

# Audit Committee Report

## March 16, 2026



At the March 16, 2026, Audit Committee meeting, committee members Ric Campo and Paula Mendoza were present, and Chairperson Janette Garza Lindner joined remotely. Non-voting citizen member Elizabeth Logan was also present. The committee met from 2:04 p.m.–3:28 p.m. and approved the minutes of the November 11, 2025, Audit Committee meeting.

- Representatives of the district’s outsourced internal audit firm, RSM US LLP, provided an update on follow-up testing of audit projects, stating as of March 16, 2026, there were a total of 47 observations, 24 of which were closed; 19 action plans were implemented, according to HISD management. Management has indicated that the action plans associated with these observations are ready for evaluation. Internal Audit has initiated follow-up procedures, and the associated action plans are currently under evaluation, in detailed testing, or pending sufficient time for a complete population of transactions to accrue before testing can be performed.
- RSM representatives presented their draft report on maintenance and repairs. The objective of RSM’s procedures was to evaluate the design and control structure, including adherence to policies, procedures, and relevant laws and regulations for the operating effectiveness of the district’s maintenance and repairs and work order processes. RSM performed detailed testing over a sample of 40 maintenance work orders. Committee member Ric Campo asked whether 40 was enough given that 66,000 work orders were in the scope of the audit. RSM representatives responded that they use a judgmental risk-based sampling approach in line with industry best practices for sampling, and 40 was an appropriate representation and highlighted key risk factors.
- The audit resulted in four observations: three high-risk and one of moderate risk. Issues included an inconsistent work order process that negatively impacted parts inventory tracking; untimely work order completions; gaps and data integrity issues in the maintenance work order system; and shortcomings caused by a decentralized system for tracking asset warranty information. RSM indicated that

HISD management is already working to address and adopt recommended improvements as part of the current Phase 1, and these will be carried into Phase 2 with the implementation of the Oracle database management system. Chief Technology Officer Kerri Holt indicated the transition from SAP to Oracle is scheduled to be completed July 1, 2026.

- RSM representatives presented their draft report on employee selection and onboarding. The objective of RSM's procedures was to evaluate the design and control structure, including adherence to policies, procedures, and relevant laws and regulations for the operating effectiveness of the district's employee selection and onboarding processes. RSM selected a sample of 51 hires, including 25 new hires, 25 rehires, and one Teacher Retirement System (TRS) hire.
- The audit resulted in five observations: two high-risk, two of moderate risk, and one low-risk. Issues included inconsistencies in rehire eligibility information review, evaluation, and documentation; ineffective controls for verifying payroll and salary verification; inconsistent documentation of job interviews; lack of segregation of talent coordinator duties; and the need to strengthen onboarding controls to ensure timely I-9 completion requirements. RSM indicated that HISD management is already working to address and adopt recommended improvements in Phase 1 to be continued in Phase 2, which will also involve exploring new system capabilities and enhancements.
- The committee held a confidential discussion of internal penetration testing results and a risk assessment plan.
- The minutes of the March 16, 2026, Audit Committee meeting will be reviewed for approval by the committee at its next meeting. Once approved, the minutes will be posted under Board & Governance/Board Audit Committee at <https://www.houstonisd.org/board-governance/board-audit-committee>.