

Office of Superintendent of Schools  
Board Meeting of September 3, 2014

August 20, 2014

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

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

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

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

At its July 16, 2014 meeting, The School Board of Miami-Dade County, Florida, authorized the Superintendent to initiate rulemaking proceedings in accordance with the Administrative Procedure Act to amend School Board Policy 6840, *Audit and Budget Advisory Committee* at the meeting of September 3, 2014. The proposed intent 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.

The Notice of Intended Action was published in the *Miami Daily Business Review* on July 21, 2014, posted in various places for public information, and mailed to various organizations representing persons affected by the amended policy and to individuals requesting information.

The time to request a hearing or protest the adoption of this policy has lapsed.

In accordance with provisions of the Administrative Procedure Act, this amended policy is presented to The School Board of Miami Dade County, Florida, for adoption and authorization to file the policy in the official records of The School Board of Miami Dade County, Florida.

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

**RECOMMENDED:**

That The School Board of Miami-Dade County, Florida, adopt amended School Board Policy 6840, *Audit and Budget Advisory Committee*, and authorize the Superintendent to file the policy with The School Board of Miami-Dade County, Florida, to be effective September 3, 2014.

JFM:em

## **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

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 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 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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