

**POLICY 1.091**

**4-A** I recommend the Board adopt the proposed new Policy 1.091, to be entitled "Audit Committee."

[CONTACT: LUNG CHIU, 434-7335]

◆ Adoption.

- 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.
- The School Board approved the proposed Policy at the Special Meeting on Policies on April 22, 2002.

CONSENT ITEM

## 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

Proof of Publication of the Development Notice

Proof of Publication of the Adoption Notice

Estimated Cost Form