



## **AGENDA**

### **AUDIT COMMITTEE OF THE BOARD OF TRUSTEES**

#### **Committee Member**

*Trustee Robert Glaser, Chair*

*Trustee Christopher Oliver*

*Trustee Dave Wilson*

#### **Alternate Member**

*Trustee Zeph Capo*

**May 10, 2016**

**2:00 PM**

**HCC Administration Building  
3100 Main, 2nd Floor Auditorium  
Houston, Texas**

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

**HOUSTON COMMUNITY COLLEGE**

**May 10, 2016**

Notice is hereby given that a Meeting of the Audit Committee of the Board of Trustees of Houston Community College will be held on Tuesday, May 10, 2016 at 2:00 PM, or after, and from day to day as required, at the HCC Administration Building, 3100 Main, 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 bylaw. 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**

**II. Topics For Discussion and/or Action:**

- A. Report on Employment of Director of Internal Audit
- B. Report on Quarterly Internal Audits
- C. 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 **4th day of May 2016**, 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](http://www.hccs.edu).

Posted By:

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Sharon R. Wright  
Director, Board Services

# REPORT ITEM

Meeting Date: May 10, 2016

Audit Committee

ITEM #	ITEM TITLE	PRESENTER
A.	Report on Employment of Director of Internal Audit	Dr. Cesar Maldonado

## DISCUSSION

Update regarding employment of Director of Internal Audit.

## DESCRIPTION OR BACKGROUND

The Board bylaws stipulate the Chancellor shall recommend three (3) names to the Board as the finalists, each with a minimum of 10 years of experience as a full-time Auditor.

## LEGAL REQUIREMENT

N/A

## STRATEGIC ALIGNMENT

### 3. PERFORMANCE EXCELLENCE

*B. Foster an environment within the institution as a compelling place to work and learn*

This item is applicable to the following: District

# REPORT ITEM

Meeting Date: May 10, 2016

Audit Committee

ITEM #	ITEM TITLE	PRESENTER
B.	Report on Quarterly Internal Audits	Dr. Cesar Maldonado Dr. Melissa Gonzalez

## 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 recommendations from previously completed audits.

## DESCRIPTION OR BACKGROUND

The Board of Trustees adopted the Audit Committee Action Calendar, which calls for quarterly updates.

## FISCAL IMPACT

Department functions per approved operating budget.

## STRATEGIC ALIGNMENT

### 2. ORGANIZATIONAL STEWARDSHIP

*B. Improve and streamline business transactions and process*

## ATTACHMENTS:

Description	Upload Date	Type
Internal Audit 2016 Plan Status Report	5/1/2016	Attachment
Internal Audit Follow-up Status Report	5/1/2016	Attachment

**This item is applicable to the following:** District

**Internal Audit Department  
2016 Plan Status Report**

**PROJECTS**

Number	Name	Status	Report Date	Scope
14-14	Business Continuity Plan	Completed	04/02/2015	Adequacy of processes to create, test, and maintain business continuity plans.
15-11	Financial Management	Completed	4/29/2016	Concerning the coding of expense transactions, and timeliness of payment per Texas prompt pay act.
15-12	Human Resources Operations	Pending		Review of reporting, operational efficiency, and compliance with applicable regulations.
15-13	Procurement Operations	Pending		Review of operational efficiency including timelines of procurement renewals.
15-14	Student Financial Aid Operations	Pending		Review of operational efficiency and compliance with applicable regulations including security and privacy of student records.
15-16	Web Presence	Pending		Concerning the process for approval and posting of Student Catalog and of internal policies and procedures.
15-17	Veterans Affairs Dept	Completed	12/1/15	Concerning adequacy and effectiveness of departmental controls.
15-40	Monitoring Projects (IDEA)	Periodic Monitoring		Dual 1099/W2 recipients (conflict of interest)
15-40b	Monitoring Projects (IDEA)	Periodic Monitoring		Part-time employee hours (excess of 19.5 hrs)

**EXTERNAL AUDITS**

Name	Stage	Report Date	Scope
Grant Thornton	Completed	12/18/15	The annual financial and uniform compliance audit under OMB-133 and State of Texas Single Audit Circular.
Texas Mutual Insurance Company - Oct. 19	In Progress		Worker's Compensation



Report Name & Res. Party	Recommendation	Response	Current Status	Comments	Expected Comp Date
<b>15-11 Financial Management</b> K. Bender	1. Proper account usage should be continuously emphasized with the use of "the General Expenditure Sub-Account Listing" as tool to assist in determining the sub-account that best fits the items purchased.	A procedure to address review of account coding on purchase order transactions will be developed and submitted for review.	<b>Ongoing</b>		<b>07/31/2016</b>
		Periodic training for requisition creators will be held to emphasize correct coding of expenditures.	<b>Ongoing</b>		<b>07/31/2016</b>
	2. HCC's "Chart for Mileage Reimbursement", MapQuest, Google Maps, etc. sites should be used to accurately calculate trip mileage.	Notifications regarding the use of appropriate mileage calculations will be made to travelers.	<b>Ongoing</b>		<b>07/31/2016</b>
<b>15-17 Veteran Affairs</b> C. Archie	3. The department should develop procedures to ensure that staff's desktops are properly and periodically backed up.	The Director will establish procedures for conducting routine desktops' back-ups. DOVA will also be utilizing "SharePoint" as a repository of critical electronic files, office forms, manuals, statistical reports, etc. The Director has requested a larger network drive.	<b>Complete</b>		<b>02/04/2016</b>
	4. The VA compliance officer should periodically spot check to ensure the department is	DOVA received notification for approval to post the HCC Veteran Affairs Compliance	<b>In Progress</b>	The interview process has begun for the VA Compliance Officer. Forty	<b>06/06/2016</b>

Report Name & Res. Party	Recommendation	Response	Current Status	Comments	Expected Comp Date
	maintaining veteran student records in compliance with the U.S. Department of Veterans Affairs and the Texas Veterans Commission.	Officer position. This position provides supervision to all Certifying Officials and the documents processed in accessing VA Educational Benefits. In addition, DOVA management will explore available technology such as PeopleSoft's "Checklist" and PeopleSoft's VA module for tracking, collecting, and reporting.		applications have been received as of 4/14/2016.	
<b>14-14 Business Continuity Plan</b> Ashley Smith	HCCS should formalize the processes for creation, maintenance, and testing of business continuity plans to be adequate to allow the Colleges to function in the aftermath of a disaster.	The Office of Risk Management will lead in the development of the Business Continuity Plan through completion and implementation.	<b>In Progress</b>	An Executive Director of Risk Management reported to work on April 18 <sup>th</sup> .  A Business Continuity Plan that provides a framework for the creation, maintenance and testing of division and campus plans was reviewed with senior staff in February.  Revisions to the plan will be reviewed with senior staff prior to approval of the plan by Risk Management.	<b>10/31/2016</b>

# REPORT ITEM

Meeting Date: May 10, 2016

Audit Committee

ITEM #	ITEM TITLE	PRESENTER
C.	Report on Quarterly Control and Compliance Attestation	Dr. Cesar Maldonado 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.

## COMPELLING REASON/RATIONALE

It is important that the Board of Trustees be able to rely upon the written and oral statements of the Chancellor and other members of the College administration as they carry out their duties. The attestation is a written statement from the Chancellor indicating that he has already disclosed to the Board of Trustees, the Audit Committee, and/or to Internal Audit, regarding any items of potential concern that he is aware of, primarily in the areas of internal control, compliance, and suspected fraud. It is also a positive statement stating that all rules have been followed, all material items recorded, and all contractual agreements have been honored.

The Chancellor's Attestation is supported by similar attestations from key College administrators. This item will be included as a regular quarterly report item to the Audit Committee.

## FISCAL IMPACT

N/A

## STRATEGIC ALIGNMENT

### 2. ORGANIZATIONAL STEWARDSHIP

*B. Improve and streamline business transactions and process*

This item is applicable to the following: District