



AGENDA

AUDIT COMMITTEE OF THE BOARD OF TRUSTEES

Committee Member

Dr. Pretta VanDible Stallworth, Chair

Trustee Monica Richart

Trustee Dave Wilson

Alternate Member

Trustee Eva Loreda

February 14, 2024

3:30 PM

3100 Main Street, 2nd Floor Auditorium, Houston, Texas 77002

**NOTICE OF A MEETING OF THE
Audit Committee
OF THE BOARD OF TRUSTEES

HOUSTON COMMUNITY COLLEGE**

February 14, 2024

Notice is hereby given that a Meeting of the Audit Committee of the Board of Trustees of Houston Community College will be held on Wednesday, February 14, 2024 at 3:30 PM, or after, and from day to day as required, 3100 Main Street, 2nd Floor Auditorium, Houston, Texas 77002. The items listed in this Notice may be considered in any order at the discretion of the Committee Chair and items listed for closed session discussion may be discussed in open session and vice versa as permitted by law. Actions taken at this Meeting do not constitute final Board action and are only Committee recommendations to be considered by the Board at the next Regular Board meeting.

I. Call to Order

- A. Opportunity for Public Comments

II. Topics For Discussion and/or Action:

- A. Orientation - Internal Audit and Charters
- B. Internal Audit Status Report
- C. Approve Adding ERM Top 10 Risks Baseline Assessment to Internal Audit Plan
- D. Report on Quarterly Control and Compliance Attestation

III. Adjournment to closed or executive session pursuant to Texas Government Code Sections 551.071; 551.072 and 551.074, the Open Meetings Act, for the following purposes:

A. Legal Matters

Consultation with legal counsel concerning pending or contemplated litigation, a settlement offer, or matters on which the attorney's duty to the System under the Texas Disciplinary Rules of Professional Conduct clearly conflicts with the Texas Open Meetings Laws.

B. Personnel Matters

Deliberate the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer, employee or board member to hear complaints or changes against an officer, employee or board member unless the officer, employee or board member who is the subject of the deliberation or hearing requests a public hearing.

C. Real Estate Matters

Deliberate the purchase, exchange, lease, or value of real property for Agenda items if deliberation in an open meeting would have a detrimental effect on the position of the System in negotiations with a third person.

IV. Additional Closed or Executive Session Authority:

If, during the course of the meeting covered by this Notice, the Board should determine that a closed or executive meeting or session of the Board should be held or is required in relation to any items included in this Notice, then such closed or executive meeting or session as authorized by Section 551.001 et seq. of the Texas Government Code (the Open Meetings Act) will be held by the Board at that date, hour and place given in this Notice or as soon after the commencement of the meeting covered by the Notice as the Board may conveniently meet in such closed or executive meeting or session concerning:

Section 551.071 - For the purpose of a private consultation with the Board's attorney about pending or contemplated litigation, a settlement offer, or matters on which the attorney's duty to the System under the Texas Disciplinary Rules of Professional Conduct clearly conflicts with the Texas Open Meetings Laws.

Section 551.072 - For the purpose of discussing the purchase, exchange, lease or value of real property if deliberation in an open meeting would have a detrimental effect on the position of the governmental body in negotiations with a third person.

Section 551.073 - For the purpose of considering a negotiated contract for a prospective gift or donation to the System if deliberation in an open meeting would have a detrimental effect on the position of the System in negotiations with a third person.

Section 551.074 - For the purpose of considering the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer, employee or board member to hear complaints or changes against an officer, employee or board member unless the officer, employee or board member who is the subject of the deliberation or hearing requests a public hearing.

Section 551.076 - To consider the deployment, or specific occasions for implementation of security personnel or devices, or a security audit.

Section 551.082 - For the purpose of considering discipline of a student or to hear a complaint by an employee against another employee if the complaint or charge directly results in a need for a hearing, unless an open hearing is requested in writing by a parent or guardian of the student or by the employee against whom the complaint is brought.

Section 551.084 - For the purpose of excluding a witness or witnesses in an investigation from a hearing during examination of another witness in the investigation. Should any final action, final decision, or final vote be required in the opinion of the Board with regard to any matter considered in such closed or executive meeting or session, then such final action, final decision, or final vote shall be at either:

A. The open meeting covered by this Notice upon the reconvening of the public meeting, or

B. At a subsequent public meeting of the Board upon notice thereof, as the Board

shall determine.

V. Reconvene in Open Meeting

VI. Adjournment

CERTIFICATE OF POSTING OR GIVING NOTICE

On this **9th day of February 2024**, this Notice was posted at a place convenient to the public and readily accessible at all times to the general public at the following locations: (1) the HCC Administration Building of the Houston Community College, 3100 Main, First Floor, Houston, Texas 77002 and (2) the Houston Community College's website: www.hccs.edu.

Posted By:

Sharon R. Wright
Director, Board Services

REPORT ITEM

Meeting Date: February 14, 2024

Topics For Discussion and/or Action:

ITEM #	ITEM TITLE	PRESENTER
A.	Orientation - Internal Audit and Charters	Dr. Margaret Ford Fisher Terry Corrigan

DISCUSSION

This is an orientation session to provide high level information on HCC's internal audit function, Audit Committee responsibilities, and the two Charters (Internal Audit Department and Audit Committee) overall function. The Charters will be brought forward for Board of Trustees approval in the April 2024, board meetings.

COMPELLING REASON AND BACKGROUND

To comply with Board Policy CDC (LOCAL), International Standards for the Professional Practice of Internal Auditing, and Board Bylaws Article F, Section 4c.

The Standards, Standard 1000 requires: "The purpose, authority, and responsibility of the internal audit activity must be formally defined in an internal audit charter, consistent with the Definition of Internal Auditing, the Code of Ethics, and *the Standards*. The chief audit executive must periodically review the internal audit charter and present it to senior management and the board for approval."

Board Bylaws Article F, Section 4c states: "The audit committee assists the board in fulfilling its audit oversight responsibilities of the institution. The committee will also receive periodic compliance reporting and approve the annual audit plan for recommendation to the board."

FISCAL IMPACT

No Impact

STRATEGIC ALIGNMENT

1. *Student Success*, 5. *College of Choice*

ATTACHMENTS:

Description	Upload Date	Type
Orientation - Internal Audit and Charters	1/22/2024	Presentation
Proposed IA Department Charter	1/22/2024	Attachment
Proposed Audit Committee Charter	1/22/2024	Attachment
Board Policy CDC(LOCAL)	1/22/2024	Attachment

This item is applicable to the following: District

Internal Audit and Charters

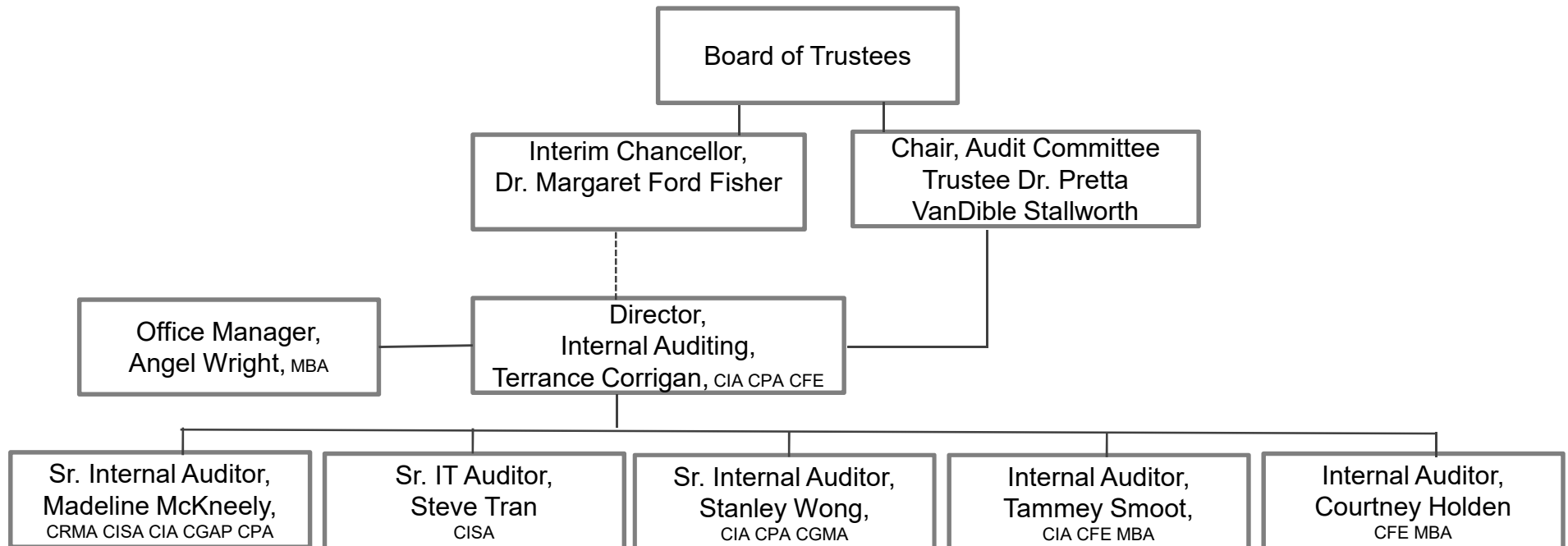
Trustee Orientation



Dr. Margaret Ford Fisher, Interim Chancellor
Terry Corrigan, Director Internal Audit
February 14, 2024

HCC Internal Audit and Charters

Organization Chart



HCC Internal Audit and Charters

Staff Qualifications/Experience Summary

Name	Title	Experience				Certifications						Edu	
		Yrs Int Audit	Yrs Ext Audit	Yrs Enviro/ Safety	Yrs w/ HCC	CIA	CISA	CGAP	CFE	CPA	CGMA	CRMA	MBA
Terry Corrigan	Director	29	0	15	7	√			√	√			
Steve Tran	IT Senior	13	0	2	4		√						
Madeline Mckneely	Senior	24	0	0	7	√	√	√		√		√	
Stanley Wong	Senior	7	10	0	7	√				√	√		
Courtney Holden	Auditor	6	3	5	6				√				√
Tammey Smoot	Auditor	7	0	4	5	√			√				√
Angel Wright	Office Mgr	7	0	0	17								√
Totals		93	13	26	53	4	2	1	3	3	1	1	3

CIA - Certified Internal Auditor

CISA - Certified Information Systems Auditor

CGAP - Certified Government Auditing Professional

CFE - Certified Fraud Examiner

CPA - Certified Public Accountant

CGMA - Certified Global Management Accountant

CRMA - Certification in Risk Management Assurance

HCC Internal Audit and Charters

Departments Vision and Mission

Vision

Be recognized as the go to **trusted advisors** for risk and internal control management.

Mission

Enhance & protect HCC's value by providing risk-based and objective assurance, advice, & insight.

HCC Internal Audit and Charters

“the Standards” Charter Requirement

All the Internal Audit Department’s endeavors are conducted in compliance with the “International Standards for the Professional Practice of Internal Auditing” (*the Standards*).

The Standards, Standard 1000 requires that:

“The purpose, authority, and responsibility of the internal audit activity must be formally defined in an internal audit charter, consistent with the Definition of Internal Auditing, the Code of Ethics, and *the Standards*. The chief audit executive must periodically review the internal audit charter and present it to senior management and the board for approval”

HCC Internal Audit and Charters

Basis Used in Establishing the Charters

- 1) International Standards for the Professional Practice of Internal Auditing (*the Standards*)
- 2) Board Policy CDC (LOCAL) (see attachment)
- 3) Board Bylaws Article F, Section 4, c, states:
“The audit committee assists the Board in fulfilling its audit oversight responsibilities of the institution. The committee will also receive periodic compliance reporting and approve the annual audit plan for recommendation to the Board.”
- 4) Review of other universities and colleges Charters

HCC Internal Audit and Charters

Proposed Charters

Internal Audit Department Charter

There are no proposed revisions to the current Internal Audit Department Charter that was approved April 19, 2023, by the BOT.

Audit Committee Charter

There are no proposed revisions to the current Audit Committee Charter that was approved April 19, 2023, by the BOT.

HCC Internal Audit and Charters

Proposed Schedule for Approving Charters

To allow time for the current Audit Committee members to review the proposed Charters, the plan is to bring the Charters back for approval in the April 2024 Board meetings.

The proposed Charters are attached in the package.

HCC Internal Audit and Charters

Thank You

Questions?

Internal Audit Policies and Procedures

Internal Audit Charter

PURPOSE

This Internal Audit Charter defines the function, authority and responsibility of the Internal Audit Department (the Department).

MISSION

Internal Auditing's mission is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight.

FUNCTION

Internal Auditing is an independent, objective assurance and consulting activity designed to add value and improve the Houston Community College System's (HCCS) operations. The Department helps HCCS accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

All the Department's endeavors are to be conducted in compliance with objectives and policies of HCCS; as well as, the Mission of Internal Audit and the mandatory elements of the International Professional Practices Framework (IPPF) promulgated by the Institute of Internal Auditors, Inc. as follows:

- Core Principles for the Professional Practice of Internal Auditing
- Code of Ethics
- Definition of Internal Auditing
- International Standards for the Professional Practice of Internal Auditing

Periodic internal and external quality assessments and ongoing internal monitoring will be part of a quality assurance and improvement program designed to help the internal auditing activity add value.

INDEPENDENCE AND OBJECTIVITY

To provide for the independence of the Department, its personnel report to the Chief Audit Executive ("CAE"), who reports functionally to the Audit Committee of the Board of Trustees and administratively (i.e., day-to-day operations) to the Chancellor. To establish, maintain, and assure that the Department has sufficient authority to fulfill its duties, the Board Audit Committee will:

1. Approve and recommend the Internal Audit Department Charter and Audit Committee Charter for Board approval.

Internal Audit Policies and Procedures

Internal Audit Charter

2. Periodically review the Internal Audit Charter and Audit Committee Charter to ensure it encompasses any required revisions.
3. Approve and recommend the Annual Internal Audit Work Plan for Board approval.
4. Review the audit reports, audits in progress, and future audits at regularly scheduled meetings.
5. Establish a schedule of regular meetings.
6. Establish a means of direct communication between the Chairman of the Audit Committee and the Internal Audit Director.
7. Review significant observations and management action plans to address those observations in the audit reports.
8. Monitor the status of management action plans for progress on significant observations.
9. Provide input to the Chancellor for the annual evaluation of the Internal Audit Director
10. Provide input to the Board concerning the selection of the Internal Audit Director from the three (3) candidates recommended by the Chancellor.
11. Provide input to the Board concerning approval of the Chancellor's recommendation to terminate the Internal Audit Director.

The reporting relationships of the CAE enhance departmental independence, promote comprehensive audit coverage and encourage adequate consideration of audit reports and recommendations. To maintain objectivity, the CAE and the audit staff shall have no direct authority over the activities they review. In particular, Internal Audit may not develop policies and procedures for a function they might audit or direct the actions of the personnel in the performance of that function.

Internal Audit may be asked to participate in management committees or project teams, to analyze controls built into processes, development systems, or analyze security products. Because Internal Audit is not a management decision-making function, decisions to develop, adopt and implement policies or procedures as a result of an internal audit advisory service must be made by management. The performance of these audits or reviews does not relieve management of any assigned responsibilities. The internal audit activity must be independent, and internal auditors must be objective in performing their work.

AUTHORITY

The CAE will have unrestricted access to and communicate and interact directly with the Audit Committee Chair, including in private meetings without management present. The Board of Trustees authorizes the Department to:

Internal Audit Policies and Procedures

Internal Audit Charter

- Have full, free, and unrestricted access to all functions, activities, properties, manual and automated information systems, personnel, and non-privileged records pertinent to carrying out any engagement, subject to accountability for confidentiality and safeguarding of records and information.
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques required to accomplish audit objectives, and issue reports.
- Obtain assistance from necessary HCCS personnel, as well as other specialized services from within or outside HCCS to complete engagements.
- Require written responses to audit observations describing corrective action that will be taken to adequately resolve the deficiencies, the responsible parties, and the expected completion dates. Deficient corrective action plans will be reported to the Board of Trustees for resolution.

RESPONSIBILITIES

In accordance with Board Policy, Internal Audit is responsible for assessing the various functions and control systems within HCCS and for advising management concerning their condition. The fulfillment of this accountability includes:

- Developing a flexible risk based annual internal audit plan with input from Senior Management and the Board of Trustees as required by IIA Standard 2010. A1 and submit the audit plan to the Audit Committee for review and the Board for approval.
- Reviewing and adjusting the plan, as necessary, in response to changes in the organization's business, risks, operations, programs, systems, and controls with Audit Committee review and Board approval.
- Meeting regularly with the Board Audit Committee to provide updates by reviewing audits performed, audits in progress, future audits, and sufficiency of the Department resources.
- Conducting independent and constructive audits to review effectiveness of controls, financial records, operations, or to review departmental records, the proper recording of transactions, and compliance with applicable rules, regulations, policies, and procedures, including evaluation for potential fraud and effectiveness of fraud controls.
- Analyzing data obtained for evidence of deficiencies in controls, integrity, duplication of effort, or lack of compliance with College policies and procedures.
- Conducting audits that examine the effectiveness of the governance, risk management, and internal control processes in promoting the achievement of strategic objectives concerning all reporting, operations, safeguarding of assets, and compliance.

Internal Audit Policies and Procedures

Internal Audit Charter

- Investigating allegations of fraud, waste, abuse and other wrongdoing as appropriate and in accordance with Board Policy, and coordinating such investigations as needed with Legal Counsel or the HCCS Police.
- Evaluating the design, implementation, and effectiveness of HCCS ethics-related objectives, programs, and activities.
- Assessing whether information technology governance effectively supports HCCS strategies and objectives.
- Offering Advisory services; Internal Control or Fraud training; Control Self-Assessment (CSA) services, and other audit technique workshops as warranted.
- Coordinating audit efforts with those of external financial auditors and acting as a liaison for other external auditors.
- Coordinating efforts with other control monitoring functions within HCCS (risk management, compliance, security, legal, ethics, safety and environment, police, human resources, and information technology).
- Maintaining a professional audit staff with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of this *Charter* and ensure that personnel in the Department have appropriate continuing education to foster advancement of technical knowledge and skills.

CHARTER REVISIONS

Any changes to this Charter require the approval of the Board Audit Committee.

Document History

- Amended September 19, 2013
- Amended October 20, 2016
- Amended August 17, 2017
- Approved with no revisions August 1, 2018
- Approved with no revisions February 5, 2020
- Amended April 21, 2021
- Amended April 20, 2022
- Approved with no revisions April 19, 2023
- **Approved with no revisions April XX, 2024**

Houston Community College System
Internal Audit
Policies and Procedures
Audit Committee Charter

Authority

Board Bylaws Article F: Committees, 4. STANDING COMMITTEES, c. Audit states:

“The audit committee assists the Board in fulfilling its audit oversight responsibilities of the institution. The committee will also receive periodic compliance reporting and approve the annual audit plan for recommendation to the Board.”

Purpose

The committee assists the board in fulfilling its audit oversight responsibilities in the following areas:

- Ethics,
- Risk management,
- Internal control framework,
- Oversight of the internal audit activity, external auditors, and other providers of assurance, and
- Financial statements and public accountability reporting.

Composition

The committee consists of four board members as follows: a chair, two members, and one alternate. The chair of the Board of Trustees appoints the committee chair and assigns the other committee members annually in January.

Meetings

The committee will meet as frequently as the committee deems necessary, but not less than quarterly in February, May, August, and November. At least two committee members must be in attendance for a meeting quorum.

Responsibilities

Based upon the guidance of the *International Standards for the Professional Practice of Internal Auditing*, Board Bylaws Article E item 3, and Board Policy CDC the following are the responsibilities of the Board Audit Committee:

Oversight of Internal Auditing

1. Approve and recommend the Internal Audit Department Charter and Audit Committee Charter for Board approval.

Houston Community College System
Internal Audit
Policies and Procedures
Audit Committee Charter

2. Periodically review the Internal Audit Charter and Audit Committee Charter to ensure it encompasses any required revisions.
3. Approve and recommend the Annual Internal Audit Work Plan for Board approval.
4. Review the audit reports, audits in progress, and future audits at regularly scheduled meetings.
5. Establish a schedule of regular meetings.
6. Establish a means of direct communication between the Chairman of the Audit Committee and the Internal Audit Director.
7. Review significant observations and management action plans to address those observations in the audit reports.
8. Monitor the status of management action plans for progress on significant observations.
9. Provide input to the Chancellor for the annual evaluation of the Internal Audit Director
10. Provide input to the Board concerning the selection of the Internal Audit Director from the three (3) candidates recommended by the Chancellor.
11. Provide input to the Board concerning approval of the Chancellor's recommendation to terminate the Internal Audit Director.

Oversight of External Accounting Entities

1. Provide input to the Board concerning the selection of the independent external auditing firm for the annual financial statement audit (the External Auditor) as detailed in Board Policy CDC.
2. Review and approve the External Auditor engagement letters submitted for Board approval and the Board Chairperson's signature.
3. Periodically evaluate the performance of the External Auditor.
4. Monitor the institution's contracting with all external public accounting firms to ensure compliance with the requirements.
5. Review the reports of all external public accounting firms contracted by the institution to perform audits of any institution functions, components, activities, or financial information. Recommend final form to Board for approval.
6. Monitor all activity by other external auditors such as the State Auditor's Office, IRS, DOE, OIG, etc.

Document History

- Adopted by the Board of Trustees September 19, 2013
- Amended September 2, 2020
- Amended April 21, 2021
- Approved with no revisions April 20, 2022
- Approved with no revisions April 19, 2023
- **Approved with no revisions April XX, 2024**

**Board Audit
Committee**

The Board may form an audit committee to assist the Board in exercising its oversight responsibilities for fair presentation of the College District's annual financial statement audit and other audit engagements.

External Auditor

Selection Process

The external audit selection process will specify a scope of services consistent with the Board's policy on procurement and the Coordinating Board's requirements and related services for completing the Comprehensive Annual Financial Report (CAFR), Generally Accepted Auditing Standards (GAAS), and Generally Accepted Government Auditing Standards (GAGAS).

Request for
Qualifications

Prior to releasing the request for qualifications (RFQ) for advertisement for an external auditor, the audit committee will have an opportunity to review a draft of the RFQ document, and may provide input into the solicitation, including the evaluation factors to be used in preliminary scoring and the relative weight of such factors.

Evaluation Criteria

Evaluation criteria shall include the firm's:

1. Qualification and experience with higher education and demonstrated qualifications of its personnel and team;
2. Proposed approach and methodology evidencing ability to plan and timeline to meet deadlines and quality control; and
3. Past performance and references with similar project experience (size, complexity, and scope).

Statutory
Requirements

The external auditor must be familiar with and follow the guidelines and standards of the following statutory requirements:

1. Annual financial reporting requirements for Texas public community and junior colleges in conformance with the Coordinating Board and Generally Accepted Accounting Principles (GAAP).
2. Auditing requirements in accordance with GAAS established by the American Institute of Certified Public Accountants (AICPA) and the standards for financial audits of the U.S. Government Accountability Office's (GAO) GAGAS issued by the Comptroller General of the United States.

Evaluation
Committee and
Board Final
Selection

The Board will be given the opportunity to designate up to three trustees to serve on the administration's preliminary evaluation committee (one from the audit committee and two non-audit committee members), along with non-trustee evaluators. There will be up to five evaluators in total with specific credentials and qualifications for conducting the evaluation. The preliminary evaluation

committee members will individually score all respondents in accordance with the published weighted RFQ criteria.

The preliminary scores will be used to rank all respondents. The scores and ranks will be presented to the Board, who will determine how many finalists from the preliminary rankings will proceed to final presentations. At the finalist phase, all preliminary scores fall away, and the Board will, by majority vote, select the most qualified firm [see Evaluation Criteria and Statutory Requirements, above].

Limitations,
Expectations, and
Duties

The external auditor shall be an independent and objective party to provide advice to the Board. The external auditor shall be appointed by the Board, in consultation with the Chancellor, and shall report directly to the Board, with access to the Chancellor. The Board will periodically evaluate the performance of the external auditor and may dismiss or assign a new external auditor at any time with or without cause. All engagement letters with the external auditor shall be approved by the Board and signed by the Board Chairperson. The Board shall select an auditing firm for a designated period, not to exceed five years.

An auditing firm selected by the Board as external auditor is not eligible to submit a proposal immediately following any period during which it was engaged by the Board as external auditor. The selected external auditor may not serve simultaneously as the internal auditor.

The Board shall outline its expectations regarding the annual financial statement audit and performance audit, if requested, and as may be directed by the Board. The Board also may arrange for self-requested audits to perform specific audit services. The external auditor shall evaluate all financial operations of the College District and prepare reports to the Board. Among the duties of the external auditor are the following:

1. To perform audit activities necessary to ensure that College District resources are being properly managed and accounted for, that the College District has effective and adequate internal controls, and that internal operating controls are reliable.
2. To ensure that the College District is complying with approved policies and statutory requirements.
3. To develop an annual audit plan for the College District to present to the Chancellor and the audit committee of the Board for approval.
4. To perform all duties in accordance with the Standards for the Professional Practice of Internal Auditing, the Code of Ethics,

the Statements on Internal Auditing Standards, and the Statement of Responsibilities of Internal Auditing, each as established by the Institute of Internal Auditors.

5. To meet regularly with the Board to review audits performed, audits in progress, and future audits, as requested by the Board.

Annual Audit Report A comprehensive audit report of all funds and accounts of the College District shall be submitted annually to the Board. A copy of the independent audit shall become a part of the Board's official minutes and shall be available to the public for inspection during regular office hours.

The Board must approve an annual audit report for the fiscal year. This report shall be filed with the Coordinating Board prior to January 1 next following the close of the fiscal year for which the audit was made. Three copies of the audit shall be submitted to the Coordinating Board and required copies submitted to other governmental agencies.

Internal Audits

All College District accounts shall be subject to internal audit as deemed appropriate. The objective of internal accounting control is to provide reasonable assurance as to the safeguarding of assets against loss from unauthorized use or disposition and to evaluate the reliability of financial records for preparing financial statements and maintaining accountability for assets. Findings of such audits shall be reported to the Board.

The internal auditor shall provide advice to the Chancellor and the Board and shall work under the day-to-day supervision of the Chancellor. The internal auditor shall be selected by the Board from candidates approved and provided by the Chancellor. The Chancellor shall recommend three names to the Board as the finalists, each with a minimum of ten years of experience as a full-time auditor. The internal auditor shall be evaluated by the Chancellor after consultation with the audit committee and may only be dismissed by the Chancellor after obtaining approval of the Board. Duties of the internal auditor are to:

1. Develop a flexible risk-based annual internal audit plan with input from senior management and the Board as required by IIA Standard 2010. A1 and submit the audit plan to the Audit Committee for review and the Board for approval.
2. Review and adjust the plan, as necessary, in response to changes in the organization's business, risks, operations, programs, systems, and controls with Audit Committee review and Board approval.

3. Meet regularly with the Board Audit Committee to provide updates by reviewing audits performed, audits in progress, future audits, and sufficiency of the department resources.
4. Conduct independent and constructive audits to review effectiveness of controls, financial records, operations, or to review departmental records, the proper recording of transactions, and compliance with applicable rules, regulations, policies, and procedures, including evaluation for potential fraud and effectiveness of fraud controls.
5. Analyze data obtained for evidence of deficiencies in controls, integrity, duplication of effort, or lack of compliance with College District policies and procedures.
6. Conduct audits that examine the effectiveness of the governance, risk management, and internal control processes in promoting the achievement of strategic objectives concerning all reporting, operations, safeguarding of assets, and compliance.
7. Investigate allegations of fraud, waste, abuse, and other wrongdoing as appropriate and in accordance with Board policy, and coordinate such investigations as needed with Legal Counsel or the College District Police.
8. Evaluate the design, implementation, and effectiveness of College District ethics-related objectives, programs, and activities.
9. Assess whether information technology governance effectively supports College District strategies and objectives.
10. Offer advisory services, internal control or fraud training, Control Self-Assessment (CSA) services, and other audit technique workshops as warranted.
11. Coordinate audit efforts with those of external financial auditors and act as a liaison for other external auditors.
12. Coordinate efforts with other control-monitoring functions within the College District (risk management, compliance, security, legal, ethics, safety and environment, police, human resources, and information technology).
13. Maintain professional audit staff with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of the Internal Audit Department Charter and ensure that personnel in the department have appropriate

continuing education to foster advancement of technical knowledge and skills.

**Investigation
Responsibilities**

The internal audit department is responsible for the initial factual investigation of College District audit issues and shall promptly notify the General Counsel and the Chancellor within 24 hours of the initiation of the review. The Chancellor shall immediately notify the Chairperson of the Board. If any person who would otherwise be notified is a fact witness in the investigation, the person shall not be involved in the administrative oversight or reporting of the investigation. Once a factual investigation establishes fraud, or a violation of law, the General Counsel shall communicate it to the Chancellor, and the Chancellor, in turn, shall immediately communicate the findings to the Board. The Board will determine whether to initiate an external investigation.

Decisions to turn the matter over to law enforcement authorities and/or regulatory agencies for independent investigation, and all final decisions regarding the disposition of the case, shall be made by the Chancellor, in consultation with the Board.

Nonretaliation

Any employee or student who reports suspected fraudulent activity, in good faith, shall be protected against any retaliation for making such a report. The reporting member of the campus community shall refrain from confrontation with the suspect, further examination of the incident, or further discussion of the incident with anyone other than the employee's or student's supervisor or others involved in the resulting review or investigation. Persons found to be making frivolous claims under this policy will be disciplined, up to and including discharge of employment for an employee, or expulsion for a student.

Confidentiality

The director of internal audit may accept and initiate an investigation, on a confidential basis, from a College District employee or student who suspects dishonest or fraudulent activity. Results of investigations conducted by the internal audit department shall be disclosed to and discussed with only the Board, the Chancellor, and those persons associated with the College District who have a legitimate need to know based on the performance of their job duties and responsibilities.

Fraud

The College District prohibits fraud and financial impropriety in the actions of its Board members, employees, vendors, contractors, consultants, volunteers, and others seeking or maintaining a business relationship with the College District.

Effective Date

This policy shall be effective as of the adoption date, January 18, 2023.

REPORT ITEM

Meeting Date: February 14, 2024

Topics For Discussion and/or Action:

ITEM #	ITEM TITLE	PRESENTER
B.	Internal Audit Status Report	Dr. Margaret Ford Fisher Terry Corrigan

DISCUSSION

The Internal Auditor meets quarterly with the Audit Committee to discuss the status of the annual audit plan and to review the follow-up report on audit observations from previously completed audits.

COMPELLING REASON AND BACKGROUND

Board Policy CDC (LOCAL) requires the Internal Auditor to meet regularly with the Audit Committee to review audits performed, audits in progress, future audits, and sufficiency of the Department resources. This is the quarterly status update per the Board of Trustees adopted Audit Committee Action Calendar.

FISCAL IMPACT

Department functions per approved operating budget.

STRATEGIC ALIGNMENT

1. Student Success, 5. College of Choice

ATTACHMENTS:

Description	Upload Date	Type
Internal Audit Status Report	1/23/2024	Presentation
Detail FY 2024 IA Plan Status Report	1/23/2024	Attachment
Audit Observations Follow-up Report Feb 2024	1/23/2024	Attachment
MJ Recommendations Follow-up Report-January 2024	1/17/2024	Attachment

This item is applicable to the following: District



Internal Audit Status Report

**Dr. Margaret Ford Fisher, Interim Chancellor
Terry Corrigan, Director Internal Audit**

February 14, 2024

Internal Audit Status Report

Contents

Presentation

- Summarized Internal Audit Status Information
- Follow-up on Observation Action Plans
- External Audit/Review Activity

Information Attachments

- Detailed FY 2024 Internal Audit Plan Status Report
- Audit Observations Follow-up Status Report
- McConnell & Jones Recommendations Follow-up Status Report

Summarized Internal Audit Status Information

(Detailed FY 2024 Internal Audit Plan Status Report attachment is included in package)

Projects completed since last status report

1. 24-S-2-4 Facilities and Property Information
2. 24-S-2-5 Succession Planning Information
3. 24-S-2-7 Annual THECB Report Analysis
4. 24-S-2-8 Contracted Services Analysis
5. 24-S-2-9 Less than \$100K Payments Analysis

Summarized Internal Audit Status Information (continued)

Projects in finalization stage

1. 21-C-2 Cares Act – HEERF III (funds spent down end of October 2023)
2. 22-O-1 Deferred Maintenance
3. 23-O-1 Asset Management
 - Facilities
 - Information Technology
4. 24-S-2 Special Projects & Examinations
 - New Funding Enrollment Information
 - Complaints Grievance Process Information

Summarized
Internal Audit
Status Information
(continued)

Projects in Progress

1. 23-C-2 Payment Card Industry (PCI) Data Security
2. 24-C-2 SB 17 New DEI Regulation
3. 24-O-1 IT Disaster Recovery
4. 24-S-2 Special Projects & Examinations
 - Security Program Dashboard Updates

Summarized Internal Audit Status Information (continued)

FY 2024 Plan Future Projects

1. 23-C-3 Title IX (new rules not expected to be effective until FY 2025)
2. 24-C-1 Campus Safety & Environment
 - Central College
 - Northeast College
 - Coleman College
3. 24-O-2 Student Mental Health

Summarized
Internal Audit
Status
Information
(continued)

Projects waiting on programs
implementation

1. 19-C-2 Web Content Accessibility Guidelines (implementing CR2 (REGULATION) and ICTA Committee recommendations)
2. 19-S-3 Campus Security & Safety (using Berkeley Research Group & Robb (Uvalde) reports to establish security program)

Observation Action Plans Follow-up

Follow-up information attachments are included in the package:

1. Audit Observations Follow-up Status Report
2. McConnell & Jones Recommendations Follow-up Status Report

External Audit/Review Activity

HCC Procured Services

1. Annual Financial Statements Auditor procurement is in progress.

Regulatory Imposed

1. Houston-Galveston Area Council (H-GAC) engaged Weaver to perform 2023-2024 Financial Monitoring & Billing Review on adult education contracts 213-23 & 213-24.
2. Texas School Safety Center performed a Fall 2023 Emergency Operations Plan (EOP) Review. HCC's EOP met all 64 audited items requirements.
3. The Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) will conduct a required site visit February 5-8, 2024, to complete their review process of our new baccalaureate programs.

Thank You

Questions?

**FY 2024 Audit Plan Status Report
SUMMARY as of January 20, 2024**

Audit Projects	Project Number	FY 2024 Plan Est Hrs	YTD 2024 Actual Hours	Over (Under)	Stage	Fieldwork Planned	Estimated Report Completion	Final Report Issued
Operational Audit Projects								
*Deferred Maintenance	22-O-1	480	178	(302)	Reporting	5/5/23-2/2/24	03/01/24	
*Asset Management	23-O-1	160	471	311	Reporting	1/2/23-2/2/24	03/01/24	
IT Disaster Recovery	24-O-1	640	-	(640)	Planning	1/29/24-4/5/24	05/03/24	
Student Mental Health	24-O-2	480	-	(480)	Not Started	1/29/24-4/19/24	05/10/24	
Compliance Audit Projects								
*Web Content Accessibility Guidelines Review - Follow-up	19-C-2	120	-	(120)	Implementing	5/13/19-8/31/24	On Hold	N/A
*Cares Act - HEERF III	21-C-2	160	221	61	Fieldwork	9/1/22-2/9/24	03/01/24	
*Payment Card Industry (PCI) Data Security Standard (DSS)	23-C-2	480	-	(480)	Planning	1/29/24-5/3/24	06/28/24	
*Title IX	23-C-3	480	-	(480)	Roll - FY 2025	N/A	N/A	N/A
Campus Safety & Environmental Operations Management	24-C-1	320	-	(320)	Not Started	N/A	N/A	N/A
Central College	24-C-1-1	240	-	(240)	Not Started	2/19/24-3/30/24	04/19/24	
Northeast College	24-C-1-2	240	-	(240)	Not Started	2/19/24-3/30/24	04/19/24	
Coleman College	24-C-1-3	240	-	(240)	Not Started	2/19/24-3/30/24	04/19/24	
SB 17	24-C-2	240	34	(206)	Fieldwork	9/25/23-3/8/24	04/05/24	
Advisory Services Projects								
*Campus Security	19-S-3	80	-	(80)	Implementing	9/1/21-8/31/24	On Hold	N/A
Committees & Task Forces	24-S-1	240	110	(130)	N/A	9/1/23-8/31/24	N/A	N/A
Special Projects & Examinations	24-S-2	1,600	21	(1,579)	N/A	9/1/23-8/31/24	N/A	N/A
New State Funding Model Transition	24-S-2-1	-	-	-	Ongoing	N/A	N/A	N/A
Security Program Dashboard Updates	24-S-2-2	-	-	-	Ongoing	N/A	N/A	N/A
Student Enrollment Information	24-S-2-3	-	97	97	Reporting	9/1/23-2/9/24	03/01/24	
Facilities and Property Information	24-S-2-4	-	59	59	Complete	9/1/23-11/17/23	12/15/23	12/14/23
Succession Planning Information	24-S-2-5	-	13	13	Complete	9/1/23-11/3/23	11/17/23	12/04/23
Complaints Grievance Process Information	24-S-2-6	-	313	313	Fieldwork	9/1/23-2/9/24	03/01/24	
Annual THECB Analysis	24-S-2-7	-	173	173	Complete	9/1/23-11/17/23	12/15/23	12/14/23
Contracted Services Report	24-S-2-8	-	121	121	Complete	9/1/23-11/3/23	11/17/23	11/06/23
Less Than \$100,000 Payments Report	24-S-2-9	-	138	138	Complete	9/1/23-11/3/23	11/17/23	11/06/23

Administrative Projects								
FY 2025 Audit Planning & ERM Assessment	24-A-1	720	157	(563)	Ongoing	9/1/23-7/19/24	08/07/24	
TeamMate IA Management System	24-A-2	320	15	(305)	Ongoing	9/1/23-8/31/24	N/A	N/A
Internal Quality Assurance Review	24-A-3	320	-	(320)	Not Started	6/3/24-8/2/24	08/30/24	
FY 2024 Annual Audit Report	24-A-4	40	31	(9)	Planning	8/5/24-9/20/24	10/02/24	
External Audits Monitoring	24-A-5	80	1	(79)	Ongoing	9/1/23-8/31/24	N/A	N/A
Lunch and Learns	24-A-6	160	17	(143)	Ongoing	9/1/23-8/31/24	N/A	N/A
Newsletters	24-A-7	80	14	(66)	Ongoing	9/1/23-8/31/24	N/A	N/A
Global Internal Audit Standards Transition	24-A-8	80	-	(80)	Ongoing	9/1/23-8/31/24	N/A	N/A
Observation Action Plan Follow-ups								
Observation Action Plan Follow-ups	24-F-1	244	101	(143)	Ongoing	9/1/23-8/31/24	N/A	N/A
Total Audit Projects		8,244	2,285	(5,959)				

* Project rolled over from FY 2023 Audit Plan

Audit Observations Follow-up Status Report as of January 23, 2024

Project Name	Obs #	Observation Description	Remediation Action	Responsible Person	Status/Est Completion Date
22-C-3 Procurement Contracting Review	1	HCC Policy CF (LOCAL) requires that the Board of Trustees (BOT) must approve purchase contracts valued at \$100,000 or more (\$500,000 or more if cooperative, interlocal or job order). Such contracts are presented to the BOT for approval prior to execution. For goods and services procured using the procurement requisition process, the Procurement Department submits proposed contracts valued at \$100,000 or more to the BOT for approval prior to issuance of a purchase order for a specified dollar amount and the automated matching process within the payment system ensures that approved payments do not exceed the authorized amount. There are no corresponding controls for direct payment contracts, which generally include billing rates but do not specify a dollar limit. During fieldwork Internal Audit (IA) observed no cumulative direct payments to a vendor meeting the \$100,000 or more threshold without BOT approval. However, no control was identified that would prevent or detect cumulative direct payments at the \$100,000 or more threshold that do not have BOT approval. We observed one direct payment supplier where the board approved fiscal year (FY) spend amount had been exceeded in FYs 2019, 2020, and 2021. Internal controls should be implemented to ensure that board approval is obtained for cumulative direct payments to a vendor meeting the \$100,000 or more threshold in a fiscal year and to ensure board approved spend amounts are not exceeded for direct payments.	Procurement and Finance have teamed together and have engaged Corporate Lounge LLC, a business that has been providing services on process improvements for over 13 years in the Houston area. We intend to remove the waste, streamline the process, and implement best practices. This process will be completed over an 8 week period.	Executive Director, Procurement Operations & AVC, Finance & Accounting	Complete 12/18/2023
23-C-4 Board Expenditures	1	IA observed that the wording in the BBG (LOCAL) policy is vague and lacks the appropriate amount of detail for some travel guidelines. IA noted opportunities to strengthen the wording in the policy in the following three specific areas: 1) Economy Fare HCC Policy BBG (LOCAL) states that "air travel shall be reimbursed at the rate of economy fare with advance booking. If travel is booked in a more expensive class, the difference in the fare booked and the economy fare shall not be reimbursed by the College District". The BBG (LOCAL) policy in its current state fails to provide a definition of an economy fare. BBG (LOCAL) policy should be revised to provide a clear definition of allowable economy air fares and list other acceptable air fare fees.	HCC Policy BBG (Local) guidelines should be revised to address the noted observations. The current policy language is outdated as hotels rarely charge to change the room type; however, upgrades may be necessary based on room circumstances such as construction or accessibility. Also, airfare fare is based on the fare availability at the time of booking, which may vary depending on receipt of a response from the Trustee regarding flight preference. The following actions will be taken to address the IA observation: 1. Update the HCC Policy BBG (Local) and develop travel guidelines regarding lodging and airfare. 2. In discussion with Board Counsel, Board Services will include an overview of the travel policy guidelines as part of the Board's annual Governance training as a refresher for the Trustees.	Director, Board Services	In Progress 4/30/2024

Audit Observations Follow-up Status Report as of January 23, 2024

Project Name	Obs #	Observation Description	Remediation Action	Responsible Person	Status/Est Completion Date
		<p>2) Receipts Requirement HCC Policy BBG (LOCAL) states that "all requested reimbursable expenses, including tips, bus, taxi, shuttle or ground transportation must be supported by receipts. Board members shall submit a notarized affidavit verifying expenses when receipts are not available". IA noted receipts were provided with the travel expense reimbursement forms; however, some of the receipts lacked pertinent information. BBG (LOCAL) policy guidelines should be revised to include wording that requires all receipts to be "itemized receipts".</p> <p>3) Lodging Policy BBG (LOCAL) states that "lodging shall be reimbursed at the rate of a single occupancy room (plus tax) or the published conference room rate". IA noted that the policy does not provide details for when lodging exceptions may be required. Also, hotel accommodations have changed from the current language in the policy. The policy guidelines for lodging should be reviewed and updated to more accurately reflect the current hotel travel accommodations. Details should be added to the policy to address situations when hotel upgrades may be necessary to accommodate a Board member.</p>			
21-O-5 Construction Cost Management	1	<p>Right to Audit clause was omitted from original contract. The Right to Audit clause should be included in all contracts. The Right to Audit provides the owner or the owner's representative the right to examine Contractor records to ensure evaluation and verification of any or all of the following:</p> <ul style="list-style-type: none"> · Compliance with contract requirements for deliverables · Compliance with approved plans and specifications · Compliance with Owner's business ethics expectations · Compliance with contract provisions regarding the pricing of change orders · Accuracy of contractor representations regarding the pricing of invoices · Accuracy of contractor representations related to claims submitted by the contractor or any of their payees <p>Even if an audit is not required, the transparency an audit provides may be in the best interest of HCC. All projects can benefit from the oversight and reporting that comes with an audit. A Right to Audit clause needs to be included in construction contracts in the future.</p>	The Office of General Counsel is currently working with construction counsel to draft wording to add to the construction contracts regarding the Right to Audit and Weather Delays. Once the wording is drafted, we will work with our partners in procurement to implement the change in the College's solicitations.	Deputy General Counsel	In Progress 9/1/2023

Audit Observations Follow-up Status Report as of January 23, 2024

Project Name	Obs #	Observation Description	Remediation Action	Responsible Person	Status/Est Completion Date
		Weather conditions constitute a risk that is assumed by the owner in the absence of a contractual agreement. Construction contracts commonly contain a weather clause, which either expressly grants an extension for delays caused by weather conditions or expressly denies the right to any extension of time or additional compensation because of weather condition difficulties. HCC Facilities and WHE Project Management became aware of the omission and the need to include a weather delay clause in construction contracts in the future.			
	2	While HCC Facilities has controls in place to ensure construction cost management processes are performed in a way that helps HCC meet its business objectives without introducing unnecessary risks, those processes are not formally written and documented. The HCC Facilities Department needs to deploy control activities through written departmental policies that establish expectations in the construction cost management process and procedures to put those policies into action.	Policies and procedures governing construction cost management will be implemented per the audit recommendation and have been drafted (roughly 50% complete). Once a new Executive Director of Facilities/Capital Improvement Projects is hired, they will have primary responsibility for implementing and enforcing the policies and procedures when adopted.	Executive Director of Facilities/Capital Improvement Projects	In Progress 12/31/2023
23-C-1-1 Northwest College Campus Safety & Environmental Operations Management	2	Obstruction of safety equipment, such as eyewash stations and portable fire extinguishers, was noted in six classrooms. Two of these obstructions were cleared on site by campus operations. Three exceptions were corrected prior to the issuance of this report.	Fire extinguisher in Room 234 is blocked by a permanent fixture (desk). Resolution and best corrective action to be discussed and implemented.	COO; Campus Manager; Fine Arts Faculty Division Chair; EHS Manager	In Progress 1/31/2024
	8	Two classrooms and/or labs did not have eyewash stations present or operational where required by chemicals known to be present.	Eyewash installation pending.	COO; Campus managers; EHS Manager	In Progress 1/31/2024
	9	Two classrooms/labs had fume hoods that were not working properly.	Vendor has been contacted for repairs and certification of fume hoods.	EHS Manager	In Progress 1/31/2024
23-C-1-2 Southeast College Campus Safety & Environmental	2	Six classrooms/labs had fume hoods that were out of service. The fume hoods had not been inspected and certified.	Two exceptions were corrected prior to the issuance of this report. Vendor has been contacted for all inoperable fume hoods in Felix Fraga building. Repairs and certification pending.	EHS Manager	In Progress 1/31/2024
23-C-1-3 Southwest College Campus Safety & Environmental Operations Management	3	Five classrooms/labs had an eyewash station that was not operational due to lack of flushing and testing. Four of the noted exceptions were <u>corrected prior to the issuance of this report.</u>	Eyewash station installation pending. EHS department has put in request.	EHS Manager	In Progress 1/31/2024
	6	Two classrooms and one storeroom had fume hoods that were not working properly.	Vendor has been contacted for repairs and certification of fume hoods.	COO; Campus Manager; EHS Manager	In Progress 1/31/2024

Audit Observations Follow-up Status Report as of January 23, 2024

Project Name	Obs #	Observation Description	Remediation Action	Responsible Person	Status/Est Completion Date
23-O-1 Asset Management – Library	1	<p>The Facilities Department's Asset Management Procedures require that Department Heads establish accountability for HCC property under their control to secure the equipment from loss, theft, and potential damage. Internal Audit conducted a review of laptops and Chromebook assets under the control of HCC Library and noted the following:</p> <ul style="list-style-type: none"> · 8 laptops and 12 Chromebooks were reported missing by the HCC library department. · Students self-reported that 14 loaned laptops and 87 loaned Chromebooks were lost or stolen. · 2 loaned laptops and 11 loaned Chromebooks were claimed to have been returned by the students but are not in the HCC libraries inventory. · Currently there are 2 loaned laptops overdue by more than 1 year and 2 Chromebooks overdue by more than 2 years. <p>To enhance the controls related to the HCC Library laptop and Chromebook assets the existing policies and procedures should be updated to include the following:</p> <ul style="list-style-type: none"> a) Require at least annual reconciliations of the Sierra asset information such as asset tag, serial ID, and the device location to the device information stored in the AMS. b) Require asset counts be performed at least annually and the counts documentation be maintained. c) Require that check-in and check-out of the Library assets be performed by HCC full-time library employees when possible. The name of the employee processing these ins and outs be recorded. d) Require devices be stored in a secure area. e) A set timeline be established for processing the Library assets as lost when assets are not returned. f) Require lost or stolen devices be reported to the HCC Police Department within 24 hours of lost or stolen determination. g) When the Library assets are determined to be lost or stolen, require a request be sent to IT to track the location of the device and lock down the device. 	<p>1) Each May, the Library will reconcile Sierra asset information to the information stored in the AMS system.</p> <p>2) Each May, the Library will perform and document asset counts, categorize the device as lost when it has been overdue for over 1 year, request IT to lock down the lost device, and file an HCC police report for the loss.</p> <p>3) The Library is communicating lost and stolen assets to the HCC Police with lists by email. The Library will report lost and stolen devices immediately to the HCC Police when student notifications are received.</p> <p>4) All devices are stored at night in secure areas (workrooms, closets or lockers). The work areas and lockers are left open during the work day for operational efficiency and only staff are allowed access to the work areas. At Library Council, whether locking the devices up during the work day is operationally reasonable will be discussed.</p> <p>5) Full-time employees do not work in the evenings or weekends, so part-time employees need to be able to check out and in devices. Sierra does not have the functionality to capture who checked out items. We will determine whether transaction logs can be used to identify employees that checked items out during their shifts.</p>	Director, Library Support Services	<p>1) & 2) In Progress Asset counts 5/15/2024</p> <p>3) Complete 10/19/2023</p> <p>4) Complete 10/19/2023</p> <p>5) Complete 10/19/2023</p>

Audit Observations Follow-up Status Report as of January 23, 2024

Project Name	Obs #	Observation Description	Remediation Action	Responsible Person	Status/Est Completion Date
23-O-1 Asset Management – Fleet	1	Fleet Management procedures require all vehicles to be serviced every 3,000 miles or as specified by the manufacturer. Internal Audit examined preventive maintenance (PM) records for the vehicles under the control of Fleet Management and noted the following: 1. Two PMs on 1 vehicle were performed more than 1,000 miles past the manufacturer's recommended schedule. 2. Five vehicle PMs were not documented. To enhance the controls related to the HCC vehicle PMs, Fleet management should establish a reminder system to ensure routine maintenance is performed timely and retain the PM records.	Fleet Management is committed to implementing impactful measures to ensure the continued optimal performance of our fleet. Our response encompasses the following strategic actions: 1) Implementation of a Reminder System: Fleet Management will introduce a robust reminder system aimed at fostering timely and consistent routine maintenance. This dynamic system will proactively generate notifications, serving as essential reminders for responsible personnel. These reminders will effectively prompt the timely execution of impending maintenance tasks. 2) Establishing Comprehensive PM Records Management: Fleet Management will institute a meticulous and systematic process for the comprehensive retention of PM records. This process will meticulously document all maintenance activities, ensuring precise and accurate record-keeping. This initiative will significantly augment our ability to monitor maintenance history and performance.	Fleet Management/ Fleet Custodians/ Drivers	In Progress 2/15/2024
	2	Fleet Management procedures require that drivers conduct pre-and post-operation vehicle inspections. Any identified deficiencies must be documented in the vehicle report at the end of the day. A pre-trip inspection ensures the vehicles are safe to be driven and reduces the opportunity to break down on the road. Internal Audit conducted a review of the vehicle assets under the control of Fleet management and was informed that pre-trip inspection and vehicle reports are not being completed and retained. To enhance the controls related to the HCC vehicles, Fleet management should require each driver to perform the pre-trip inspections.	Fleet Management is dedicated to implementing impactful measures aimed at enhancing controls related to HCC vehicles. These measures will ensure the safety and reliability of our vehicles and promote a culture of thorough vehicle checks. Our response includes the following steps: 1. Comprehensive Pre-trip Inspection Checklist: Fleet Management will establish a mandatory pre-trip inspection checklist that each driver must adhere to before operating any vehicle. 2. Documenting and Retaining Inspection Reports: Fleet Management will establish a systematic process for documenting and retaining pre-trip inspection reports. This process will guarantee the proper recording of inspection outcomes, aiding in maintenance planning and ensuring compliance.	Fleet Management/ Fleet Custodians/ Drivers	In Progress 2/15/2024
20-O-1 Enrollment Review	1	Student Services reported Enrollment Projections to the Board on April 19, 2023, including a list of 5 immediate next steps needed to maintain momentum toward achieving enrollment goals. IA concurs with this analysis of primary steps urgently needed to enable HCC to reach enrollment goals and transition to the new State Appropriation "Performance Based Funding Model". These 5 steps are as follows:			
			A consulting firm will be contracted to provide guidance through the strategic plan development. A SEM taskforce will be established and <u>work teams created</u> .	Interim VC Student Service/ Interim AVC	In Progress 3/31/2024
			SEM management plan will be developed and recommendations submitted for Board of Trustees approval.	Enrollment Management	In Progress 8/31/2024
			District-wide townhalls will be held to introduce the SEM to internal and external stakeholders.		In Progress 10/31/2024

Audit Observations Follow-up Status Report as of January 23, 2024

Project Name	Obs #	Observation Description	Remediation Action	Responsible Person	Status/Est Completion Date
		2. Develop a strategic roadmap for retention.	Student Success Framework is in place. Milestones are provided for checkpoints along the student's pathways to assist pathways advisors, deans, and other instructional support	Interim VC Student Service/ Interim AVC Enrollment Management	Complete 9/11/2023
		3. Outline resources required to strengthen enrollment and retention efforts.	This is addressed with both the Quality Enhancement Plan and Student Success Framework and Caring Campus Initiative. The Student Support Team provides resource information through ongoing workshops, the student portal, and the refined website.	Interim VC Student Service/ Interim AVC Enrollment Management	In Progress 2/5/2024
		4. Invest in a CRM and resources to develop a 360-degree perspective of students in the enrollment funnel.	Student Services leadership along with project manager assigned are building out an interim solution while a permanent solution is being determined.	Interim VC Student Service/ Interim AVC Enrollment Management	In Progress 3/31/2024
		5. Provide students with a primary contact / mentor to support them throughout their student experience.	This is addressed with the Pathway Advisor Model. At the beginning of the first semester that a student is enrolled, a pathways advisor is assigned to the student. The effectiveness of the program will be assessed.	Interim VC Student Service/ Interim AVC Enrollment Management	In Progress 5/31/2024
	2	Anecdotal reports clearly indicate that prospective students frequently have trouble navigating the website admissions and enrollment processes. Stopping the resulting enrollment losses will also be key to recovering and growing enrollment numbers. A project to identify and remediate the causes of website navigation failures is urgently needed.	HCC has acquired a firm to conduct a study of the processes provided on our website as it relates to admissions and enrollment processes. The study will provide recommendations for making improvements to our processes for admissions and enrollment.	Interim VC Student Service/ Interim AVC Enrollment Management	In Progress 2/29/2024
20-O-2 IT Cyber & Data Security and Governance Audit	1	Internal Audit reviewed HCC IT Cyber Security staff job responsibilities for appropriateness. This appeared appropriate. Additionally, IA compared staffing size against similar sized peers and with third party studies and noted an area for improvement. The staffing level is minimal for a college of this size. HCC should evaluate the possibility of increasing staffing for full-time HCC IT Cyber Security to eight employees. This would help strengthen the institution's resiliency against cyber attacks	IT management will proceed with providing justification and a formal request for additional cyber security team staffing. Approval of IA's recommended increased headcount and associated funding for the additional positions will be requested over the course of the current and ensuing fiscal years.	Director, Cyber Security & Compliance	In Progress 8/30/2024

McConnell & Jones Recommendations Follow-up Status Report as of 1/9/2024

Focus Area / Sub-Area / Recommendation	Planned Response	Actions Taken	DRI	Status	Anticipated Completion Date
1E - Information Systems					
1E.1 Implement an integrated grants management system to record and track all grant activities and generate reports. The PeopleSoft system includes a grants accounting module that HCCS should consider acquiring and using to provide for a fully integrated system with accounting, human resources, and payroll.	Phase 2: Digital Grants Information Management System For the near term, a solution to grants management will be developed in collaboration with HCC's IT department. This solution will take into account departmental workflows, reporting needs, and approval / signature needs, as well as document organization and communication.	Project team has selected InfoEd as its vendor of choice and preparing to start contract negotiations.	Jackson (DRI) RDIG, Grants Accounting, IT	In Progress	8/1/2024
4B - Compliance Monitoring Forms & Reports					
4B.1 Incorporate compliance requirements into an integrated grants management information system and generate monitoring reports and outcomes from this tool.	This recommendation will be addressed in Phase 2: Digital Grants Information Management System	See progress notes in Section 1E.1 Phase 2	Jackson	In Progress	8/1/2024

ACTION ITEM

Meeting Date: February 14, 2024

Topics For Discussion and/or Action:

ITEM #	ITEM TITLE	PRESENTER
C.	Approve Adding ERM Top 10 Risks Baseline Assessment to Internal Audit Plan	Dr. Margaret Ford Fisher Terry Corrigan

RECOMMENDATION

Per the discussion requested by the Audit Committee Chair in the January 2024 Audit Committee Meeting, approve adding a project to the FY 2024 Internal Audit Plan to facilitate an ERM Top 10 Risks Internal Control Baseline Assessment with the assistance of the Risk Management and Strategic Planning Offices and the Chancellor Executive Council (CEC) members.

COMPELLING REASON AND BACKGROUND

The International Standards for the Professional Practice of Internal Auditing require that changes to internal audit plans be approved by the Board.

FISCAL IMPACT

Department functions per approved operating budget.

STRATEGIC ALIGNMENT

1. Student Success, 5. College of Choice

This item is applicable to the following: District

REPORT ITEM

Meeting Date: February 14, 2024

Topics For Discussion and/or Action:

ITEM #	ITEM TITLE	PRESENTER
D.	Report on Quarterly Control and Compliance Attestation	Dr. Margaret Ford Fisher E. Ashley Smith

DISCUSSION

The Quarterly Control and Compliance Attestation from the Chancellor is offered, with the intent to enhance the atmosphere of trust and accountability between the College administration, members of the Board of Trustees, and the public.

STRATEGIC ALIGNMENT

1. *Student Success*

ATTACHMENTS:

Description	Upload Date	Type
Attestation Letter to Audit Committee	2/5/2024	Attachment

This item is applicable to the following:

Central, Coleman, Northeast, Northwest, Southeast, Southwest, District



February 14, 2024

Dr. Pretta VanDible Stallworth, District IX
Board of Trustees Audit Committee Chair
Houston Community College
3100 Main Street
Houston, TX 77002

RE: Quarterly Control & Compliance Attestation, Quarter which began August 1, 2023 and ended November 30, 2023 (1Q-2024)

Dear Dr. VanDible Stallworth,

We are providing this letter in connection with the College's preparation for the Quarterly Audit Committee Meeting. We understand that you rely on the administration for your governance responsibilities.

In my administrative capacity and in reliance upon representations made by senior management, I confirm, to the best of my knowledge and belief, the following:

1. I affirm that all required reports were filed in accordance with statutory and regulatory requirements and deadlines;
2. I have no knowledge of any violations or possible violations of laws, policies, regulations, occurrences of misstatement, fraud or suspected fraud adversely affecting the College during the prior fiscal quarter, which affects would require disclosure due to their level of impact;
3. I have no knowledge of any potential claims that have not been reported to the Chief Financial Officer or General Counsel;
4. I affirm that the risks to the College have been identified and evaluated and that adequate internal controls have been implemented and maintained over financial reporting and operations for the preceding fiscal quarter;
5. I affirm that all financially material transactions have been communicated to the Chief Financial Officer for recording and disclosure in the financial statements and/or Board reports;
6. I affirm that each division has complied with all aspects of contractual agreements that would have an adverse material effect on operations in the event of noncompliance and any event of noncompliance is reported to have been disclosed to me; and
7. I affirm that there are no material events reported to me that occurred subsequent to the end of the fiscal quarter that have not been disclosed as part of this report or disclosed in closed session to the Board of Trustees.

Please note that details of any material issues or disclosures, if not previously communicated, and if not resolved pursuant to my review with the Chief Financial Officer and General Counsel, are attached as **Exhibit A** to this document.

Sincerely,

Margaret Ford Fisher Ed.D.
Chancellor

**OGC Reports to Chancellor
Quarter ending November 30, 2023**

EXHIBIT A

One (1) attestation exception was received for the Quarter which began *September 1, 2023* and ended *November 30, 2023 (1Q24)*. The attestation exceptions was reviewed with the Chief Financial Officer and General Counsel and categorized as follows:

- A. Attestation exception previously reported to the Audit Committee. **(NONE)**
- B. Attestation exception has been mitigated and placed in the attestation records without reporting to the Audit Committee. **(See *Exception Evaluation Form* dated January 18, 2024, Attestation Exception No. 1Q24-01 – Higher Education Act Disclosure Requirements - Facilities and Services Available to Disabled Students*)**
- C. Plan to mitigate attestation exception in place and will be reported to the Audit Committee with mitigation plan. **(NONE)**
- D. No plan to mitigate attestation exception in place and will be reported to the Audit Committee. **(NONE)**
- E. Attestation exception previously reported to the Audit Committee with ongoing mitigation plan, and status of mitigation plan will be reported to the Audit Committee until deemed resolved. **(NONE)**
- F. Reported item not subject to the attestation process and will be reported to the Board through other channels. **(NONE)**

* *The administrative evaluation and recordation process documents and preserves the administration's analysis and conclusions regarding all subjects submitted as attestation exceptions should the Audit Committee or the Board require additional information.*