

Paul R. Philip, Chief of Staff

**SUBJECT: ENGAGEMENT LETTER AND AUDIT PLAN FOR THE EXTERNAL
AUDIT FOR THE FISCAL YEAR ENDING JUNE 30, 2003**

As part of the yearly audit by the external auditors, Ernst & Young LLP developed an Engagement Letter and Audit Plan that establish the parameters by which the audit of the school system for the 2003-04 fiscal year is to be conducted.

The Engagement Letter sets forth the professional standards and contractual provisions that the external auditors must follow. According to the Audit Plan, some of the areas which will be emphasized in their audit process for this year are as follows: payroll processing and compensating controls; debt transactions; debt compliance; evaluation of capital assets and depreciation; review of the accounting and financing costs associated with capital projects; test and provide suggestions for improvement, if any, on the District's information systems; revenue recognition policies and allocation of costs among functional categories; and budgetary compliance and accountability.

The School Board Audit Committee reviewed the Engagement Letter and the Audit Plan at its May 6, 2003 meeting and will submit its recommendations to the School Board and the Superintendent of Schools by June 11, 2003.

Copies of this report will be distributed to Board Members, the Superintendent of Schools and appropriate district staff and will be placed on file in the Office of the Recording Secretary to the School Board and in the Citizen Information Center.

RECOMMENDED: That The School Board of Miami-Dade County, Florida receive and file the Engagement Letter and Audit Plan for the External Audit for the Fiscal Year Ending June 30, 2003.