



AGENDA

AUDIT COMMITTEE OF THE BOARD OF TRUSTEES

Committee Members

Trustee Robert Glaser, Chair
Trustee Christopher W. Oliver
Trustee Dave Wilson

Alternate Member

Dr. Adriana Tamez

May 14, 2015
1:30 p.m.

HCC Administration Building
3100 Main, 2nd Floor Auditorium
Houston, Texas 77002



Strategic Plan 2012-2015

Creating Opportunities for Our Shared Future
(Approved by the HCC Board of Trustees, June 22, 2012)

Mission

Houston Community College is an open-admission, public institution of higher education offering a high-quality, affordable education for academic advancement, workforce training, career and economic development, and lifelong learning to prepare individuals in our diverse communities for life and work in a global and technological society.

Vision

HCC will be a leader in providing high quality, innovative education leading to student success and completion of workforce and academic programs. We will be responsive to community needs and drive economic development in the communities we serve.

Strategic Initiatives

- Initiative #1: Increase Student Completion
- Initiative #2: Respond to Business and Industry
- Initiative #3: Develop 21st Century Learners
- Initiative #4: Support Faculty/Staff Professional Development and Student Leadership
- Initiative #5: Support Innovation
- Initiative #6: Support Entrepreneurialism
- Initiative #7: Leverage Partnerships

**NOTICE OF A MEETING OF THE
AUDIT COMMITTEE
OF THE BOARD OF TRUSTEES**

HOUSTON COMMUNITY COLLEGE

May 14, 2015

Notice is hereby given that a Meeting of the Audit Committee of the Board of Trustees of Houston Community College will be held on Friday, the fourteenth (14th) day of May, 2015 at 1:30 p.m., 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 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

II. Topics for Discussion and/or Action:

A. Internal Audit Quarterly Report.

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

1. 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

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

C. Real Estate Matters

1. 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.

The Houston Community College Board of Trustees (the "Board") will not consider or act upon any item before this committee. This meeting is not a Regular Meeting of the Board but because a quorum of the Board may attend, the meeting of this committee is also being posted as a Meeting of the Board.

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 or employee or to hear complaints or charges against a public officer or employee, unless the officer or employee 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

Houston Community College
Audit Committee – May 14, 2015

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 of Notice

On this 11th day of May, 2015, at or before 1:30 p.m., 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) Administration Building of the Houston Community College, 3100 Main, First Floor, Houston, Texas 77002; (2) the Harris County's Criminal Justice Center, 1201 Franklin, Houston, Texas 77002; (3) the Fort Bend County Courthouse, 401 Jackson, Richmond, Texas 77469; and (4) the Houston Community College website, www.hccs.edu. The Houston Community College's Fort Bend County public meeting notices may be viewed after hours (*i.e.* between the hours of 5:30 p.m. and 7:30 a.m.) on the kiosk located on the west side of the new Fort Bend County Courthouse (the "William B. Travis Building"), located at 309 South Fourth Street, Richmond, Texas 77469.

Sharon R. Wright, Manager
Board Services

Follow-up Schedule on Completed Internal Audits

Report Name & Res. Party	Recommendation	Response	Current Status	Comments	Expected Comp Date
12-03 Employee Match to AP R. Anasagasti	Develop a "purchase from employees" procedure.		Completed	Verified on 4/15/2015, that Guideline #7 was on Procurement's homepage.	
12-09 Fixed Assets R. Anasagasti	3.* The Purchasing Department should check the G/L sub-acct. codes on requisitions for equipment purchases for accuracy.	A simple PPT training guide is being prepared to share with college business offices in addition to training all folks in Procurement so that we can improve the quality assurance on our end. In addition, we can include this in a "go to" section of My HCC with quick training topics.	In Progress		4/30/2015
12-09 Fixed Assets K. Hoyle	5.* Asset Management and IT should re-examine the "Category" classifications that link to the "Profiles" to ensure an appropriate useful life table for depreciation.	Asset Management will coordinate a meeting with G/L Management and IT to determine how to properly address this matter.	Incomplete	K. Hoyle requested a meeting with G/L and IT on 4/14/2015. He also asked Internal Audit for an extension due to circumstances involving CIP.	5/31/2015
14-12 Procurement Card Chris Burton Ashell Waller	1. Eligibility and Cancellation Procurement work with HR and IT to establish a process that would interface change and termination of employment information through PeopleSoft and/or through a revised check-list to provide assurance of timely cancellation of p-card.	A report from HR will be sent to Procurement on a bi-mthly basis to advise of employees who terminated /resigned.	Completed		

Report Name & Res. Party	Recommendation	Response	Current Status	Comments	Expected Comp Date
Chris Burton Ashell Waller R. Anasagasti	<p>2. Monitoring Automate monitoring procedures which will allow more transactions to be reviewed; hire additional personnel to assist P-card administrator manage the growing p-card program; develop a system whereby the signatures are scanned or filed in hardcopy and catalogued to compare to logs and determine validity of authorizing signature when monitoring transactions.</p>	<p>A summary list of all approvers per Department and College will be created based on the completed and approved p-card application forms; all p-card applications are kept filed(lock & secured) and can be pulled for easy reference and signature verification; as a requirement, each p-card has a cardholder agreement; no one can sign for an increase on card limit but the original cardholder.</p>	Completed	All but the hiring of additional personnel is complete. The Office Manager is still acting as the Procurement Card Administrator.	
Chris Burton Ashell Waller Carol Tillman	<p>3. Budget Allocation Procurement and Accounts Payable conduct regular meetings to discuss issues encountered during monthly processing of payments; Finance and Procurement work together to remind cardholders of budget checks, coding errors and other noncompliance issues that may be recurring.</p>	<p>Procurement commits to coordinate with Accounts Payable to regularly meet once a month to discuss any problems or concerns in managing the payment aspect of the P-card Program. The proper allocation of expenses was included in the P-Card training for the cardholders. E-mails are sent out directly through Citibank advising cardholders to code all transactions by a specific time and date.</p>	Completed		

Report Name & Res. Party	Recommendation	Response	Current Status	Comments	Expected Comp Date
	<p>4. Transaction Testing Bring awareness of unallowed and unauthorized transactions as well as the requirement for stating a benefit to the college; continue monitoring accounts and perform analytical procedures to detect TX sales taxes charged or unallowable or unallowable transactions; monitor for timely submittal of transaction logs with detailed receipts.</p>	<p>Follow up will be conducted among the cardholders to provide copies of itemized/ detailed receipts. Requirement of itemized receipts was stated in the P-Card User Guidelines and Cardholder User Agreement and was also emphasized during P-Card training.</p>	Completed	Procurement is working directly with Citibank on the prevention of sales tax payments.	
<p>12-52 Corporate Cards Teri Zamora</p>	<p>1. Policies for business meals, events, entertainment to include per capita expenditure limits 2. Guidelines for appropriate expenditures for the various merchant categories and apply as needed in the banking system. 3. Guidelines for the proper documentation of expenditures. These guidelines should also explain how to document deviations from procedures and explain benefits to HCCS. 4. Needed documentation for approval of travel expenditures.</p>	<p>establishes limits for amounts and establishes what is and is not approved for purchase. Mgmt wishes to defer to see if other controls will obviate the risk. requires full documentation including listing of parties for business meal expenditures addressed</p>	<p>Completed Completed Completed Completed</p>	<p>Meets the needs of the corporate card program. Will accept in light of review by Chancellor or VCAF. Will review progress later.</p>	

Report Name & Res. Party	Recommendation	Response	Current Status	Comments	Expected Comp Date
	<p>5. A common format which can be uploaded to accounts payable ; require that reconciliation logs be submitted in that predetermined format. Format should include fields to explain the detail of what was purchased from a given merchant.</p> <p>6. Subsequent incorporation of the journal voucher reference number into that documentation.</p> <p>7. Training for the Executive Assistants responsible for preparing reconciliations of logs in documenting expenditures and resolving budget issues before log submittal.</p> <p>8. Require that budget checked logs should be submitted within 10 working days of statement receipt. Training on this process should be reviewed annually.</p> <p>9. Assigning responsibility for compliance review of expenditures on the corporate card.</p> <p>10. Requiring an annual review of such expenditures by an internal assurance service.</p>	<p>format provided</p> <p>included in procedure</p> <p>Establishes the Office of the Treasurer as source of training as needed.</p> <p>Provides for a 20 day period but adds approval by the Chancellor or Vice Chancellor Finance and Administration.</p> <p>see above</p> <p>An annual review by the Controller's Office to be done in April</p>	<p>Completed</p> <p>Completed</p> <p>Completed</p> <p>Completed</p> <p>Completed</p> <p>Completed</p>	<p>Will accept, would be better if a curriculum were developed now. <i>Ad hoc</i> training is not usually consistent</p> <p>Risk addressed in requiring approval by Chancellor or VCFA.</p>	

*Items are carryovers from the last follow-up.

Projects from 2014-2015 Internal Audit Plan

Number	Name	Stage	Report Date	Scope
14-14	Business Continuity Planning	Awaiting Exit Conference or Response	4/2/2015	Adequacy of Processes to Create, Test and Maintain Business Continuity Plans
14-21	Payroll Application Audit	Testing Complete, Audit Being Reviewed		Evaluate payroll processes, policies, and procedures to determine if controls in place are appropriate. Assess the general and specific IT risks and controls affecting the timelines, reliability, integrity and accuracy of payroll data.
15-11	Financial Management			
15-12	Human Resources Operations			
15-13	Procurement Operations			
15-14	Student Financial Aid Operations			
15-16	Web Presence			
15-17	Veterans Affairs Dept	Assigned		Concerning adequacy and effectiveness of controls to meet Federal Time requirements
15-18	IT Governance and Planning	Assigned		Concerning Security Governance and Policy/Procedure alignment.
15-30	Quarterly Significant Findings follow up	Completed	4/17/2015	
15-40	Monitoring Projects (IDEA)	In Progress		Dual 1099/W2 recipients

OTHER INTERNAL PROJECTS/INVESTIGATIONS

Number	Name	Stage	Report Date	Scope
14-108	Continuing Ed	In Progress		SAO Hotline: Allegations regarding instructors being pressured by management to change grades.
14-109	In District Refund	Completed	2/23/2015	SAO Hotline: Allegations regarding improper recognition of residency status and refund of financial aid. Situation resolved.
14-110	Falsified Information on FAFSA	Completed	3/13/2015	SAO Hotline: Allegations of student claiming children as dependents to increase Financial Aid. Children acknowledged but not claimed as dependents.

EXTERNAL AUDITS

Number	Name	Stage	Report Date	Scope
	DOE/HGAC Weaver Risk Advisory Services	In Progress		Financial Monitoring and Billing Review HGAC Contract on Adult Education.

REPORT ITEM

Meeting Date: May 14, 2015

Committee: *Audit*

ITEM NO.	ITEM TITLE	PRESENTER
A	Internal Audit Quarterly Report	Dr. Cesar Maldonado Belinda Brockman

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

At the February 2015 meeting of the Audit Committee, the Board of Trustees adopted the Audit Committee Action Calendar, which calls for quarterly updates.

FISCAL IMPACT

Department functions per approved operating budget.

STRATEGIC INITIATIVES ALIGNMENT

Strategic Initiative: Support Innovation

Attachment Title(s): **1. Follow-up Schedule of Completed Internal Audits**
2. Projects on 2014-2015 Internal Audit Plan

This item is applicable to the following:

Central Coleman Northeast Northwest Southeast Southwest 3100