee Chair Deigaard said it is her understanding that the charter was not reviewed last year. She recommended that committee members, before the end of the year, review the charter and make recommendations to give to next year's committee to consider updates to the charter in the first quarter of next year.

#### **AUDIT COMMITTEE ANNUAL REPORT**

Trustee Cruz noted that every December, the Audit Committee provides an annual report to the full board. That needs to be completed before posting on November 28 for the agenda review meeting of December 1. Trustee Deigaard said she would draft a report in time to make that deadline.

#### **AUDIT OF ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR) FOR FISCAL YEAR 2021–2022**

Trustee Cruz noted that the full board did not receive the ACFR until the day before the board meeting where it was to be discussed, so there was no time for the Audit Committee to review the report ahead of time. Chief Reed indicated that is the responsibility of the auditing firm (Weaver), which cannot complete the report any earlier, such as in October. They have to continue their auditing work until the last minute.

#### **STATUS UPDATE FOR THE 2021 INTERNAL AUDIT PLAN**

Chief Audit Executive (CAE) Blackwell presented a chart showing 34 total audits for 2020–2021, with 29 of them completed. He stated that of the five remaining that showed as not complete, one has already been completed and the other four should be completed within a couple of weeks.

### **STATUS UPDATE FOR THE 2022 INTERNAL AUDIT PLAN**

Of 34 total audits identified for 2021–2022, 10 have been completed and 24 are in the process of completion.

### **PROCESS FOR THE 2023–2024 INTERNAL AUDIT PLAN**

Discussed in closed session.

### **QUALITY ASSURANCE INTERNAL ASSESSMENT**

CAE Blackwell indicated the Internal Audit department has an obligation to be audited every five years. The last time it was done was in 2020; the next time will be in 2025. In between those times, Internal Audit does self-assessments. The result of its current self-assessment is “Generally Conforms” with five standards that need to be remediated. The five standards needing remediation are resource management, engagement work programs, documenting information, engagement supervision, and quality of communications. These are expected to be remediated by 2023.

### **INTERNAL AUDIT STAFFING**

Of 16 positions in Internal Audit, nine remain vacant.

### **ETHICS AND COMPLIANCE UPDATE**

Of six positions in the Office of Ethics and Compliance, one remains vacant.

Ethics and Compliance has 183 open cases from the Ethics Hotline.

Ethics and Compliance goals include:

- Increase awareness of the Ethics Hotline
- Conduct investigations thoroughly and efficiently ensuring appropriate communication throughout
- Roll-out and track compliance with Children’s Internet Protection Act (CIPA) to improve internet safety for students
- Continue to prevent and detect conflicts of interest and financial improprieties at HISD
- Streamline the HISD vendor background check process to help improve data quality and a timely turnaround
- Educate employees on risk and controls to help support ethical compliance with laws, regulations and HISD policies

### **ADJOURNMENT**

There being no further business, the meeting adjourned at 10:29 a.m.