

José F. Montes de Oca, Chief Auditor  
Office of Management and Compliance Audits

**SUBJECT:** **PROPOSED AMENDMENT OF SCHOOL BOARD POLICY:  
INITIAL READING: POLICY 6840, AUDIT AND BUDGET  
ADVISORY COMMITTEE**

**COMMITTEE:** **INNOVATION, EFFICIENCY & GOVERNMENTAL  
RELATIONS**

**LINK TO STRATEGIC  
FRAMEWORK:** **FINANCIAL EFFICIENCY/STABILITY**

Pursuant to Agenda Item H-24 ("Chief Auditor's Performance Review"), presented by Board Member Carlos L. Curbelo, at the March 13, 2013, Board meeting, the Board authorized rulemaking to amend School Board Policy 6840 to clarify individual Board members' ability to, in conjunction with the Audit and Budget Advisory Committee, review the Chief Auditor's performance.

This item requests consideration of the Board to amend Board Policy 6840, Audit and Budget Advisory Committee to incorporate the recommended revisions.

Attached are the Notice of Intended Action and the proposed policy amendments. Changes from the current policy are indicated by underscoring words to be added and ~~striking through~~ words to be deleted.

Authorization of the Board is requested for the Superintendent to initiate rulemaking proceedings pursuant to the Administrative Procedure Act to amend School Board Policy 6840, *Audit and Budget Advisory Committee*.

**RECOMMENDED:** That The School Board of Miami-Dade County, Florida authorize the Superintendent to initiate rulemaking proceedings pursuant to the Administrative Procedure Act to amend School Board Policy 6840, *Audit and Budget Advisory Committee*.

JFM:em

## **NOTICE OF INTENDED ACTION**

THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA, announced on April 17, 2013, its intention to amend Board Policy 6840, *Audit and Budget Advisory Committee*, at its meeting of June 19, 2013.

**PURPOSE AND EFFECT:** The purpose of the recommended amendment is to allow School Board members to review the Chief Auditor's performance.

**SUMMARY:** The amendment will allow School Board members, at their sole discretion, to review the Chief Auditor's performance in conjunction with Audit and Budget Advisory Committee members.

**SPECIFIC LEGAL AUTHORITY UNDER WHICH RULEMAKING IS AUTHORIZED:**  
1001.41 (1), (2); 1001.42 (25); 1001.43 (10); F.S.

**LAWS IMPLEMENTED INTERPRETED OR MADE SPECIFIC:** 1001.41 (1), (2); 1001.42 (25); 1001.43 (10); F.S.

IF REQUESTED, A HEARING WILL BE HELD DURING THE SCHOOL BOARD MEETING OF June 19, 2013, 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 in Section 120.54(1), F.S., must do so in writing by May 13, 2013, to the Superintendent, 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 POLICY 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: Mr. Carlos Curbelo, Board Member  
Date: April 2, 2013

1

AUDIT AND BUDGET ADVISORY COMMITTEE

2 The general purpose of the Audit and Budget Advisory Committee is to review and  
3 make recommendations to the School Board and Superintendent on fiscal  
4 management matters presented to the committee by either the Board or the  
5 Superintendent. The Audit and Budget Advisory Committee shall serve as the  
6 principal advisory committee to assist the Board in fulfilling its fiduciary  
7 responsibilities on budgeting, financial reporting and accounting and business  
8 policies and practices and is the Board's principal agent in ensuring the  
9 independence of the District's external and internal auditors.

10 The Audit and Budget Advisory Committee's goals are to assist in:

- 11           A.     strengthening accountability for the stewardship and efficient and  
12                 effective use of School District funds;
- 13           B.     maintaining transparency of the District's financial and business  
14                 operations; and
- 15           C.     promoting an adequate system of internal control.

16 **Membership**

17 Members of the Audit and Budget Advisory Committee should reflect the Board's  
18 commitment to diversity, have a basic understanding of finance and accounting and  
19 be able to understand and interpret financial statements and audit reports.  
20 Members should have a background in auditing, accounting, finance, business,  
21 management consulting, or law.

22 The members of the Audit and Budget Advisory Committee are:

- 23           A.     eleven (11) members from the community not employed by the  
24                 School District or having any direct or indirect business dealings  
25                 with the School District;
- 26                 The nine (9) Board members will each select one (1) appointee.  
27                 One (1) voting member appointed by the Superintendent.  
28                 One (1) voting member and alternate appointed by the Miami-Dade  
29                 County Council of PTAs/PTSAs.  
30                 One (1) voting member and alternate appointed by the Miami-Dade  
31                 County Council of PTAs/PTSAs.  
32

1           B.     one (1) voting Board member appointed by the Chair of the Board;

2  
3           The Board member appointed to the Audit and Budget Advisory  
4           Committee shall vote on all matters that come before the Audit and  
5           Budget Advisory Committee.

6           C.     one (1) non-voting member from the District to be appointed by the  
7           Superintendent;

8           D.     the Chief Auditor shall serve as the District's liaison and provide  
9           administrative and logistical support to the Audit and Budget  
10          Advisory Committee.

11   The Audit and Budget Advisory Committee shall elect a chair and vice-chair from its  
12   community members. An Audit and Budget Advisory Committee member may not  
13   serve more than four (4) consecutive years as either chair or vice-chair.

14   **Term of Service**

15   The term of service is two (2) fiscal years. The terms of community members  
16   nominated by Board members shall be consistent with the terms of their respective  
17   nominating Board members. Newly appointed Board members shall have the  
18   discretion to retain the former Board member's appointee or to nominate a new  
19   committee member. A member's term may be extended beyond the two (2) year term  
20   by nomination by any Board member. Community members may be removed  
21   should they miss three (3) consecutive regular meetings without good cause upon a  
22   majority vote of the audit committee.

23   **Meetings**

24   The Audit and Budget Advisory Committee will meet on a regular basis throughout  
25   the fiscal year with the first meeting to be scheduled in early September and the last  
26   meeting in late June. The committee will meet at least six (6) times during the fiscal  
27   year, subject to any unforeseen circumstances such as natural disasters,  
28   emergencies, etc.

29   When deemed necessary and appropriate, special meetings of the Audit and Budget  
30   Advisory Committee may be called by the Chief Auditor or by the chair of the Audit  
31   and Budget Advisory Committee. Such special meetings shall require at least  
32   two (2) days prior public notice.

33   A majority of the voting members shall constitute a quorum for the committee in  
34   order to conduct business.

1 All committee and subcommittee meetings are governed by the Florida's Government  
2 in the Sunshine and Public Records Laws, F.S. Chapter 119 and 286.011. Meetings  
3 will be held in open public sessions and all materials made or received by the Audit  
4 and Budget Advisory Committee in connection with official business are available for  
5 public inspection.

6 The Office of Management and Compliance Audits is responsible for providing  
7 administrative support to the committee, including publishing meeting notices,  
8 keeping its minutes, establishing the agenda in collaboration with the chair of the  
9 Audit and Budget Advisory Committee, and gathering the supporting documentation  
10 for distribution, and ensuring the smooth operation of the committee affairs.

11 **Authority**

12 The Audit and Budget Advisory Committee is advisory in nature. Its  
13 recommendations regarding audit findings and exceptions, and other items will be  
14 provided in writing to the Board and Superintendent. In its advisory role, the Audit  
15 and Budget Advisory Committee is subject to the control and direction of the Board.

16 **Duties and Responsibilities**

17 The duties and responsibilities of the Audit and Budget Advisory Committee are:

18 A. with regard to the external auditor:

- 19 1. serve as the committee to select and recommend the hiring of  
20 the external auditing firm to conduct the District's annual  
21 audit according to Florida statutes and assist in the  
22 development of the external audit contract;
- 23 2. oversee the work and evaluate the qualifications,  
24 performance, and independence of the external auditor and  
25 recommend the termination or replacement of the external  
26 auditor;
- 27 3. review with the external auditor their annual audit plan;
- 28 4. review the Consolidated Annual Financial Report (CAFR),  
29 Management Letter, and Single Audit Report with the external  
30 auditor and District staff and make recommendations as  
31 appropriate;
- 32 5. the Chief Auditor will provide administrative support to the  
33 committee for all external audit contracts.

- 1           B.     with regard to the District's budgeting and financial management:
- 2                 1.     with the Chief Financial Officer, review proposed annual  
3                         budgets, revenues, and expense forecasts and forecast  
4                         assumptions, and budget amendments;
- 5                 2.     receive periodic progress reports from the Chief Financial  
6                         Officer regarding the District administration's collection and  
7                         disbursement of financial resources pursuant to the District's  
8                         budget;
- 9                 3.     receive periodic reports from and consult with the Chief  
10                        Financial Officer on the adequacy of the District's budget and  
11                        tracking system;
- 12                4.     make recommendations to the Superintendent and Board to  
13                        improve the quality and reliability of budgeting and  
14                        accounting for the results of financial operations and not  
15                        opine on the policy and programmatic implications of budget  
16                        proposals and amendments.
- 17           C.     with regard to the Chief Auditor and the Office of Management and  
18                        Compliance Audits:
- 19                 1.     review the annual budget of the Office of Management and  
20                         Compliance Audits and make recommendations to the Board  
21                         and the Superintendent as to the sufficiency of the budget;  
22                           
23                         The budget shall make adequate provisions for external  
24                         auditing fees, staffing of the office, required continued  
25                         professional education/staff development, equipment, and  
26                         supplies. The committee should review the costs of the use of  
27                         outside professional services deemed necessary by the Chief  
28                         Auditor and make recommendations to the Board.
- 29                 2.     review, provide feedback and approve the annual Audit Plan  
30                         presented by the Chief Auditor;  
31                           
32                         Receive periodic updates on the progress in completing the  
33                         Audit Plan and confer with the Chief Auditor on any  
34                         significant changes in the required planned scope of the  
35                         annual Audit Plan.

1 3. review the operations and projects against the Audit Plan to  
2 determine the progress made in the execution of the Audit  
3 Plan;

4 4. review internal audit reports with the Chief Auditor and  
5 District administration and make recommendations regarding  
6 audit findings, recommendations, and management  
7 responses;

8 5. serve as the committee, in consultation with the  
9 Superintendent, to make recommendations to the Board on  
10 the person to fill the position;

11  
12 At the request of the Board, the committee will provide  
13 recommendations on the contractual provisions for the  
14 position of Chief Auditor. Prior to negotiation of the  
15 employment contract, the Board shall conduct a workshop to  
16 provide guidance to the Board's designated negotiator.

17 6. any recommendation for the removal or transfer of the Chief  
18 Auditor not made by the Audit Committee and the reasons for  
19 such removal or transfer shall be brought before the  
20 committee to obtain its recommendation to the Board;

21 7. in conjunction with School Board members and at each  
22 Board member's sole discretion, review the Chief Auditor's  
23 performance. ~~and provide input to the Superintendent and~~  
24 ~~Board in connection with performance evaluations of the~~  
25 ~~Chief Auditor.~~ Written evaluations will be kept on file.

26 D. review and make recommendations on the audited financial  
27 statements of the District's charter schools, community-based  
28 organizations, direct support organizations and audits of impact  
29 fees, and any other relevant external audits brought before the  
30 committee;

31 E. review and make recommendations on District-related audit reports  
32 prepared by Federal and State auditors;

33 F. provide an effective communication link between the external and  
34 internal auditors, the Board, and the Superintendent to accomplish  
35 the following objectives:

36 1. completeness of audit coverage;

- 1                    2.     reduction of redundant efforts; and  
2                    3.     effective use of audit resources.
- 3                    G.     receive and comment on periodic updates of selected audit follow-up  
4                           regarding corrective action(s) being taken by the administration to  
5                           implement audit recommendations;
- 6                    H.     submit periodic reports, at least annually, on the work of the Audit  
7                           and Budget Advisory Committee, to the Board and the  
8                           Superintendent;
- 9                    I.     review and make recommendations on any amendments to  
10                           Policy 6835, Policy 6840, and Policy 0157;
- 11  
12                           At the request of the Board, provide input to the Board with respect  
13                           to the selection of the Inspector General, and with regard to the  
14                           operation of the Inspector General as more specifically outlined in  
15                           Policy 0157.
- 16                    J.     receive and review reports from the Inspector General and receive,  
17                           review, and monitor corrective action plans and responses  
18                           submitted pursuant to Inspector General reports or  
19                           recommendations.

20    F.S. 119.07(3)(y), 286.011, 1001.32, 1001.41(1)(2), 1012.31

21    Revised 10/19/11

22    Revised 4/18/12

23    © MIAMI-DADE, 2010