



Book	School Board Policies
Section	Ch. 1. School District
Title	Audit Committee
Code	1.091
Status	Active
Adopted	December 2, 2002
Last Revised	June 7, 2017
Prior Revised Dates	12/2/02; 12/14/2011; 6/7/2017

### **Policy 1.091 - Audit Committee**

1. **Establishment.** The School Board hereby establishes the Audit Committee (Committee), which is being created consistent with Board Policy 1.09 (Advisory Committees to the Board) and Section 1001.42(25), Florida Statutes, for purposes of providing advice to the School Board and providing guidance and assistance to the Inspector General. The Inspector General shall report to the School Board. The Committee shall be governed by its charter, as set forth herein.
2. **Authority**
  - a. The Audit Committee shall serve on behalf of the School Board as its oversight of the School Board's Inspector General, internal audit, and investigation functions. Its members rely on the representations of management, the Inspector General, the General Counsel, and other professional consultants. The Audit Committee shall review and make recommendations to the School Board on matters affecting the adequacy of internal controls, accounting procedures, systems and controls, and financial reporting in accordance with laws and regulations.
  - b. Primary responsibility for the District's financial reporting and internal operating controls is vested in senior operating management as overseen by the Superintendent. District staff shall provide assurance of the District's compliance with pertinent laws and regulations, the management of the District's operations in accordance with sound business practices, and accurate and complete financial disclosure.
  - c. The Committee should ensure the Inspector General's office obtains all the needed information the Committee requires from District employees or vendors for investigations, audits, reviews, and inspections.
  - d. Whenever a recommendation of the Committee on a substantive issue is reported to the School Board and the recommendation was not unanimous, the basis for the majority and minority positions should be brought to the attention of the School Board.
3. **Responsibilities**
  - a. General - The Audit Committee shall
    - i. Report Committee actions to the School Board with such recommendations as the Committee may deem appropriate.

- ii. Seek the Board's approval to retain independent accountants or others to assist in the conduct of an investigation or audit.
  - iii. Receive the completed reports of fraud, financial mismanagement or waste detected by the Inspector General. Where appropriate, the Inspector General shall forward the reports of such fraud, financial mismanagement or waste to the proper law enforcement agency for disposition.
  - iv. Report problems or problem areas to the School Board at such times deemed appropriate.
  - v. Perform other oversight responsibilities as assigned by the School Board.
  - vi. Review and assess the adequacy of the Inspector General and internal audit process of the School Board Policies 1.091, 1.092, and 2.62 annually, request the School Board's approval for proposed changes, and ensure appropriate disclosure as may be required by law or regulation.
  - vii. In conjunction with the Inspector General, provide an annual report to the School Board with such recommendations as the Audit Committee may deem appropriate.
  - viii. Include, but not be limited to: nominating external auditors; reviewing auditor engagement letters; coordinating with the District's Chief Financial Officer, or other such position designated to be the financial officer of the District, in overseeing the audits by external auditors; arranging for periodic reports from management, the external auditors, and the Inspector General to assess the impact of significant regulatory changes and accounting or reporting developments; reviewing external auditors' performance; reviewing management letters and auditor's opinions; reviewing and monitoring implementation of management's response to auditors' recommendations; and receiving completed investigation reports performed by the Inspector General.
  - ix. Review and monitor the implementation of the Inspector General's recommendations for corrective actions to be taken, in any, related to investigations conducted in accordance with Policy 1.092.
  - x. Review year-end financial statements and associated documents of charter schools that have been audited by the charter schools' contracted external audit firms in support of the District's fiscal oversight of its charter schools pursuant to Section 1002.33, Florida Statutes.
  - xi. Review and make recommendations to the School Board regarding a charter school experiencing deteriorating financial conditions as defined by Section 1002.345, Fla. Stat., and Rule 6A-1.0081, Florida Administrative Code; or, a charter school demonstrating a circumstance(s) that has resulted or will result in the occurrence of a state of financial emergency as provided in Section 218.503(1), Fla. Stat., or Rule 6A-1.0081, Florida Administrative Code.
- b. Management Accountability. The responsibility of the Audit Committee in the area of financial reporting is to
- i. Review interim financial statements, annual financial statements, the District's annual management letter and completed investigation reports, and assist the Board in interpreting these documents.
  - ii. Review and monitor reported findings of external audits for the purposes of compliance and to ensure corrective actions are taken.
  - iii. Review and approve the Inspector General's annual audit plan prior to the submission of such audit plan for approval by the School Board, and incorporate the advice of the Audit Committee in the report to the School Board.

- iv. Identify significant financial, operational, and regulatory risks or exposures; management's plans, and the effectiveness of the District's process and efforts to monitor and control such risks.
  - v. Review with the Inspector General, General Counsel, Chief Financial Officer, Treasurer, and any other relevant District employee or officer, legal or regulatory matters that, in the opinion of management, may have a material impact on the financial statements.
- c. Compliance with Policies, Rules, Regulations and Laws. The Audit Committee shall
- i. Review the effectiveness of systems for monitoring compliance with laws, Board Policies and regulations, and the results of management follow-up of any non-compliance.
  - ii. Review the findings of examinations by state and federal regulatory agencies, and determine the District's compliance with recommendations.
  - iii. Monitor follow-up on reported findings to ensure corrective actions are taken consistent with Board policy 2.62 (Audit Recommendations and Follow-up).
  - iv. Ensure the Inspector General obtains and reviews such additional information as deemed necessary to evaluate the adequacy and effectiveness of controls encompassing the District's governance, operations, and information technology systems including the reliability and integrity of operational and related financial information and safeguarding of assets.
- d. District Governance
- i. District staff shall provide assurance that the District is in compliance with pertinent laws and regulations relating to accounting and financial matters; is operating in accordance with sound business practices; is conducting its affairs ethically; is maintaining effective controls against employee conflict of interest, errors and fraud, financial mismanagement, waste, and abuse; and is providing accurate and complete financial disclosure.
  - ii. Among other responsibilities, the Audit Committee shall provide input to the Board in the Board's evaluations of the Inspector General's performance, whose written evaluations will be kept on file pursuant to Fla. Stat. § 1012.31.
  - iii. The Audit Committee may review and make recommendations on any proposed disciplinary action upon, or termination of the employment of, the Inspector General. In the event of a vacancy in the position of Inspector General, the Audit Committee may review the applicants and provide its recommendations to the School Board regarding selection.

**4. Committee - Composition, Appointment, Term of Service, Chair, etc.**

- a. Composition and Appointment. The Audit Committee will be composed of seven (7) voting members from the community who shall be appointed by the Board as provided in Board Policy 1.09 (Advisory Committees to the Board) and this policy. In appointing individuals to serve on the Audit Committee, School Board members are encouraged to take into consideration representation from various racial and ethnic groups and professionals with a background in accounting, finance, or business. All Committee members serve in a voluntary capacity and shall be residents of Palm Beach County.
- b. Each committee member, upon appointment, shall be provided this policy and Board Policies 1.09; 1.092 (Inspector General) and 2.62 (Audit Recommendations and Follow-up).
- c. Term of Appointment. The term of a committee member's appointment shall be as provided in Board Policy 1.09.
- d. Chair and Vice Chair. The Committee shall elect a Chair and a Vice Chair from among the seven community members at its annual organizational meetings. Consistent with Board Policy 1.09, the committee member selected by committee members to serve as the committee's chair shall

be limited to four (4) consecutive years as committee chair. The term limitation for the committee chair as provided for herein became effective commencing in January 2012. However, if the committee votes to recommend that the term limitation be extended, this recommendation shall be presented to the Board for a vote to approve. This vote by the committee must be made at least six weeks before the committee's organizational meeting during the fourth year and may be made on an annual basis thereafter. If the Board approves, that committee's chair may run for re-election at the next election.

#### **5. Committee Meetings; Operations and Procedures; Administrative Matters**

- a. Meetings. The Audit Committee will hold its regular meetings on a monthly basis, or as otherwise needed, and consistent with the provisions of Board Policy 1.09.
- b. Operations and Procedures. The Audit Committee shall conduct its meetings consistent with the provisions as provided in Board Policy 1.09, and present its report of meetings to the Board in a timely manner.
- c. Applicability of Sunshine, Public Records and Conflicts of Interest. Members of the Committee shall abide by the Florida's Government in the Sunshine Law, Public Records Law and Code of Ethics as provided in Board Policy 1.09.
- d. Staff Support and Others. The School Board will reasonably provide adequate support to the Audit Committee to discharge its responsibilities, and the Inspector General's Office will coordinate Audit Committee meetings. The Inspector General shall provide direct support to the Audit Committee by preparing the meeting agendas, with the advice of the Chair of the Audit Committee; providing the agenda in advance to committee members, along with appropriate supporting or briefing materials; preparing the minutes of the Committee meetings; and attending the Committee meetings to provide support and advice to the Audit Committee. Additional staff members may be assigned to the Committee by the School Board as needed, and the Superintendent shall comply with the Board's request.

The General Counsel, Chief Financial Officer, or such other position designated to be the financial officer of the District, and other designated staff having technical knowledge as deemed necessary by the Audit Committee, including the Superintendent's designees, shall attend the meetings to advise or assist the Committee members and answer questions. The President of the Classroom Teachers Association and a representative of the School Principals are also invited to attend Committee meetings.

6. **Access to Personnel and Documents.** The Board, with the advice and counsel of the Audit Committee, shall ensure that the investigators and auditors of the Inspector General's office have unrestricted reasonable access to District personnel, District vendors, records, data and documents. The District management shall cooperate with the Committee in promoting the use of the Inspector General's Office as a constructive process.
7. **Internal Control.** The responsibility of developing and implementing adequate internal control rests with the management of the District. The Audit Committee must fulfill its internal control oversight responsibilities, through the Inspector General, without unnecessary or inappropriate intervention in the prerogatives of District management. Nevertheless, to carry out its responsibility, the Audit Committee must, among other actions, assist in determining if any restrictions have been placed by management on the scope of independent investigations, audits, inspections and reviews. The Committee should review the results of each peer review of the Office of Inspector General and discuss the nature of any corrective measures.
8. **Duration of Charter.** The Audit Committee's charter shall remain in effect until repealed or amended by the Board following appropriate procedures.

STATUTORY AUTHORITY:	Fla. Stat. §§ 1001.41 (1) & (2); 1001.42; 281.391
LAWS IMPLEMENTED:	Fla. Stat. §§ 1001.32 (2); 1001.42 (12),(13), & (15); 1001.43 (2), (6), & (10); 281.391; 286.011 Government Auditing Standards, Government Accountability Office, U.S. Comptroller of the Treasury; General Principles and Standards for Offices of Inspector General as published by the Association of Inspectors General; International Standards for the Professional Practice of Internal Auditing as published by the Institute of Internal Auditors, Inc.
OTHER REQUIREMENTS:	12/2/02; 12/14/2011; 6/7/2017
HISTORY:	

\*Statutory Citations Updated 12/31/2021

***Cross References:***

***Board Policy 1.09 (Advisory Committees to the Board)***

***Board Policy 2.62 (Audit Recommendations and Follow-Up)***

***Board Policy 1.092 (Inspector General)***