

Office of School Board Attorney
Luis M. Garcia, Interim School Board Attorney

SUBJECT: PROPOSED AMENDMENT TO SCHOOL BOARD RULES: INITIAL READING 6Gx13- 2C-1.142, AUDIT COMMITTEE; 6Gx13- 2C-1.14, OFFICE OF MANAGEMENT AND COMPLIANCE AUDITS; AND 6Gx13- 2C-1.03, LINE OF RESPONSIBILITY AND ORGANIZATION CHARTS

COMMITTEE: INNOVATION, EFFICIENCY & GOVERNMENTAL RELATIONS

At the School Board meeting of April 22, 2009, the School Board approved Agenda Item H-24 ("Direct the School Board Attorney to Review School Board Rules 6Gx13- 2C-1.142, *Audit Committee*, 6Gx13- 2C-1.14, *Office of Management and Compliance Audits* and any other Relevant Rules for any Necessary Amendments"), presented by Ms. Perla Tabares Hantman, Board Member, directing the Interim School Board Attorney to provide a process for the scheduling of Audit Committee meetings, and review any relevant rules to comport to the reporting line for the Chief Auditor and Office of Management and Compliance Audits.

After reviewing relevant Board rules and in accordance with the Board's adoption of Item H-24, the following recommended changes are being submitted for the Board's consideration. It is recommended that School Board Rule 6Gx13- 2C-1.142, *Audit Committee*, and Rule 6Gx13- 2C-1.14, *Office of Management and Compliance Audits*, be amended to establish a process for the scheduling of special meetings of the Audit Committee when deemed necessary by the Chair of the Audit Committee or by the School Board's Chief Auditor. In addition, recommended changes to Board Rule 6Gx13- 2C-1.03, *Line of Responsibility and Organization Charts*, are also proposed to indicate that the Chief Auditor reports directly to the School Board in accordance with § 1001.42(12)(l), Fla.Stat. (2008).

Attached are the Notices of Intended Action and the rules proposed for amendment. Changes from the current rules are indicated by underscoring words to be added and ~~striking through~~ words to be deleted.

G-1

Authorization of the Board is requested for the Superintendent to initiate rulemaking proceedings in accordance with the Administrative Procedure Act for the amendment of School Board Rules 6Gx13- 2C-1.142, *Audit Committee* and 6Gx13- 2C-1.14, *Office of Management and Compliance Audits*, and 6Gx13- 2C-1.03, *Line of Responsibility and Organization Charts*.

RECOMMENDED:

That The School Board of Miami-Dade County, Florida, authorize the Superintendent to initiate rulemaking proceedings in accordance with the Administrative Procedure Act to amend School Board Rules 6Gx13- 2C-1.142, *Audit Committee*, 6Gx13-2C-1.14, *Office of Management and Compliance Audits*, and 6Gx13- 2C-1.03, *Line of Responsibility and Organization Charts*.

NOTICE OF INTENDED ACTION

THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA, announced on May 20, 2009 its intention to amend Board Rule 6Gx13- 2C-1.142, *Audit Committee*, at its meeting of July 15, 2009.

PURPOSE AND EFFECT: The revision to Board Rule 6Gx13- 2C-1.142, *Audit Committee* establishes a process for the calling of special Audit Committee meetings when deemed necessary and appropriate by Chief Auditor or by the Chair of the Audit Committee, and also clarifies that staff of the Office of Management and Compliance Audits will work in collaboration with the Chair of the Audit Committee in establishing the agenda for each Audit Committee meeting.

SUMMARY: The proposed rule changes will allow special meetings of the Audit Committee to be called by the Chief Auditor or by the Chair of the Audit Committee, and for the collaboration between the Office of Management and Compliance Audits and the Audit Committee in preparing the agenda for Audit Committee meetings.

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

LAW IMPLEMENTED, INTERPRETED, OR MADE SPECIFIC: 119.07 (3)(y); 286.011; 1001.32; 1001.41(1)(2); 1001.42(12)(l); 1012.31 F.S.

IF REQUESTED, A HEARING WILL BE HELD DURING THE BOARD MEETING OF July 15, 2009, 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 June 16, 2009, 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: Ms. Perla Tabares Hantman
Date: May 8, 2009

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 reports directly to the Audit Committee, shall serve as a non-voting member.

The Audit Committee shall elect a Chair and Vice Chair from its ten community members. An Audit Committee member may not serve more than four (4) consecutive years as either Chair or Vice Chair.

III. Term of Service

The term of service is for two fiscal years. 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. 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.

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 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 Committee may be called by the Chief Auditor or by the Chair of the Audit Committee. Such special meetings shall require at least two (2) days prior notice.

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 in collaboration with the Chair of the Audit Committee, 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 to recommend the selection of the Chief Auditor of the Office of Management and Compliance Audits and provide said 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 by the Audit Committee to the Board.
10. Review the services of the Chief Auditor and provide input to the 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(25); 1001.43(10), F.S.

Law Implemented, Interpreted, or Made Specific: 119.07(3)(y); 286.011; 1001.32; 1001.41(1)(2); 1001.42(12)(l); 1012.31, F.S.

History

New: 8-20-03

Amended: 4-18-06; 3-25-09

THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA

NOTICE OF INTENDED ACTION

THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA, announced on May 20, 2009 its intention to amend Board Rule 6Gx13- 2C-1.14, *Office of Management and Compliance Audits*, at its meeting of July 15, 2009.

PURPOSE AND EFFECT: The revision to Board Rule 6Gx13- 2C-1.14, *Office of Management and Compliance Audits*, is being recommended to clarify that the Audit Committee, as the Board's designee, makes recommendations for the selection of a Chief Auditor to the Board, and transmits said recommendations to the Board.

SUMMARY: Clarifies that the Audit Committee will provide its recommendations for selection of a Chief Auditor and transmit its recommendations to the Board.

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

LAW IMPLEMENTED, INTERPRETED, OR MADE SPECIFIC: 119.07 (3)(y); 286.011; 1001.32; 1001.41(1)(2); 1001.42(12)(l); 1012.31 F.S.

IF REQUESTED, A HEARING WILL BE HELD DURING THE BOARD MEETING OF July 15, 2009, 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 June 16, 2009, 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: Ms. Perla Tabares Hantman
Date: May 8, 2009

Administrative Operations**OFFICE OF MANAGEMENT AND COMPLIANCE AUDITS**

The Chief Auditor and the Office of Management and Compliance Audits shall report to the Audit Committee, the School Board's designee. To enhance the objectivity and effectiveness of the internal auditing activities, reports, audit findings and recommendations emanating from the Office are submitted to the School Board, the Board's Audit Committee and the Superintendent of Schools at the same time.

I. Purpose

Internal auditing is an independent appraisal activity within an organization for the review of operations as a service to management. The objective of internal auditing is to assist the administration, the Audit Committee, and the School Board by reviewing and appraising the activities of the school system, the integrity of its records, and the general effectiveness of its operations.

II. Office of Management and Compliance Audits

The Office of Management and Compliance Audits is responsible for providing the Superintendent of Schools, the Audit Committee and the School Board with an independent and objective evaluation of the operation of the school system.

A. Objectives

1. Perform examinations of the financial records in accordance with generally accepted auditing standards.
2. Ascertain the reliability and adequacy of accounting and reporting systems and procedures.
3. Perform an independent appraisal of the adequacy and effectiveness of internal controls.
4. Assure compliance with policies and procedures established by the School Board and the administration, and with state and federal laws and regulations.

5. Improve the efficiency of the school system's operations by providing recommendations in audit reports.
6. Ascertain the extent to which the assets of the school system are accounted for and safeguarded from loss.

B. Responsibilities

1. Perform examinations of financial records and supporting information for the purpose of determining the accuracy of financial records and conformity with generally accepted accounting principles.
2. Perform investigative audits by applying various audit techniques and procedures for the purpose of detection of fraud or as a deterrent to fraud.
3. Review and evaluate the existence and effectiveness of adequate controls on electronic data processing systems either under development or for existing applications.
4. Undertake comprehensive and constructive examinations of functional units within the school system, including plans and objectives, methods of control and use of human and other resources.
5. Keep the Superintendent of Schools, the Audit Committee and the School Board informed on audit plans and activities and to assist them by providing analyses, pertinent comments and recommendations concerning the activities reviewed.
6. Coordinate internal audit activities so as to best achieve the audit objectives of the school system and the objectives of the Audit Committee and the administration.
7. Keep abreast of new developments in the school system by attending the School Board meetings and meetings of school system-wide committees.

8. Act as liaison between the school system and external auditors (federal, state and independent auditors). To monitor the responses from school system officials to audit findings and recommendations made by external auditors.
9. Bring to the attention of the Superintendent of Schools, the Audit Committee, and the School Board material matters of concern.

III. Policies

A. Authority

1. The Office of Management and Compliance Audits shall have access to all records and areas within the school system.
2. The Office shall have direct communication and free access to the Superintendent of Schools, members of the Audit Committee, School Board members and school system officials to discuss audit findings.
3. The Office shall be accountable as a whole to the School Board through its Audit Committee in order to ensure an unrestrictive audit coverage and appropriate action in response to audit findings.
4. The Office shall be free of organizational pressures that limit its objectivity in selecting areas to be examined or in evaluating these areas.
5. The Office shall have adequate support from school system officials to perform its auditing activities.

B. Professional Standards

1. The Office staff shall comply with professional standards of conduct.
2. Internal auditing activities shall be performed with proficiency and due professional care.

C. Personnel

1. The Office should be adequately staffed to perform its auditing activities.
2. The Office personnel shall possess adequate technical proficiency, educational background and skills in human relations and communication to adequately perform the internal audit function.
3. Auditors shall maintain their technical competence through continuing education.
4. The Audit Committee shall serve as the Committee to provide recommendations on the selection of the Chief Auditor of the Office of Management and Compliance Audits and provide the said recommendations to the School Board on the person to fill the position. 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; the Audit Committee will then transmit its recommendations to the Board to obtain its recommendation to the Board.

IV. Procedures

The Chief Auditor will submit to the Audit Committee, the Superintendent of Schools, and the School Board for review a comprehensive Audit Plan for a year. This plan should identify the overall audit scope of scheduled examinations in both financial and nonfinancial areas. Audit reviews, as requested by the Superintendent of Schools, the School Board, the Audit Committee, and members of the administration, will be included to the degree feasible in the Audit Plan.

A. Scope of Auditing Activities

The scope of internal auditing encompasses the examination and evaluation of the adequacy and effectiveness of the system of internal control and the quality of performance in carrying out assigned responsibilities.

1. The Office shall review the reliability and integrity of financial and operating information and the means

used to identify, measure, classify and report such information.

2. The Office shall review the systems established to ensure compliance with those policies, plans, procedures, laws and regulations which could have a significant impact on operations and reports, and shall determine whether the school system is in compliance.
3. The Office shall review the means of safeguarding assets and verify the existence of such assets.
4. The Office shall appraise the economy and efficiency with which resources are employed.
5. The Office shall review business and financial operations and controls to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned.
6. The Office shall review and evaluate the existence and effectiveness of controls on electronic data processing systems either under development or controls on existing applications.

B. Performance of Auditing Activities and Communication of Results

The Chief Auditor will make an annual report to the Audit Committee, to the School Board and to the Superintendent of Schools on the results of auditing activities. Periodic reports on the results of the audits will be made at the request of the Audit Committee. These reports will contain a concise summary of audit scope and findings and major recommendations not implemented.

A comparison with the Audit Plan will be made annually, summarizing the auditing services for the prior year and major variances explained.

The Office will issue an audit report at the conclusion of the performance of an audit or review.

NOTICE OF INTENDED ACTION

THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA, announced on May 20, 2009 its intention to amend Board Rule 6Gx13- 2C-1.03, *Line of Responsibility and Organization Charts*, at its meeting of July 15, 2009.

PURPOSE AND EFFECT: The revision to Board Rule 6Gx13- 2C-1.03, *Line of Responsibility and Organization Charts*, is recommended to indicate--consistent with existing Board Rules and state statutes--the Chief Auditor reports directly to the School Board.

SUMMARY: Establishes the line of responsibility for the Chief Auditor as being exempt from the line of responsibility of reporting to the School Board through the Superintendent on the organization charts.

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

LAW IMPLEMENTED, INTERPRETED, OR MADE SPECIFIC: 1001.32; 1001.41(1) and (2); 1001.42(12)(I) F.S.

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Originator: Ms. Perla Tabares Hantman
Date: May 8, 2009

Administrative Operations**LINE OF RESPONSIBILITY AND ORGANIZATION CHARTS**

Each employee of the Miami-Dade County Public Schools, except the Board Attorneys and the Chief Auditor, shall be responsible to The School Board of Miami-Dade County, Florida through the Superintendent of Schools.

From students, responsibility flows directly through teachers, principals, region directors, region superintendents, associate superintendents, members of the Superintendent's Cabinet, Superintendent of Schools, to the Board.

Whenever possible, each member of the staff shall be made responsible to only one immediate superior for any one function.

Each member of the staff shall be told to whom that staff member is responsible, and for what functions.

All personnel shall refer matters requiring administrative action to the administrative officer immediately in charge of the area in which the problem arises. Administrative officers shall refer such matters to the next higher authority when necessary.

Charts depicting the administrative organization of the school system are revised periodically and distributed by the Office of Superintendent of Schools.

Specific Authority: ~~230.22(2)~~ 1001.41(1) and (2); 1001.42(25); 1001.43(10), F.S.
 Law Implemented, Interpreted, or Made Specific: ~~230.32(1); 230.33(7);~~ 1001.32; 1001.41(1) and (2); 1001.42(12)(l), F.S.

History THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
 Repromulgated: 12-11-74
 Amended: 9-22-77
 Technical Change: 5-1-98