

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**

The purpose of this item is to facilitate the establishment of a quorum at the Audit and Budget Advisory Committee (ABAC) meetings, which would allow the Committee to transmit audit reports and other documents to the School Board for consideration, while satisfying the bylaws requirement. In order to accomplish these goals, it is recommended that the appointment of each ABAC member also include an alternate.

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 authorizes the Superintendent to initiate rulemaking proceedings pursuant to the Administrative Procedure Act to amend School Board Policy 6840, *Audit and Budget Advisory Committee*.

JFM:lig

NOTICE OF INTENDED ACTION

THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA, announced on July 16, 2014, its intention to amend Board Policy 6840, *Audit and Budget Advisory Committee*, at its meeting of September 3, 2014.

PURPOSE AND EFFECT: The purpose of the recommended amendment is to satisfy the bylaws requirement and facilitate the establishment of a quorum at the Audit and Budget Advisory Committee (ABAC) meetings, which would allow the Committee to transmit audit reports and other documents to the School Board for consideration.

SUMMARY: The amendment will facilitate the establishment of a quorum at the ABAC meetings, as required by the bylaws, by allowing alternates to the appointed members to participate in the deliberations of the Committee.

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 September 3, 2014, 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 August 11, 2014, 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. José F. Montes de Oca, Chief Auditor
Date: June 27, 2014

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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 and alternates from the community not
24 employed by the School District or having any direct or indirect
25 business dealings with the School District;

26
27 The nine (9) Board members will each select one (1) appointee and
28 alternate.

29
30 One (1) voting member and alternate
31 appointed by the Superintendent.

32
33 One (1) voting member and alternate appointed by the Miami-Dade
34 County Council of PTAs/PTSAs.

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

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

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

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

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

15 **Term of Service**

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

24 **Meetings**

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

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

34 A majority of the voting members shall constitute a quorum for the committee in
35 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 At the request of the Board, the committee will provide
12 recommendations on the contractual provisions for the
13 position of Chief Auditor. Prior to negotiation of the
14 employment contract, the Board shall conduct a workshop to
15 provide guidance to the Board's designated negotiator.
16
- 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 Board members and at each Board
22 member's sole discretion, review the Chief Auditor's
23 performance. Written evaluations will be kept on file.
- 24 D. review and make recommendations on the audited financial
25 statements of the District's charter schools, community-based
26 organizations, direct support organizations and audits of impact
27 fees, and any other relevant external audits brought before the
28 committee;
- 29 E. review and make recommendations on District-related audit reports
30 prepared by Federal and State auditors;
- 31 F. provide an effective communication link between the external and
32 internal auditors, the Board, and the Superintendent to accomplish
33 the following objectives:
- 34 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 Revised 6/19/13

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