

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

September 25, 2025

MEETING HELD - MEMBERS PRESENT

The School Board of the Houston Independent School District (HISD) held an Audit Committee meeting on September 25, 2025, beginning at 2:00 p.m. in the Board Services conference room of the Hattie Mae White Educational Support Center, 4400 West 18th St., Houston, TX 77092.

Present:

Committee Member	Title	Status	Arrived	Departed
Janette Garza Lindner	Chair	Present		
Ric Campo	Member	Present		
Paula Mendoza	Member	Present		
Elizabeth Logan	Community Volunteer	Remote		

Staff:

Catosha Woods, General Counsel
James Terry, Chief Finance and Operations Officer
Teresa Corrigan, Sr. Exec. Dir., Ethics & Compliance
Kerri Holt, Chief Technology Officer
E.J. Machicek, Director of Information Technology
Tanya Pridgeon, Senior Manager, Information Technology
Norma Castillo, Interim Chief Human Resources Officer
Ricardo Guerra, Exec. Dir., HR Business Partnerships
Sherrie Robinson, Controller
Shelley Mattson, Assistant Controller
Earl Flowers, Treasurer
Patrice Humphries, Sr. Exec. Dir., Finance & Accountability
Tony Warfield, Director of Finance & Accounting Services
Janet Conroy, Manager, Board Services

Other:

Anastasia Lindo Anderson, Texas Education Agency (TEA) conservator
Duffy Leidner, RSM
Laura Manlove, RSM
John Hughes, RSM
Chip Stewart, RSM

A reporter from the Houston Chronicle was also in attendance.

MEETING CALLED TO ORDER — PURPOSE

Committee Chair Janette Garza Lindner called the Audit Committee meeting to order at 2:09 p.m. and declared the committee convened to consider matters pertaining to HISD as listed on the posted meeting agenda.

CONSIDERATION AND APPROVAL OF MINUTES FROM PREVIOUS MEETING

On motion by committee member Ric Campo, with a second by committee member Paula Mendoza, the minutes of the Audit Committee meeting held on April 29, 2025, were approved.

STATUS REPORT ON FISCAL YEAR 2024–2025 INTERNAL AUDIT PLAN

RSM provided an update on the follow-up of 2024–2025 Internal Audit Recommendations stating there are a total of 41 observations. Of those, 11 are closed; 30 remain open; and 12 are ready for follow-up testing. RSM stated there should be a lot of updates to this information at the next Audit Committee meeting. Committee chair Garza Lindner asked whether there are any challenges or concerns about making that target date. RSM responded there are no concerns as administration management has been very proactive on RSM’s recommendations. Committee member Campo noted this is a sign of a great internal audit program: good collaboration focused on improving business practices. Ms. Garza Lindner agreed, noting that adherence to schedule is another sign of a great internal audit program.

STATUS REPORT ON FISCAL YEAR 2025–2026 INTERNAL AUDIT PLAN

Two 2024–2025 internal audit projects have been moved to FY 2025–2026: the Information Technology (IT)—Incident Response Tabletop Exercise and the IT—Internal Penetration Testing. In addition to these, other projects for FY 2025–2026 include Employee Selection and Onboarding, Maintenance and Repairs, Post Award Contract Administration and Vendor Management, ProCard Program, and IT—Cybersecurity Governance and Policy Assessment.

UPDATE ON FOLLOW-UP ACTIONS FOR PREVIOUS REPORTS/AUDITS

RSM provided an IT follow-up update, noting that IT has made measurable progress across multiple audits since the last Audit Committee meeting, including the Vulnerability Assessment and Penetration Test, PowerSchool, Microsoft SQL Server Database Administration and Security, OneSource (SAP), and Disaster Recovery. The administration noted that a new Executive Director of IT Security and Audit has been hired to oversee audit alignment and resolution.

REVIEW OF REPORTS

• ASSET MANAGEMENT

RSM reported on an internal audit of Asset Management. The objective was to evaluate the design and effectiveness of internal controls surrounding management of fixed and controlled assets. Two observations were rated as high-risk: Annual Physical Inventory of Assets and Tagging and Recording of Assets. RSM found significant non-compliance with a requirement for annual physical inventory of assets. Committee Chair Garza Lindner asked how two high schools were chosen for sampling. RSM responded they always employ judgmental risk selection: the sample sites may be at higher risk based on

quantitative or qualitative factors. Also, RSM wanted to sample one school that had completed its annual inventory and one that had not. RSM also noted that the administration has already addressed many issues, with 88 percent of departments now having completed their 2025 annual inventory, which is a significant improvement. Committee member Paula Mendoza asked if RSM will provide information on how many assets the district started with in a given year and how many it ended up with, to identify how many assets are missing. RSM stated it does not measure that but will continue testing other samples to determine if controls are operating effectively. Chief Finance and Operations Officer Jim Terry stated that the administration hopes to have that information every year. Regarding tagging and recording of assets, during site visits RSM identified assets that were not tagged and assets that had a tag but were not entered in the inventory system. RSM recommended additional training and implementing an automated system for validating tags. Administration responded that training on tagging has already been completed and an automated system is already under consideration. Committee chair Garza Lindner asked whether administration is considering any process changes to ease the tagging burden on campuses. CFO Terry noted that administration is thinking about centralizing this function. RSM also noted one moderate- and three low-risk observations, all of which the administration is already addressing.

- **DRAFT COMPETITIVE PROCUREMENT REPORT**

A report on this internal audit project now underway will be issued at a future Audit Committee meeting.

- **FINAL SOCIAL ENGINEERING REPORT (CONFIDENTIAL)**

The committee discussed RSM's report on Social Engineering privately, to prevent security issues. The objective of the audit was to assess HISD's susceptibility to phishing attacks via simulated social engineering emails. To accomplish this, random employees received realistic phishing scenario emails requesting credentials, then auditors monitored user responses and analyzed outcomes. At the conclusion of their audit, RSM summarized its findings into a report and conducted exit conferences with district management.

ADJOURNMENT

There being no further business, the meeting adjourned at 3:23 p.m.