

Office of Superintendent of Schools
Board Meeting of April 25, 2018

April 9, 2018

Office of School Board Attorney
Walter J. Harvey, School Board Attorney

SUBJECT: **INITIAL READING: PROPOSED AMENDMENT TO POLICY 6840,
AUDIT AND BUDGET ADVISORY COMMITTEE**

COMMITTEE: **PERSONNEL, STUDENT, SCHOOL, & COMMUNITY SUPPORT**

**LINK TO
STRATEGIC
BLUEPRINT:** **EFFECTIVE AND SUSTAINABLE BUSINESS PRACTICES**

At its meeting of March 21, 2018, the School Board approved Agenda Item H-7 (Policy 6840 Amendment), sponsored by Dr. Steve Gallon III, Board Member, authorizing the Superintendent to initiate rulemaking to amend Policy 6840, *Audit and Budget Advisory Committee*, to remove the requirement that the Audit and Budget Advisory Committee consult with the Superintendent when serving as the committee to make recommendations to the Board on the person to fill the position of Chief Auditor in order to be consistent with Policy 6835, *Office of Management and Compliance Audits*, which does not include the requirement.

Attached is the Notice of Intended Action and Policy amendment. Changes 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 in accordance with the Administrative Procedure Act to amend Board Policy 6840, *Audit and Budget Advisory Committee*, to remove the requirement for the Audit and Budget Advisory Committee to consult with the Superintendent when making recommendations to the Board on the person to fill the position of the Chief Auditor.

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

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NOTICE OF INTENDED ACTION

THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA, announced on April 25, 2018, its intention to amend Policy 6840, Audit and Budget Advisory Committee, on June 20, 2018.

PURPOSE AND EFFECT: An amendment is proposed to Policy 6840, *Audit and Budget Advisory Committee*, to remove the requirement that the Audit and Budget Advisory Committee consult with the Superintendent when serving as the committee to make recommendations to the Board on the person to fill the position of Chief Auditor in order to be consistent with Policy 6835, *Office of Management and Compliance Audits*, which does not include the requirement.

SUMMARY: The proposed amendment will remove the requirement that the Audit and Budget Advisory Committee consult with the Superintendent when serving as the committee to make recommendations to the Board on the person to fill the position of Chief Auditor.

SPECIFIC LEGAL AUTHORITY UNDER WHICH RULEMAKING IS AUTHORIZED: 1001.41(1), (2); 1001.42 (5), (12)(I); 1001.43(10), F.S.

LAWS IMPLEMENTED INTERPRETED OR MADE SPECIFIC: 1001.42(12)(I); 1001.43(10), F.S.

IF REQUESTED, A HEARING WILL BE HELD DURING THE SCHOOL BOARD MEETING on June 20, 2018, 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 21, 2018, 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, F.S.

COPIES OF THE PROPOSED AMENDED POLICY are available at cost to the public for inspection and copying in the Citizen Information Center, Room 102, 1450 N.E. Second Avenue, Miami, Florida 33132.

AUDIT AND BUDGET ADVISORY COMMITTEE

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

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

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

Membership

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

The members of the Audit and Budget Advisory Committee are:

- A. eleven (11) members and alternates from the community not employed by the School District or having any direct or indirect business dealings with the School District;

The nine (9) Board members will each select one (1) appointee and alternate.

One (1) voting member and alternate appointed by the Superintendent.

One (1) voting member and alternate appointed by the Miami-Dade County Council of PTAs/PTSAs.

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

The Board member or alternate appointed to the Audit and Budget Advisory Committee shall vote on all matters that come before the Audit and Budget Advisory Committee.

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

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

Alternates may only vote in the absence of the member.

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

Term of Service

The term of service is two (2) fiscal years. The terms of community members nominated by Board members shall be consistent with the terms of their respective nominating Board members. Newly appointed Board members shall have the discretion to retain the former Board member's appointee or to nominate a new committee member. 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.

Meetings

The Audit and Budget Advisory 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 late June. The committee will meet at least six (6) times during the fiscal year, subject to any unforeseen circumstances such as natural disasters, emergencies, etc.

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

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

**THE SCHOOL BOARD OF
MIAMI-DADE COUNTY**

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

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

Authority

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

Duties and Responsibilities

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

A. with regard to the external auditor:

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

B. with regard to the District's budgeting and financial management:

1. with the Chief Financial Officer, review proposed annual budgets, revenues, and expense forecasts and forecast assumptions, and budget amendments;
2. receive periodic progress reports from the Chief Financial Officer regarding the District administration's collection and disbursement of financial resources pursuant to the District's budget;
3. receive periodic reports from and consult with the Chief Financial Officer on the adequacy of the District's budget and tracking system;
4. make recommendations to the Superintendent and Board to improve the quality and reliability of budgeting and accounting for the results of financial operations and not opine on the policy and programmatic implications of budget proposals and amendments.

C. with regard to the Chief Auditor and the Office of Management and Compliance Audits:

1. review the annual budget of the Office of Management and Compliance Audits and make recommendations to the Board and the Superintendent as to the sufficiency of the budget;

The budget shall make adequate provisions for external auditing fees, staffing of the office, required continued professional education/staff development, equipment, and supplies. The committee should review the costs of the use of outside professional services deemed necessary by the Chief Auditor and make recommendations to the Board.
2. review, provide feedback and approve the annual Audit Plan presented by the Chief Auditor;

Receive periodic updates on the progress in completing the Audit Plan and confer with the Chief Auditor on any significant changes in the required planned scope of the annual Audit Plan.

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

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

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

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

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

7. in conjunction with Board members and at each Board member's sole discretion, review the Chief Auditor's performance. Written evaluations will be kept on file.

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

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

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

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 At the request of the Board, provide input to the Board with respect
12 to the selection of the Inspector General, and with regard to the
13 operation of the Inspector General as more specifically outlined in
14 Policy 0157.
- 15
- 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 Revised 6/19/13
24 Revised 9/3/14