



**MEETING MINUTES OF THE BOARD OF REGENTS
LEE COLLEGE DISTRICT
AUDIT & INVESTMENT COMMITTEE
October 8, 2024**

The Board of Regents Audit and Investment Committee of the Lee College District met on October 8, 2024, at the President's Conference Room, Rundell Hall, Room 200-G. Judy Jirrels, Committee Chair, called the meeting to order at 4:02 p.m.

PRESENT: Judy Jirrels, Committee Chair; Gina Guillory; Mark Himself

Annette Ferguson, Vice President, Finance and Administration (4:07 p.m.); Leslie Gallagher, Chief of Staff and Vice President, Strategic Initiatives; Renea Woodruff, Controller; Greg Goings, Internal Auditor; Julie Lee, Internal Auditor; David Mohlman, Coordinator of Board Relations

VIRTUAL: David McElwain, Meeder Investment

ABSENT: Dr. Lynda Villanueva, President

QUARTERLY INVESTMENTS REPORT

David McElwain of Meeder Investment reported on the quarter ended August 31, 2024. Overlooking the economy, he noted the recent Federal Reserve rate cut of 50 basis points, discussed Fed targets for inflation and GDP, noted the current unemployment rate, and said additional rate cuts by the Fed are anticipated before year end. Economic growth has continued, he noted, but a downturn is anticipated.

Mr. McElwain advised for the near term that the college use some of its available liquidity to lock in earnings for the next two to five years, prior to more rate cuts. At August end, average portfolio yield was 4.76% and earnings were \$758,000, which likely will be the peaks for the next few years, he said.

INTERNAL AUDIT CHARTER AND PROPOSED 2025 INTERNAL AUDIT PLAN

Presenting the proposed Internal Audit Charter for consideration by the committee, Greg Goings said the charter is standard for the internal audit world, and that in developing it, he followed several other educational institution audit charters. In answer to a question from Regent Himself, Annette Ferguson affirmed that the Administration has no concerns or questions regarding the charter as proposed.

Philosophy of the charter is supportive, not adversarial, Mr. Goings noted. The purpose suggests consideration of costs vs. benefits of a control, and states internal audit is about evaluating and improving effectiveness and efficiency. Discussion included appropriate length of the audit cycle, whether the five-year minimum as called for by the state of Texas, or a shorter cycle that would be based on preferences, costs and levels of risk identified.

By consensus, committee members indicated approval of the charter as presented.

Presenting the proposed 2025 Internal Audit Plan for consideration by the committee, Mr. Goings said the plan was developed from discussions with administrators as to their perceived priorities/needs, then was vetted with executive leadership. Explaining prioritization by tier of the areas to be audited, he said future changes of circumstances could suggest altering those priorities.

Mr. Goings discussed his approach to the audit work process, noting that the planning phase involves more than half of the time. He said he anticipates coordinating with the firm conducting the college's annual opinion audit, to learn what they examine in their work process. Discussion included status of any unresolved findings from the 2016 internal audit by Weaver.

Regent Guillory said Priority 3, as assigned to Human Resources on the proposed audit plan, is too low. She called for Priority 1 to be assigned.

Discussion included creation of an audit repository, based on a current lack of available records.

Regent Guillory asked about safety/security, saying she did not find it on the plan list. Various actions already are underway for this area, Mr. Goings noted, including evaluation of security cameras. He said a centralized database is being created of all safety/security issues encountered and actions taken, and that he will review the findings and status.

Discussion continued as to nature and approach of the internal auditor's work, whether irregular spot checks, or consideration overall of how to do the work better, faster, cheaper – or some combination. Mr. Goings contrasted the Weaver 2016 audit approach with the current process-oriented approach that focuses on identifying risk.

By consensus, committee members indicated approval of the 2025 Internal Audit Plan, as updated to assign Priority 1 to Human Resources.

RACI OBJECTIVES DOCUMENT
AND ALL OTHER INTERNAL AUDIT FOUNDATION DOCUMENTS

Mr. Goings briefly reviewed development of the RACI (Responsible Accountable Consulted Informed) Objectives document and other Internal Audit foundation documents.

MATTERS OF CONCERN FOR FUTURE AGENDAS

The Administration will determine a December date for the committee to meet to hear presentation of the FY 2024 opinion audit.

Adjournment

Committee Chair Jirrels declared the meeting adjourned at 5:17 pm.

Chairman, Board of Regents

Secretary, Board of Regents