

POLICY 1.091

4-C I recommend the Board approve the proposed new Policy 1.091, to be entitled "Audit Committee." [CONTACT LUNG CHIU, 434-7335]

Development

- The District Auditor's Office and the Office of Chief Counsel worked together to prepare this proposed Policy based on the existing committee charter.
- On April 12, 2002, the Audit Committee approved this proposed Policy for recommendation to the Board.

PROPOSED NEW POLICY 1.091

AUDIT COMMITTEE

1 The School Board has created an Audit Committee, which is an advisory committee to
2 the Board. The Committee shall be governed by its charter, which shall contain the
3 following:

4 5 **1. Authority**

- 6
- 7 a. Primary responsibility for the District's financial reporting and internal operating
8 controls is vested in senior operating management as overseen by the School
9 Board. The Audit Committee is advisory only, and has been created consistent
10 with Policy 1.09, "Advisory Committees to the Board," for purposes of providing
11 advice to the School Board and overseeing the performance of the District
12 Auditor pursuant to § 230.23(10)(l), Fla. Stat. The District Auditor shall report to
13 the School Board through the Audit Committee.
- 14
- 15 b. The Audit Committee shall be appointed by the School Board from nominations
16 by School Board members and will be composed of seven (7) voting members
17 from the community and six (6) non-voting ex-officio members. The non-voting
18 ex-officio members shall include: two School Board members, the
19 Superintendent/designee, Chief Counsel to the School Board/designee (solely to
20 provide legal advice), the President of the Classroom Teachers Association, and
21 a representative from the District's school principals.
- 22
- 23 c. In nominating individuals to serve on the Audit Committee, School Board
24 members are encouraged to take into consideration representation from various
25 racial and ethnic groups and various professional categories.
- 26
- 27 d. The terms of community members nominated by School Board members shall be
28 consistent with the terms of their respective nominating School Board members,
29 up to a maximum of eight (8) years, unless the nominating School Board member
30 exercises his/her discretion to remove the Committee member. The terms of ex-
31 officio members shall be consistent with their term of service in the position which
32 qualified them to serve ex-officio on the Audit Committee.
- 33
- 34 e. The Committee shall elect a Chair and a Vice Chair from among the seven
35 community members. All Committee members serve in a voluntary capacity and
36 shall be residents of Palm Beach County. Community members will be removed
37 automatically should they miss three (3) consecutive regular meetings without
38 good cause.
- 39
- 40 f. Committee members, and/or their company(ies) in which the members have a
41 direct financial interest, shall not do business with the District during the

42 members' term, in accordance with § 112.313, Fla. Stat., and pertinent Opinions
43 of the Florida Commission on Ethics.

- 44
- 45 g. The School Board will reasonably provide adequate support to the Audit
46 Committee to discharge its responsibilities. The Audit Committee shall ensure
47 that the auditors have unrestricted reasonable access to District personnel and
48 public documents. The management shall cooperate with the Committee in
49 promoting the use of the internal audit as a constructive process. Committee
50 activities shall be reported to the School Board on a regular basis.

51

52 **2. Responsibilities**

53

54 a. Meetings

55

56 The Audit Committee will meet on a regular basis and call special meetings as
57 required with proper notice. Four (4) voting members shall constitute a quorum.
58 Audit Committee meetings are to be conducted under *Robert's Rule of Order*
59 *Newly Revised*. All Committee and subcommittee meetings are governed by the
60 Sunshine Law as required by Chapter 286, Fla. Stat.

61

62 b. Management Accountability

63

64 i. The responsibility of the Audit Committee in the area of financial reporting is
65 to provide assurance that financial disclosures made by management
66 reasonably portray the District's financial condition, results of operations and
67 plans, and long-term commitments.

68

69 ii. Specific responsibilities of the Audit Committee shall include, but not be
70 limited to: nominating external auditors; reviewing auditor engagement letters;
71 coordinating with the District's chief financial officer in overseeing the audits
72 by external auditors; arranging for periodic reports from management, the
73 external auditors, and the District Auditor to assess the impact of significant
74 regulatory changes and accounting or reporting developments; reviewing
75 external auditors' performance; reviewing management letters and auditor's
76 opinions; reviewing and monitoring implementation of management's
77 response to auditors' recommendations; reviewing and recommending to the
78 Board any necessary changes to the Audit Committee charter or Internal
79 Audit procedures as set forth in Policies 1.091 and 1.092; and recommending
80 an annual audit plan to the School Board.

81

82 c. District Governance

83

84 i. The Audit Committee is to provide assurance that the District is in compliance
85 with pertinent laws and regulations relating to accounting and financial
86 matters; is operating in accordance with sound business practices; is
87 conducting its affairs ethically; maintains effective controls against employee

88 conflict of interest, errors and fraud; and provides accurate and complete
89 financial disclosure.

90
91 ii. Among other responsibilities, the Committee shall evaluate the performance
92 of the District Auditor. The Audit Committee Chair will discuss the evaluation
93 results with the School Board Chair, and the evaluation is subject to review by
94 the Board. The final written evaluations will be kept on file pursuant to Florida
95 Statutes.

96 iii. Any reasons for recommending disciplinary action or termination of the
97 employment of the District Auditor will be subject to review and
98 recommendation by the Audit Committee. In the event of a vacancy in the
99 position of District Auditor, the Audit Committee should review the applicants
100 and provide its recommendations to the School Board regarding selection.

101 102 **3. Internal Control**

103
104 The responsibility of developing and implementing adequate internal control rests
105 with the management of the District. The Audit Committee must fulfill its internal
106 control oversight responsibilities, through the District Auditor, without unnecessary or
107 inappropriate intervention in the prerogatives of District management. Nevertheless,
108 to carry out its responsibility, the Audit Committee must, among other actions,
109 determine if any restrictions have been placed by management on the scope of
110 independent auditors' examinations. The District Auditor shall also coordinate with
111 the Chief Counsel to the School Board and the School Police Chief in special
112 investigations into significant matters.

113 114 **4. Duration of Charter**

115
116 The Audit Committee's Charter shall remain in effect until repealed or amended by
117 the Board following appropriate procedures. The Board may modify or terminate the
118 charter with stated cause.

119
120
121 **STATUTORY AUTHORITY: §§ 230.22(2); 230.23(22), Fla. Stat.**

122 **LAW IMPLEMENTED: §§ 230.22, 230.23(10)(l); 286.011, Fla. Stat.**

123 **OTHER REQUIREMENTS: *Government Auditing Standards*, General Accounting**
124 **Office, U.S. Comptroller of the Treasury.**

125 **HISTORY: / /02**

Legal Signoff:

From: Office of Chief Counsel

Re: Proposed New Policy 1.091, to be entitled "Audit Committee."

This proposed Policy has been reviewed and is legally sufficient to be brought to the Board for development.

Bruce A. Harris, Esq.

Date