

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

**January 26, 2023**

**MEETING HELD - MEMBERS PRESENT**

The Board of Education of the Houston Independent School District (HISD) held an Audit Committee meeting on January 26, 2023, beginning at 9 a.m. in the board auditorium of the Hattie Mae White Educational Support Center, 4400 West 18th St., Houston, TX 77092.

Present:

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

Staff:

Garland Blackwell, Chief Audit Executive  
Millard House II, Superintendent  
Rick Cruz, Deputy Superintendent  
August Hamilton, Special Assistant to the Superintendent  
Catosha Woods, Interim General Counsel  
Alexis Licata, Officer, Business Logistics & Purchasing  
Silvia Trinh, Executive Director, Board Relations  
Janet Conroy, Manager, Board Services  
John Gerwin, Manager, Construction Audit  
Liping "Lee" Huang, Audit Manager, Support Services  
Teresa Corrigan, Director, Ethics & Compliance

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

**MEETING CALLED TO ORDER - PURPOSE**

Committee Chair Sue Deigaard called the Audit Committee meeting to order at 9:01 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 Wade, with a second by Trustee Cruz, the minutes of the Audit Committee meeting held on November 15, 2022, were approved.

## **DISCUSSION ITEMS**

### **RFP/RFQ UPDATE**

Alexis Licata, Officer, Business Logistics & Purchasing, stated that the RFQ for external auditing firms was released on November 21 and held a preproposal conference on December 7. Vendors were allowed about two weeks to ask any questions before the project was closed on January 10. The evaluation period of vendors is underway. Links to all proposals were sent to committee members for their evaluation. Evaluations are due on January 31. A recommendation of vendor(s) will be made to the board at the March board meeting.

### **2022 AUDIT COMMITTEE REPORT AND RECOMMENDATIONS FOR 2023**

Trustee Deigaard noted that the Audit Committee Report is something which the Audit Committee puts together and presents to the board annually, and that she is way overdue on completing it. She thanked Chief Blackwell and his staff for assisting with it. She provided a draft and discussed it with committee members in the meeting. She asked that they review it in the coming week so that revisions could be made and the report and recommendations be ready for approval at the February board meeting.

Trustee Deigaard asked Chief Blackwell how much money would need to be added to his budget to allow for a contingency bank of hours to address additional, unexpected audit requests. He responded that he would need to look into that. Chief Blackwell also noted that currently when he does receive a request for an additional audit, he assigns it to an outside firm as he does have the budget to do so.

### **STATUS UPDATE FOR OLDER AUDIT RECOMMENDATIONS**

Liping "Lee" Huang, Audit Manager, Support Services, said as of January 20, Internal Audit addressed 395 of 471 past due audit recommendations. The 76 remaining recommendations are expected to be closed by March 2023. Trustee Wade recommended that all construction audits be closed out before the board addresses another possible bond. John Gerwin, Manager, Construction Audit, indicated his team should be able to do so.

Trustee Cruz asked Superintendent House to ensure that all trustees can access the Power BI/Audit Dashboard because she has had problems with access. Trustee Cruz asked if the data is up-to-date. Liping "Lee" Huang indicated there may be some lag on data as IT updates the dashboard daily and Internal Audit makes updates several times a day.

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

Discussed as part of the Status Update for Older Audit Recommendations.

### **INTERNAL AUDIT STAFFING**

Chief Blackwell stated his department is down to three auditors out of approximately 15. He said he is trying to use outside firms to help with audits that still need to be done. An

audit manager is expected to start soon but it's harder to fill auditor vacancies. Community volunteer Elizabeth Logan suggested that Chief Blackwell provide for the next committee meeting a list of which vendors are handling which audits. Committee Chair Sue Deigaard agreed that would be helpful.

### **ETHICS AND COMPLIANCE UPDATE**

Ethics and Compliance has 147 open cases from the Ethics Hotline.

Teresa Corrigan, Director, Ethics & Compliance, reviewed the following as Ethics and Compliance goals:

- 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
- Ensure E-Rate program compliance and Audit Readiness
- 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

### **CHIEF AUDIT EXECUTIVE'S ANNUAL EVALUATION AND TIMELINE**

After discussion of alternative dates for the chief audit executive's annual evaluation and timeline, Lisa McBride, board counsel, agreed to provide to Board Services the agreed upon dates so that Board Services could schedule accordingly.

### **ADJOURN TO CLOSED SESSION**

The committee adjourned to closed session at 10:25 a.m.

### **RECONVENE IN OPEN SESSION**

The committee reconvened in open session at 10:56 a.m.

### **ADJOURNMENT**

There being no further business, the meeting adjourned at 10:56 a.m.

