

Office of Superintendent of Schools
Board Meeting of June 17, 2015

June 12, 2015

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

SUBJECT: **INITIAL READING: PROPOSED AMENDMENT TO SCHOOL BOARD
POLICY 6835, OFFICE OF MANAGEMENT AND COMPLIANCE
AUDITS**

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

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

This item is presented to the Board to consider the proposed amendment of School Board Policy 6835, *Office of Management and Compliance Audits*. The proposed amendment is intended to ensure that the transmission of information and the communication between the Chief Auditor and the School Board are not hindered, in any way, with respect to matters that may appear before the Audit and Budget Advisory Committee. The proposed amendment also clarifies that the Chief Auditor is not prohibited from discussing, at any time, these matters with the Board or its members.

Attached are the Notice of Intended Action and the proposed 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 School Board Policy 6835, *Office of Management and Compliance Audits*.

RECOMMEND: 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 Policy 6835, *Office of Management and Compliance Audits*.

**REVISED
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NOTICE OF INTENDED ACTION

THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA, announced on June 17, 2015, its intention to amend Board Policy 6835, *Office of Management and Compliance Audits*, at its meeting of August 5, 2015.

PURPOSE AND EFFECT: The proposed change clarifies that the Chief Auditor may freely communicate with and transmit information to the School Board and its members, at any time, regarding any matter that may appear before the Audit and Budget Advisory Committee.

SUMMARY: To amend Board Policy 6835, *Office of Management and Compliance Audits* to ensure that the Chief Auditor can, at any time, transmit information and communicate with the School Board or its members about any matter that may appear before or may be discussed by the Audit and Budget Advisory Committee.

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

LAW IMPLEMENTED, INTERPRETED, OR MADE SPECIFIC: 1001.42 (12)(l). F.S.

IF REQUESTED, A HEARING WILL BE HELD DURING THE BOARD MEETING OF August 5, 2015, which begins at 11:00 a.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, 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 July 14, 2015, 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 which upon the appeal is to be based (Section 286.0105, Florida Statute).

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: Walter J. Harvey, School Board Attorney
Date: June 5, 2015

OFFICE OF MANAGEMENT AND COMPLIANCE AUDITS

The Chief Auditor and the Office of Management and Compliance Audits shall report to the School Board. To enhance the objectivity and effectiveness of the internal auditing activities, reports, audit findings and recommendations emanating from the Office are submitted to the Board, the Board's Audit and Budget Advisory Committee and the Superintendent ~~at the same time~~. The foregoing shall not be deemed to preclude the Chief Auditor from freely communicating, at any point in time, with the School Board or any of its members with respect to any matter that may appear before the Audit and Budget Advisory Committee.

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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 and Budget Advisory 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.

Office of Management and Compliance Audits

The Office of Management and Compliance Audits is responsible for providing the Superintendent, the Audit and Budget Advisory 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, the Audit and Budget Advisory Committee and the 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 and Budget Advisory Committee and the administration.
 7. Keep abreast of new developments in the school system by attending the 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. Upon receipt, place reports from the Office of the Inspector General (OIG) on the agenda of the Audit and Budget Advisory Committee or the Ethics Advisory Committee. Additionally, forward to the Audit and Budget Advisory Committee and Ethics Advisory Committee any response required by the OIG from the Superintendent or other entity that is the subject of the OIG investigation or audit.
10. Bring to the attention of the Superintendent, the Audit and Budget Advisory Committee, and the Board material matters of concern.

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, members of the Audit and Budget Advisory 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 the Chief Auditor 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 and Budget Advisory 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 said recommendations to the School Board on the person to fill the position. At the direction of the School Board, the Audit and Budget Advisory Committee shall provide its recommendations on the contractual provisions for the position of Chief Auditor. Prior to negotiation of the employment contract, the School Board shall conduct a workshop to provide guidance to the School Board's designated negotiator. 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 and Budget Advisory Committee; the Audit and Budget Advisory Committee will then transmit its recommendations to the Board.

Procedures

The Chief Auditor will submit to the Audit and Budget Advisory Committee, the Superintendent, and the 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, the Board, the Audit and Budget Advisory 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 and Budget Advisory Committee, to the School Board and to the Superintendent on the results of auditing activities. Periodic reports on the results of the audits will be made at the request of the Audit and Budget Advisory 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.

1. The audit report shall be objective, clear, concise, constructive and timely.
2. The audit report will present the purpose, scope, results of the audit and applicable recommendations.
3. The responses from school system officials to the audit findings and recommendations will be presented with the audit report.

An evaluation of compliance with audit recommendations will subsequently be performed and major recommendations not implemented reported to the Audit and Budget Advisory Committee, the School Board, the Superintendent, and administrative personnel. The Audit and Budget Advisory Committee may request periodic reports from audited schools, departments, offices, etc., regarding corrective actions taken to address reported deficiencies and audit recommendations.

Pursuant to F.S. 119.07(3)(y), work papers, notes and preliminary or draft audit reports shall be held confidential and exempt from public records disclosure until the audit is completed and submission of the final draft of the report to the School Board.

F.S. 1001.42(12)(l)

Revised 10/19/11

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