

**Houston Independent School District
Board Audit Committee
Meeting Minutes: October 6, 2014
2:20 p.m.**

Meeting Called to Order by: Meeting called to order by Ms. Anna Eastman at 2:20 p.m.

Present: Committee Members: Ms. Anna Eastman and Mr. Manuel Rodriguez, Jr.
Audit Staff: Mr. Richard Patton

Proceedings:

- Mr. Richard Patton, Chief Audit Executive indicated his main focus would be to discuss the transformation plans and vision (focus & priorities) for the audit department. He directed the committee's attention to page 4 of the Board Audit Committee Meeting PPT, which was a high level summary of the required attributes to enable the audit department to add value to the District's strategic objectives. He then directed their attention to the 30 recommendations from the IIA that were issued in July 2013 and noted that, to date, two (2) were completed. He stated that the department will not be in compliance with the IIA professional standards until the recommendations are implemented. Mr. Patton has been in contact with Basil Woller of the IIA and made him aware of the transition plans.

Mr. Patton provided a status of the 2014 audit plan and explained that 4 projects were completed, 19 were in process and 6 projects had not begun. Several projects were labeled high priority however, only two of those projects, #11 and #26, were complete.

The committee requested a list of audit projects in rank order, to be made available at a future meeting. Trustee Rodriguez suggested preparing a memo from the audit committee to the chief audit executive with a list of expectations from the department, along with a timeline for those expectations to be met.

Discussion ensued with regard to the next slide entitled, "Proposed Vision for IA Success" outlining the actions steps for the success of the internal audit department. Mr. Patton has begun a marketing initiative with Chiefs, senior leaders, and Deloitte to explain the new direction, the importance of collaboration, and the impact of the audit culture within HISD.

Mr. Patton reviewed the next PPT slides showing a typical IA annual cycle, heat map and decision matrix. The proposed meeting dates for the audit committee are August, October, December, February and April. He recommended meeting on a case by case basis between now and January.

In the future, the normal risk assessment process will begin around June each year to allow a draft of the annual audit plan to be discussed and vetted with the current audit committee members in December. The new committee members will formally approve the audit plan in February of each year.

Discussion ensued concerning the organization of the department, the IT audit function, IT risk assessment, enterprise risk assessment, and development of the 2015 audit plan. Mr. Patton suggested the use of consultants to speed up the transformation process and plans to submit an agenda item to propose contract approval by the Board.

Meeting adjourned at 3:42 p.m.