

Office of School Board Attorney
JulieAnn Rico Allison, Board Attorney

**SUBJECT: PROPOSED AMENDMENT OF SCHOOL BOARD RULE: FINAL
READING - 6Gx13- 2C-1.142, AUDIT COMMITTEE**

COMMITTEE: INNOVATION, EFFICIENCY & GOVERNMENT RELATIONS

At the School Board meeting of February 15, 2006, the School Board authorized the amendment of School Board Rule 6Gx13- 2C-1.142, to provide clearer terms for voting on matters that come before the Audit Committee as well as additional responsibilities for the Audit Committee regarding its collaboration with the Office of Inspector General.

The proposed amendment to School Board Rule 6Gx13- 2C-1.142, provides that the Board member appointed to the Audit Committee may vote on all matters that come before the Audit Committee, but may only participate in the discussion of, and may not vote on, matters dealing with the Office of the Inspector General. In addition, the amendment provides for clearer terms of service for the community members.

The Notice of Intended Action was published in the *Miami Daily Business Review* on February 21, 2006, posted in various places for public information, and mailed to various organizations representing persons affected by the amended rule and to individuals requesting notification.

The time to request a hearing or protest the adoption of this rule has elapsed.

In accordance with the provisions of the Administrative Procedure Act, this amended rule is presented to The School Board of Miami-Dade County, Florida, for adoption and authorization to file the rule in the official records of The School Board of Miami-Dade County, Florida.

RECOMMENDED: That The School Board of Miami-Dade County, Florida, adopt amended School Board Rule 6Gx13- 2C-1.142, *Audit Committee*, and authorize the Superintendent to file the rule with The School Board of Miami-Dade County, Florida, to be effective April 18, 2006.

NOTICE OF INTENDED ACTION

THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA, announced on February 15, 2006 its intention to amend Board Rule 6Gx13- 2C-1.142, *Audit Committee*, at its meeting of April 18, 2006.

PURPOSE AND EFFECT: The revision to the Board Rule 6Gx13- 2C-1.142, *Audit Committee*, is recommended in an effort to further the independence of the Office of the Inspector General, by prohibiting Board members appointed to the Committee from voting on matters relating to the Office of the Inspector General. Among other things, the proposed revisions provide clearer terms of service for community members appointed to the Committee, and include added duties and responsibilities for the Committee, particularly with regard to its collaboration with the Office of the Inspector General.

SUMMARY: Establishes additional duties and responsibilities for the Committee, specifically with regard to the Office of the Inspector General. Additionally, clarifies the terms of office of community members appointed to the Committee, and reduces the number of meetings from seven to six per year.

SPECIFIC LEGAL AUTHORITY UNDER WHICH RULEMAKING IS AUTHORIZED: 1001.41(1)(2); 1001.42(22); 1001.43(10) F.S.

LAW IMPLEMENTED, INTERPRETED, OR MADE SPECIFIC: 119.07 (3)(y); 286.011; 1001.32; 1001.41(1)(2); 1012.31 F.S.

IF REQUESTED, A HEARING WILL BE HELD DURING THE BOARD MEETING OF April 18, 2006, which begins at 1:00 p.m., in the School Board Auditorium, 1450 N.E. Second Avenue, Miami, Florida 33132. Persons requesting such a hearing or who wish to provide information regarding the statement of estimated regulatory costs, or to provide a proposal for a lower cost regulatory alternative as provided by Section 120.541(1), F.S., must do so in writing by March 14, 2006, to the Superintendent of Schools, Room 912, at the same address.

ANY PERSON WHO DECIDES TO APPEAL THE DECISION made by The School Board of Miami-Dade County, Florida, with respect to this action will need to ensure the preparation of a verbatim record of the proceedings, including the testimony and evidence upon which the appeal is to be based. (Section 286.0105, Florida Statutes)

A COPY OF THE PROPOSED AMENDED RULE is available at cost to the public for inspection and copying in the Citizen Information Center, Room 158, 1450 N.E. Second Avenue, Miami, Florida 33132.

Originator: JulieAnn Rico Allison
Date: February 1, 2006

Administrative Operations**AUDIT COMMITTEE****I. Purpose**

The general purpose of the Audit Committee is to secure and review financial and other information about the school district, to ensure that the overall audit coverage of Miami-Dade County Public Schools is sufficient and appropriate to protect the citizens of Miami-Dade County Florida; to ensure that an adequate system of internal control has been implemented in Miami-Dade County Public Schools and is being effectively followed; and to assist and advise The School Board of Miami-Dade County, Florida, and the Superintendent of Schools in matters pertaining to fiscal management of the school district.

Specific purposes of the Audit Committee are as follows:

1. Provide added protection to the School Board in discharging its responsibilities;
2. Assist in obtaining effective corrective action and necessary improvement based on audit findings and recommendations received from external and internal auditors; and
3. Provide credibility and support for the audit programs.

II. Membership

The members of the Audit Committee are as follows:

1. Nine voting members from the community not employed by the school district or having any direct or indirect business dealings with the school district. The nine School Board members will each select one appointee. In appointing individuals to serve on the Audit Committee, School Board members are encouraged to take into consideration representation that reflects the School Board's commitment to diversity, and select professionals with a background in accounting, finance, business, management consulting or law.
2. One voting Board member appointed by the Chair of the School Board. The Board member appointed to the Audit Committee shall vote on all matters that come before the

Audit Committee, except matters related to the Office of the Inspector General. For such items, in furtherance of maintaining the independence of the Office of Inspector General, the Board member may participate in the discussion, but shall not vote on said items.

3. One voting member from the community to be appointed by the Superintendent of Schools.
4. One non-voting member from the school system to be appointed by the Superintendent.
5. The Chief Auditor, who shall serve as a non-voting member.

The Audit Committee shall annually elect a Chair and Vice Chair ~~each fiscal year~~ from its ten community members. An Audit Committee member may not serve more than four (4) consecutive years as either Chair or Vice Chair. ~~The Chair and Vice Chair shall be elected annually for no more than two consecutive years for either office. Nothing contained in this provision prohibits a member from holding the office of Chair or Vice Chair more than once during his or her tenure on the Audit Committee.~~

Revised pursuant to Board direction on Initial Reading on 2/15/06

III. Term of Service

The term of service is for two fiscal years. ~~Committee members' terms will be staggered for one or two years to have a balance so that the Committee has continuity in its membership. The terms of community members nominated by School Board members shall be consistent with the terms of their respective nominating School Board members. Newly appointed School Board members shall have the discretion to retain the former School Board member's appointee or to nominate a new committee member. Committee members appointed by Board members from even numbered districts and the Superintendent's appointee will serve an initial term of one year. Committee members appointed by Board members from odd numbered districts, and the Board member appointed by the Board will serve an initial term of two years. After each member's initial term expires, all memberships will be for a two year term. A member's term may be extended beyond the two (2) year term, by nomination by any Board member. Community members may be removed should they miss three (3) consecutive regular meetings without good cause upon a majority vote of the Audit Committee~~

Revised pursuant to Board direction on Initial Reading on 2/15/06

IV. Meetings

The Audit Committee will meet on a regular basis throughout the fiscal year with the first meeting to be scheduled in early September and the last meeting in June. The committee will meet at least ~~seven~~ six times during the fiscal year, subject to any unforeseen circumstances such as natural disasters, emergencies, etc.

Five (5) voting members shall constitute a quorum for the Committee to meet and make recommendations.

All Committee and subcommittee meetings are governed by the requirements of Florida's Government in the Sunshine and Public Records Laws, Chapter 119, and 286.011, Florida Statutes.

Therefore, meetings of this Committee will be held in open public sessions and all materials made or received by the Audit Committee in connection with official business are open for public inspection.

The Office of Management and Compliance Audits is entrusted with the responsibility of providing service and support to the Committee, including publishing meeting notices, keeping its minutes, establishing the agenda and gathering the supporting documentation for distribution, and ensuring the smooth operation of the Committee affairs.

V. Scope of Activities

The Audit Committee is advisory in nature. Its recommendations regarding audit findings and exceptions, and other items will be provided in writing to the School Board and to the Superintendent. In its advisory role, the Audit Committee is subject to the control and direction of The School Board of Miami-Dade County, Florida. In accordance with Chapter 119.07(3)(y), Florida Statutes, audit workpapers and notes related to such audit report are confidential and exempt from the provisions of subsection (1) and s. 24(a), Art. I of the State Constitution until the audit is completed and the audit report becomes final. An audit becomes final when the audit report is presented to the School Board.

VI. Duties and Responsibilities

The duties and responsibilities of the Audit Committee are to:

1. Review audit and financial reports on a selective basis.
2. Review the audit findings contained in the audit report.

3. Review the recommendation(s) contained in the Audit Reports and Responses made by the Administration as to how the audit findings should be corrected; and the time and funding required for corrections.
4. Review and request periodic reports on a selective basis regarding corrective action being taken to eliminate audit exceptions or reasons that recommendations are not being implemented.
5. Hold discussions with and make recommendations to the School Board and the Superintendent on reported items that are not being corrected on a timely or adequate basis.
6. Review any amendments to School Board rules 6Gx13- 2C-1.14, Office of Management and Compliance Audits, 6Gx13-2C-1.142, Audit Committee, and 6Gx13-8A-1.07, Office of Inspector General, if it so chooses, and make recommendations to the School Board prior to initial reading, as deemed appropriate.
7. Review the annual budget of the Office of Management and Compliance Audits and make recommendations to the School Board and Superintendent as to the sufficiency of the budget. The budget shall make adequate provisions for staffing of the office, including salaries, benefits, equipment and supplies. Adequate provisions for staff development shall also be provided to maintain the highest professional standards for the office and for the use of outside resources when such professional services are deemed necessary by the Chief Auditor.
8. Serve as the Committee, along with the Superintendent of Schools, to select the Chief Auditor of the Office of Management and Compliance Audits and provide recommendations to the School Board on the person to fill the position. At the direction of the School Board, provide its recommendations on the contractual provisions for the position of Chief Auditor.
9. Any recommendation for the removal or transfer of the Chief Auditor and the reasons for such removal or transfer shall be brought before the Audit Committee to obtain its recommendation to the Board.
10. Review the services of the Chief Auditor and provide input to the Superintendent and School Board in connection with performance

evaluations of the Chief Auditor. Written evaluations will be kept on file pursuant to Section 1012.31, Florida Statutes.

11. Review, provide feedback, and approve the annual Audit Plan presented by the Office of Management and Compliance Audits.
12. Review the operations and projects against the Audit Plan of the Office of Management and Compliance Audits to determine the progress made in the execution of the Audit Plan.
13. Serve as the Committee to select and recommend the hiring of the external auditing firm to conduct the required annual audit in accordance with Florida Statutes; determine areas to be emphasized in the external audits; and assist in the development of the external audit contract.
14. Provide an effective communications link between the external and internal auditors, the School Board, and the Superintendent.
15. Submit periodic reports, at least annually, on the work of the Audit Committee, to the School Board and the Superintendent.
16. Receive citizen input for projects designed to effect corrective action and to provide systems and procedures assistance.
17. Provide input to the School Board with respect to the selection of the Inspector General, and with regard to the operation of the Office of the Inspector General as more specifically outlined in School Board Rule 6Gx13-8A-1.07.
18. Perform specific assignments made by the School Board.

Specific Authority: 1001.41(1)(2); 1001.42(22); 1001.43(10), F.S.

Law Implemented, Interpreted, or Made Specific: 119.07(3)(y); 286.011; 1001.32; 1001.41(1)(2); 1012.31, F.S.

History THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
New: 8-20-03