

The Audit and Finance Committee of the School Board of Monroe County

Interim Committee Report

(for the period from inception through meeting on July 12, 2010)

Executive Summary

The Audit and Finance Committee (“the Committee”) of the School Board of Monroe County (“the Board”) was formed as an appointed voluntary Committee in December 2009 (Policy No. 6840 adopted by the Board on October 13, 2009) for the expressed purpose to secure and review financial and other information about the School District, to ensure that the overall audit coverage of the School District is sufficient and appropriate to protect the citizens of Monroe County, to ensure that an adequate system of internal control and reporting has been implemented and is effectively followed, and to assist and advise the School Board and the Superintendent in matters pertaining to fiscal management of the School District. Specifically the Committee:

1. provides added resources and expertise to the Board and Superintendent in discharging their responsibilities;
2. assists in obtaining corrective action and necessary improvement based on audit findings and recommendations received from external and internal audits, reviews, or studies; and
3. provides credibility and support for the audit programs.

The first eight months has been challenging with members learning their role and responsibilities, setting up Committee guidelines and procedures, and developing chemistry among the members. Added to this challenge was the limited administrative and audit support available to the Committee until the successful recruitment of the Internal Auditor position in April 2010.

The Committee has held nine meetings through July 2010 and has a 92% committee meeting attendance record (appendix 5). During its first six month, the committee has reviewed a number of audit reports (annual auditor general’s FY 2009 audit, Internal Accounts Audit reports, and Charter School Audit Reports).

In addition, the Committee has developed its basic operating structure and protocols and has approved the FY2011 Audit Work Plan.

While progressing through its start-up phase, the Committee has also overseen a number of special projects including investigations related to the HOB concession stand, the Y-Net contract issue, and has initiated a contract process redesign project.

The Committee has taken a number of formal actions as shown on Appendix 3 and has received evaluations from the Board and management as well as completing a self-assessment. These evaluations will help the Committee implement improvements in FY2011.

On Appendix 6 the Committee has developed a robust list of future projects or priorities which

will help direct the Committee's efforts for the upcoming fiscal year.

The Committee would like to express its sincere gratitude for the assistance and support provided by management and each member of the Board and believes it can play a vital role in making the Monroe County School District one the best in the country.

The Committee conducted a Self-Assessment as a means of determining accomplishments, needs for improvement, as well as plans for the future. As summary of this assessment is shown below. This process and the report will be published annually at the June School Board's business meeting

Committee Role

The Audit and Finance Committee is an advisory committee. The members are all volunteers and have donated their time and expertise to the Monroe County School District. We will continue to review issues and report risk areas to the School Board. As reflected in the work plan, the construction of HOB is a high risk. The Committee will strive to remain in an advisory capacity and as issues arise notify the School Board and Administration and allow them to correct issues so that negative impacts to the Monroe County School District are minimized.

As it relates to fraud there is a need for change in culture. Training, a system for reporting realistic performance measures, and common sense controls are all important components of strong system. A strong system of checks and balances is essential in ensuring money entrusted to the Monroe County School District is spent wisely. The Committee will continue to assist the Board in moving forward and making the Monroe County School District the best in the state.

Appendices

Appendix 1 Charter included in Policy No. 6840

Appendix 2 Responsibility Matrix

Appendix 3 Committee Actions

Appendix 4 Composite Evaluations

Appendix 5 Attendance

Appendix 6 Future Priorities

Appendix 7 FY 2011 Audit Work Plan

Appendix 8 Brief Committee Bios

Appendix 1 Charter included in Policy 6840

A. Purpose

The general purpose of the Audit and Finance Committee (hereinafter referred to as the Committee) is to secure and review financial and other information about the School District, to ensure that the overall audit coverage of the School District is sufficient and appropriate to protect the citizens of Monroe County, to ensure that an adequate system of internal control and reporting has been implemented and is effectively followed, and to assist and advise the School Board and the Superintendent in matters pertaining to fiscal management of the School District.

Specific purposes of the Committee are as follows:

1. provide added protection to the Board and Superintendent in discharging its responsibilities;
2. assist in obtaining corrective action and necessary improvement based on audit findings and recommendations received from external and internal audits, reviews, or studies; and
3. provide credibility and support for the audit programs.

B. Membership

The members of the Committee are as follows:

1. Five (5) voting members from the community not employed by the School District or having any direct or indirect business dealings with the School District. The appointments shall be made (one (1) by each Board member) in open session. In making the appointments the Board members are encouraged to take into consideration representation that reflects the Board commitment to diversity, and select professionals with a background in accounting, finance business, management consulting, or law.
2. One (1) voting community member to be appointed by the Superintendent also having no direct or indirect business dealings.
3. Two (2) non-voting members, the Chief Auditor and the Chief Financial Officer, representing the internal audit and finance

functions.

The Committee shall elect a Chair and Vice-Chair from the voting members each fiscal year at its first meeting. A Committee member may not serve more than two (2) consecutive years as either the Chair or Vice-Chair.

C. Term of Service

The term of service for continuity purposes is two (2) fiscal years. The term of service for the two (2) members nominated by the Board Chair and the Superintendent shall be consistent with their respective terms of service. Newly elected or appointed Board members shall have the discretion to retain the former Board member's appointee or to nominate a new Committee member. A member's term may be extended beyond the two (2) year term by nomination by any Board member. Voting members may be removed should they miss three (3) consecutive meetings without good cause upon a majority vote of the Committee.

D. Meetings

The Committee will meet on a regular basis throughout the fiscal year with the first meeting to be scheduled in early September to review the Annual Financial Report, due to the State DOE in early September. The Committee will meet at least three (3) more times during the fiscal year (in December, March, and June), subject to any unforeseen circumstances such as natural disasters, emergencies, etc. Beginning in June 2010, and every year after, the committee will approve the Proposed Internal Audit Plan at the June meeting. The meetings shall be publicly announced in similar manner to the regular Board meetings.

When deemed necessary and appropriate, special meetings may be called by the Chief Auditor, the CFO, or the Chair of the Committee. Such special meetings shall require at least two (2) days of prior public notice.

Four (4) voting members shall constitute a quorum for the Committee to meet and make recommendations.

All Committee and subcommittee meetings, if any, are governed by the requirements of Florida's Government in the Sunshine and Public Records Laws, F.S. Chapter 119 and 286.011. Therefore, meetings of the Committee will be held in open public sessions and all materials made or received by the Committee in connection with official business are open for public inspection.

The Internal Audits Office is entrusted with the responsibility of providing

services and support to the Committee, including publishing meeting notices, keeping the minutes, establishing each meeting agenda in collaboration with the Chair of the Committee, and gathering the supporting documentation for distribution and ensuring the smooth operation of the Committee affairs. Administrative support staff assigned to the auditor will conduct required work.

E. Scope of Activities

The Committee is advisory in nature. Its recommendations regarding audit findings and exceptions will be provided in writing to the Board and the Superintendent. In its advisory nature, the Committee is subject to the control and direction of the Board. In accordance with F.S. 119.07(3)(y), audit work papers and notes related to such audit report are confidential and exempt from the provisions of subsection (1) and s. 24(a), Art. I of the State Constitution until the audit is completed and the audit report becomes final. An audit becomes final when the audit report is presented to the Board.

F. Duties and Responsibilities

The duties and responsibilities of the Committee are to:

1. review audit and financial reports on a selective basis;
2. review the audit findings contained in each audit report;
3. review the Annual Financial Report;
4. review the external audit report by the Auditor General of the State of Florida

Request that Auditor General staff be available to answer any questions by the Committee.
5. review the recommendations contained in the audit reports and responses made by the administration as to how the findings should be corrected; and the time and funding required, if any, to take corrective action;
6. review and request periodic reports on a selective basis regarding corrective action being taken to eliminate audit exceptions or reasons that recommendations are not being implemented;
7. hold discussions with and make recommendations to the Board

and the Superintendent on reported items that are not being corrected on a timely or adequate basis;

8. review any amendments to the Board policy governing the Internal Audits Office, and this Board policy, and make recommendations to the Board prior to initial reading, as deemed appropriate;
9. review the annual budget of the Internal Audits Office (and the Finance Division?) and make recommendations to the Board and the Superintendent as to the sufficiency of the budget;

The budget shall make adequate provisions for staffing, including salaries, benefits, equipment, and supplies. Adequate provisions for staff development and peer review shall also be made to conform with the highest professional standards.

10. serve as the Committee to recommend the selection of the Chief Auditor and provide said recommendation to the Board;

At the direction of the Board, provides its recommendations on contractual provisions for the position.

11. any recommendation for the removal or transfer of the Chief Auditor, and reasons for such removal or transfer, shall be brought by the Committee to the Board;
12. review the services of the Chief Auditor and provide input to the Board in connection with performance evaluations of the Chief Auditor;

Written evaluations will be kept on file pursuant to F.S. 1012.31.

13. review, provide feedback, and approve the Annual Audit Plan presented by the Chief Auditor to determine the progress made in executing the Audit plan;
14. review the operations and projects against the Audit Plan presented by the Chief Auditor to determine the progress made in executing the Audit Plan;
15. in the event that an external auditor or subject matter expert needs to be hired to audit, review, or investigate any fiscal areas of the School District, serve as the Committee to select and recommend the hiring to the Board;

Provide feedback on the scope and development of said contract.

16. provide an effective link between the external and internal auditors, the Board, and the Superintendent;
17. submit annually a report to the Board on the work of the committee;
18. receive citizen input for projects designed to effect corrective action and to provide systems and procedures assistance;
19. perform specific assignments made by the Board or the Superintendent.

Adopted 10/13/09

Appendix 2 Responsibility matrix

Duties/Responsibilities	Accomplishments	Plans/ Improvements
Review audit and financial reports on a selective basis:	Reviewed FY 2009 Audit results from the Florida Auditor General as well as Audits of Internal Accounts and Charter Schools.	
Review the audit findings contained in each audit report	Reviewed Audit investigations in AC meetings as findings are presented by IA.	
Review the Annual Financial Report		FY 2010 Report to be reviewed in October 2010
Review the external audit report by the Auditor General of the State of Florida	Reviewed FY 2009 AG report	Establish effective relationship with AG and evaluate draft responses
Request that Auditor General staff be available to answer any questions by the Committee.	Met with Auditor general in June 2010 in planning for FY 2010 audit	Meet periodically with AG and monitor FY 2010 Audit Progress.
Review the recommendations contained in the audit reports and responses made by the administration as to how the findings should be corrected; and the time and funding required, if any, to take corrective action;		Request corrective action plans on outstanding findings and establish monitoring process for implementation of corrective actions.
Review and request periodic reports on a selective basis regarding corrective action being taken to eliminate audit exceptions or reasons that recommendations are not being implemented	Follow up incorporated as part of the IA work plan	Review statuses and request meetings with key staff for outstanding findings
Hold discussions with and make recommendations to the Board and the Superintendent on reported items that are not being corrected on a timely or adequate basis		Will initiate in FY 2011

Review any amendments to the Board policy governing the Internal Audits Office, and this Board policy, and make recommendations to the Board prior to initial reading, as deemed appropriate	Have made one policy recommendation in August 2010 and expect to review entire charter in FY2011	
Review the annual budget of the Internal Audits Office (and the Finance Division?) and make recommendations to the Board and the Superintendent as to the sufficiency of the budget	Reviewed IA budget as part of work plan review	Will undertake review of Finance Department resources in FY2011
The budget shall make adequate provisions for staffing, including salaries, benefits, equipment, and supplies. Adequate provisions for staff development and peer review shall also be made to conform with the highest professional standards.	Reviewed IA budget as part of work plan review	Will establish peer review program and professional development program in FY2011
Serve as the Committee to recommend the selection of the Chief Auditor and provide said recommendation to the Board. At the direction of the Board, provides its recommendations on contractual provisions for the position	Selection completed prior to the initiation of Committee	
Review the services of the Chief Auditor and provide input to the Board in connection with performance evaluations of the Chief Auditor	Performance plan approved in July.	Monthly reports required as part of Committee meetings. Committee will be active in annual performance review.
Review, provide feedback, and approve the Annual Audit Plan presented by the Chief Auditor to determine the progress made in executing the Audit plan;	Completed in June	
Review the operations and projects against the Audit Plan presented by the Chief Auditor to determine the progress made in executing the Audit Plan		Monthly reports required as part of Committee meetings

In the event that an external auditor or subject matter expert needs to be hired to audit, review, or investigate any fiscal areas of the School District, serve as the Committee to select and recommend the hiring to the Board	Approved audit hours as part of Annual Work plan and also approved hiring of external legal counsel in connection with special investigations.	
Provide an effective link between the external and internal auditors, the Board, and the Superintendent	Met with external auditor for Internal Funds in February 2010	
Submit annually a report to the Board on the work of the committee	See this report as of July 31, 2010.	Will report annually to Board at the June meeting going forward
Receive citizen input for projects designed to effect corrective action and to provide systems and procedures assistance	Committee meetings are publically noticed	Recommend Whistleblower/ Fraud Hotline and establish Audit Website to facilitate citizen input
Perform specific assignments made by the Board or the Superintendent	Assigned to work on Contracts Process. This included review of sampled contracts, bids and participation in a Contract workshop.	Interim report on the Contracts process has been presented to the School Board. Committee will provide input to contract process redesign.

Appendix 3 Committee Actions

Audit & Finance Committee Action Items					
Meeting Date	Transmittal Number	Description	Type of Action	Status /target date	Follow-up
April	0422-001	Established Contract Review Subcommittee	Issue or concern raised action taken by the committee	Ongoing	Facilitated workshop on issues and action items. Monitor progress in contract redesign.
	0422-002	Proposed policy change to improve controls over Internal Accounts	School board directive to schools to maintain a list of approved fund raising events	Ongoing	Requested copy of fund raising list from each school on July 21. Procedure and list format issued from Finance 8/13/10. Monitor implementation
	0422-003	Risk Management Plan	Action taken by the committee IA and CFO to complete	August	Postponed to September/October
	0422-004	School Board Approval of Funds Transfers	Recommendation for policy directive of the board	complete	
May	0514-001	Separation of consulting and bidding process	Discussion and policy change consideration	pending	Proposal accepted by Superintendent; Implementation to be determined
	0514-002	Direct Audit Committee participation in current open bids	Directive to Audit Committee as part of overall contract review.	complete	Complete - Email sent 5/26 on 2 pending contracts. Update report to be submitted to in August.
	0514-003	Approval of legal subject matter expert contract	Contract approval	complete	Contract approved Attorney retained and successfully advised on two investigations
	0514-004	Approval of amendment to purchasing policy for internal audit Subject Matter Experts.	Approval to change purchasing policy	complete	Approved by SB -follow up with NEOLA on update to procedures
	0514-005	Direct legal to opine on independence of two audit committee members and provide clarity and interpretive language to better understand the terms "any direct and indirect" as it is used in the charter.	Directive to legal with opinion resulting. Set up meeting and/or email request.	complete	Completed independence forms
June	0607-001	Board policy on Audit Projects definitions	Define audit projects as in compliance with state statute and public records requests	pending	to be included in Audit manual
	0607-002	Board policy on Board Directed audit inquiries	Dedicated time and resource toward School Board directed work	pending	to be included in Audit manual
July	N/A				
August	0809-001				

Appendix 4A Audit Committee Self Evaluation Results

Audit Committee Self-Evaluation Results

Audit Committee Self-Evaluation Tool	Yes	No	Not Sure	Comments
A. Roles and Relationships				
1. Does the audit committee (committee) have a positive working relationship with management, the internal auditors, and the independent auditors?	5		1	
2. Does the committee provide its own view on issues to the chair?	6			
3. Are differences of opinion on issues resolved to the satisfaction of the committee?	5		1	
4. Do all members provide input to the committee chair as appropriate?	5		1	
5. Is an audit committee charter used as a document to guide the committee in its efforts, and to help guide the committee's agenda?	5	1		
6. Does the committee engage outside experts as appropriate?	5	1		
7. Does the committee conduct executive sessions in a manner that offers a "safe haven" to the individual, while at the same time asking tough and necessary questions, evaluating the answers, and pursuing issues that might arise to a satisfactory resolution?	3	2	1	

Audit Committee Self-Evaluation Tool	Yes	No	Not Sure	Comments
A. Roles and Relationships (cont.)				
8. Did the audit committee evaluate the internal auditor's overall effectiveness?		5		In FY 2011
9. Did the audit committee evaluate the independent auditors, including the auditors' responsiveness to the committee's expectations?		5		Statutory Audit relationship
10. Is the size of the committee appropriate for the complexity and operations of the government organization?	6			
11. Are committee members independent of management?	6			
12. Do committee members encourage a "tone at the top" that conveys basic values of ethical integrity as well as legal compliance and strong financial reporting and control?	5		1	
B. Government Activities				
1. Does the committee understand the organizational structure and programs of the government's activities and programs?	3		3	To emphasize better operational understanding in FY2011
2. Does the committee evaluate whether management exhibits the proper tone at the top and foster a culture and environment that promotes high-quality financial reporting and appropriate attention to internal controls and compliance with laws and regulations?	1	5		Committee to evaluate culture improvements in FY2011
3. Does the committee evaluate management's procedures for monitoring compliance with the government organization's code of ethics?	1	3	2	Whistle Blower and Fraud Hotline will improve
4. Does the committee receive the internal and the independent auditors' assessments of the risks for fraud and other risk factors that lead to potential fraudulent financial reporting?	5	1		

Audit Committee Self-Evaluation Tool	Yes	No	Not Sure	Comments
<p>B. Government Activities (cont.)</p> <p>5. Is the audit committee aware of reports or other communications received from regulators, and updates from the general counsel on legal and regulatory matters, that may have a material effect on the financial activities and related financial statements, or that may affect related organizational compliance policies?</p>	3		3	
<p>C. Risk Factors</p> <p>1. Does the committee have discussions with the chief information officer to understand the organization's technology strategy, information systems, and measures taken to protect technology resources, including disaster recovery and emergency preparedness?</p>	1	5		To gain a better understanding of information technology risk in FY2011
<p>2. Has the audit committee reviewed all significant control deficiencies identified by the internal or independent auditors, as well as management's corrective action plan and timetable to address those recommendations?</p>	2	2	2	
D. Technical Proficiency				
<p>1. Is the committee cognizant of the line between oversight and management, and does it endeavor to respect that line?</p>	5	1		
<p>2. Are committee members financially literate?</p>	6			
<p>3. Has a representative number of committee members attended recent training on governmental accounting, auditing, and financial reporting developments, and current business and industry practices?</p>	1	2	3	Emphasis on Committee Professional Development to be undertaken in FY2011
<p>4. Does the committee review reports, financial statements, and related audit results with management, staff, and independent auditors? Does</p>	2	1	3	

the committee include reviewing interim audit and A-133 Single Audit results?				
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Audit Committee Self-Evaluation Tool	Yes	No	Not Sure	Comments
D. Technical Proficiency (cont.)		6		
5. Has the committee discussed with management any significant year-end issues that may affect the financial integrity of accounting and reporting practices?				Ongoing discussion of issues
6. Does the committee have a system to assess whether net assets are being managed effectively?		6		
7. Are the government's financial reporting processes stronger as a result of management's interactions with the committee?	4	1	1	
8. Does the committee discuss the audit plans with the internal and independent auditors, along with the extent of control testing to be performed and related concerns and challenges?	4		2	
9. Did the committee assess whether independence has been maintained by the independent auditors (and internal auditors, if relevant) and discussed the processes used by such auditors to monitor for independence?		6		Not Applicable
10. Where appropriate, did the committee approve and sign the engagement letter(s) for the annual and A-133 audits and nonaudit services?		4	2	
E. Communication Process				
1. Are meeting agendas prepared and distributed in advance to ensure effective and efficient meetings, to allow that necessary topics are addressed, and to comply with open meeting laws?	6			
2. Are minutes of meetings taken and circulated after the meeting?	6			
3. Does the committee review management's response to audit recommendations and whether follow-up audits indicate corrective action is in place, timely, and effective?	4	2		

Appendix 4B Evaluation Results by School Board and Staff

Evaluation Results SB & Staff

Audit Committee Self-Evaluation Tool	Yes	No	Not Sure	Comments
A. Roles and Relationships				
13. Does the audit committee (committee) have a positive working relationship with management, the internal auditors, and the independent auditors?	7		1	
14. Does the committee provide its own view on issues to the chair?	6		2	
15. Are differences of opinion on issues resolved to the satisfaction of the committee?	3		5	
16. Do all members provide input to the committee chair as appropriate?	3		5	
17. Is an audit committee charter used as a document to guide the committee in its efforts, and to help guide the committee's agenda?	4		4	
18. Does the committee engage outside experts as appropriate?	5		3	
19. Does the committee conduct executive sessions in a manner that offers a "safe haven" to the individual, while at the same time asking tough and necessary questions, evaluating the answers, and pursuing issues that might arise to a satisfactory resolution?	1	1	6	

Audit Committee Self-Evaluation Tool	Yes	No	Not Sure	Comments
A. Roles and Relationships (cont.)				
20. Did the audit committee evaluate the internal auditor's overall effectiveness?	4		4	
21. Did the audit committee evaluate the independent auditors, including the auditors' responsiveness to the committee's expectations?	1		7	
22. Is the size of the committee appropriate for the complexity and operations of the government organization?	8			
23. Are committee members independent of management?	8			
24. Do committee members encourage a "tone at the top" that conveys basic values of ethical integrity as well as legal compliance and strong financial reporting and control?	7		1	
B. Government Activities				
6. Does the committee understand the organizational structure and programs of the government's activities and programs?	5		3	
7. Does the committee evaluate whether management exhibits the proper tone at the top and foster a culture and environment that promotes high-quality financial reporting and appropriate attention to internal controls and compliance with laws and regulations?	6		2	
8. Does the committee evaluate management's procedures for monitoring compliance with the government organization's code of ethics?	7		1	
9. Does the committee receive the internal and the independent auditors' assessments of the risks for fraud and other risk factors that lead to potential fraudulent financial reporting?	8			

Audit Committee Self-Evaluation Tool	Yes	No	Not Sure	Comments
B. Government Activities (cont.)				
10. Is the audit committee aware of reports or other communications received from regulators, and updates from the general counsel on legal and regulatory matters, that may have a material effect on the financial activities and related financial statements, or that may affect related organizational compliance policies?	5		3	
C. Risk Factors				
3. Does the committee have discussions with the chief information officer to understand the organization's technology strategy, information systems, and measures taken to protect technology resources, including disaster recovery and emergency preparedness?	1	2	5	
4. Has the audit committee reviewed all significant control deficiencies identified by the internal or independent auditors, as well as management's corrective action plan and timetable to address those recommendations?	2	2	4	
D. Technical Proficiency				
11. Is the committee cognizant of the line between oversight and management, and does it endeavor to respect that line?	4		4	
12. Are committee members financially literate?	7		1	
13. Has a representative number of committee members attended recent training on governmental accounting, auditing, and financial reporting developments, and current business and industry practices?	3		5	
14. Does the committee review reports, financial statements, and related audit results with management, staff, and independent auditors? Does the committee include reviewing interim audit and A-	4		4	

133 Single Audit results?				
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Audit Committee Self-Evaluation Tool	Yes	No	Not Sure	Comments
D. Technical Proficiency (cont.)	2	2	4	
15. Has the committee discussed with management any significant year-end issues that may affect the financial integrity of accounting and reporting practices?				
16. Does the committee have a system to assess whether net assets are being managed effectively?	2	2	4	
17. Are the government's financial reporting processes stronger as a result of management's interactions with the committee?	6	1	1	
18. Does the committee discuss the audit plans with the internal and independent auditors, along with the extent of control testing to be performed and related concerns and challenges?	7		1	
19. Did the committee assess whether independence has been maintained by the independent auditors (and internal auditors, if relevant) and discussed the processes used by such auditors to monitor for independence?	3		5	
20. Where appropriate, did the committee approve and sign the engagement letter(s) for the annual and A-133 audits and nonaudit services?	1	1	6	
E. Communication Process				
4. Are meeting agendas prepared and distributed in advance to ensure effective and efficient meetings, to allow that necessary topics are addressed, and to comply with open meeting laws?	7		1	
5. Are minutes of meetings taken and circulated after the meeting?	7		1	
6. Does the committee review management's response to audit recommendations and whether follow-up audits indicate corrective action is in place, timely, and effective?	7		1	

Appendix 5 Attendance

Audit Committee Attendance										
	1/14/2010	2/2/2010	2/16/2010	3/4/2010	3/19/2010	4/22/2010	5/14/2010	6/7/2010	7/12/2010	8/9/2010
Audit Committee Member	*									
Roger McVeigh, Chair	√	√	A	√	√	√	√	√	√	√
Melissa Grady, Vice Chair	√	√	√	√	√	A	√	√	√	A
Bill Andersen	√	√	√	√	√	√	√	√	√	√
Larry Murray	√	√	√	A	√	√	√	√	√	√
Stuart Kessler	N/A	N/A	√	√	√	√	√	√	√	√
Jerry Bolduc	√	√	√	√	A	√	√	√	√	√
Nonvoting members										
Ken Gentile, IA	N/A	N/A	N/A	N/A	N/A	√	√	√	√	√
Michael Kineer, CFO	√	√	√	√	√	√	A	√	√	√
Dr. Jesus Jara, COO	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	√
* Chair and Vice chair elected at 1/14/10 meeting										
A Absent										
N/A Not appointed at time of meeting										

Appendix 6 Future Priorities (in order of importance)

High Priority

- Establish whistleblower hotline and fraud awareness
- Review of the FY2010 Annual Financial Report and active monitoring of the Florida Auditor General's FY 2010 audit
- Establish and execute effective and timely monitoring of corrective actions resulting from Committee recommendations
- Provide input to the Contracts Process Redesign
- Review and provide input to the overall organization Risk Assessment

Moderate Priority

- Institute and schedule formal professional development program for Audit & Finance Committee
- Review inventory of property and facilities to ascertain effective use of resources
- Consider initiatives to help affect change in the district and culture
- Consider a district-wide Audit and Risk Newsletter
- Perform Annual Performance Review of the Internal Auditor
- Schedule periodic presentations for management to enhance Committee's understanding of School Operations
- Review structure and resource commitment to the Finance Department

Low Priority

- Review and recommend improvements to Human Resource process
- Evaluate both financial and in-kind support of non-profit entities with an emphasis on transparency
- Establish Jessica Lunsford Act Compliance program
- Consider feasibility of undertaking a benchmarking performance analysis
- Review Committee Charter and consider improvements
- Establish Audit Department peer review program and professional development plan

Appendix 7 FY 2011 Audit Work Plan

FY 2010-2011 Monroe County School District AUDIT WORK PLAN																		
FINAL - Working Copy as of:		9/7/2010																
Mission:																		
Vision:																		
Goal: To produce quality products in a professional, timely manner																		
Purpose of plan: To identify proposed audit projects and activities with timelines and staff estimates																		
ACTIVITY DIRECT	BUDGET		Individ 2,080	YTD 181	FY 2010													
	D/DID %	D/DID %			Budget	Actual	Comple	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Contract Review process			120															
Limited Scope Compliance audit - Food Service			200	72	60%	35	37	0										
Limited Scope Compliance audit - Transportation			200	1	1%	1	0	0										
Project Audit HOB Construction			200	2	1%	1	1	0										
Follow-up (External Agencies (AG) and Internal)			120	13	7%	2	11	0										
MCSD directed inquiries (12-15)			120	4	3%	0	4	0										
YNET Report			0	24	20%	4	20	0										
HR Staffing Study (analysis)(if funded)			0	0		38	1	0										
Strategic Planning (benchmarking) (if funded)			0															
Whistleblower Hotline (if funded)			0															
Medicaid Compliance			80				23	0										
Internal Funds Audit (Outsourced)	600		200	1	1%	1	0	0										
				30	15%	27	3	0										
	66%	54%	1,240			109	100	0										
						60%	57%											
ACTIVITY INDIRECT						0.08%	0.17%	0.25%	0.33%	0.42%	0.50%	0.58%	0.67%	0.75%	0.83%	0.92%	1.00%	
Audit Committee and Board support	25%		520	76	15%	33	43	0										
Training & Professional development	10%		208	20	10%	4	16	0										
Administration	5%		104	36	35%	19	17	0										
Leave	6%		120	16	13%	16	0	0										
	34%	46%	952			72	76	0										
Total Hours	###		2,192			40%	43%											
			OT	112		181	176		0	0	0	0	0	0	0	0	0	0
						176	176	176										
Hours based on annual work hours of 2,080 (52 weeks X 40 hour workweek)						Explanation of color coding												
Hours for each assignment are estimates only; scope and objectives dictate total hours committed.						Completed or In Progress --- Board Approved												
Assumption: One auditor with some contracted audit support; and admin support at District office						Ongoing Audit Function Activity												
Outsource/fo-source estimate \$125x600= \$75,000						Proposed (pending Board approval)												
						Audits to be Outsourced (pending Board approval)												

Appendix 8 Brief Committee Bios

Roger McVeigh – Chair

A five year resident of Key West, Roger has been serving nonprofits in Key West since retiring from a 23 year public accounting career as a Partner with KPMG LLP in Atlanta, Georgia and Jacksonville, Florida in late 2006. Roger is a CPA and CMA and is a graduate of the City of Key West Ambassador Academy, Leadership Monroe County and the Community Foundation of the Florida Keys (CCFK) Leadership Success Academy. Roger serves as Board member and/or Treasurer of a diverse group of nonprofit organizations including the Florida Keys Community College Foundation, the Key West Garden Club, Sculpture Key West, the Key West Community Sailing Center, and the Southernmost Homeless Assistance League. More recently, Roger has been elected as Treasurer and Director of The Friends of Higgs Beach, Inc., and has been appointed as Chair of the newly empowered Audit and Finance Committee of the Monroe County School Board. Roger also serves as a facilitator for the City of Key West Ambassador Academy and has instructed the financial matters section of the CCFK Leadership Success Academy.

Roger hails from Knoxville, Tennessee and attended both Emory University and Georgia State University and received his BBA in Accounting in 1983. Roger spent most of his professional career working with technology businesses and has extensive financial experience in technical areas such as initial public offerings, mergers and acquisitions, reporting requirements of the SEC, revenue recognition, stock compensation, and the adoption of Sarbanes Oxley 404.

Melissa Grady - Vice Chair

Originally from Virginia, Melissa graduated from Virginia Commonwealth University with a B.S. in Accounting. Melissa is licensed in Florida as a realtor and mortgage broker and maintains a license as a Certified Public Accountant in the state of Virginia. Most of her accounting experience has been in internal auditing with a variety of public and private agencies. Melissa has worked in the banking environment in Marathon since 2000 with a focus toward residential lending and most currently business development. Melissa is a member of the Marathon Rotary Club and serves on the boards of the Salvation Army and Grace Jones Daycare.

Bill Andersen

Born and raised in Cleveland Ohio. Bill graduated with a B.S. degree in Mechanical Engineering, from Case Western Reserve University in Cleveland and has an M.B.A. in Finance and Management from Ohio University in Athens. Prior to pursuing a career in business and taxation, he began his career in 1966 as a Design engineer for the Goss Company and became a production planner for Parker Hannifin. He became a manufacturing engineer and Supervisor for Equipment Development for General Electric. In 1984 Bill opened General Business Services in Key Largo. He continued his education and graduated with a M.S. in taxation from the University of Miami and

became a Certified Financial Planner in 1990 and a Certified Public Accountant in 1998.

Bill's professional memberships include the American Institute of Certified Public Accountants, Florida Institute of Public Accounts and the Financial Planning Association. Bill is a member of the Key Largo Chamber of Commerce and held positions of Board member for 10 years and Treasurer for 2 years. He is a member of the Rotary Club of Key Largo and has held the positions of President, Treasurer and Board member. Bill is also involved with the Key Largo Fire & Rescue Emergency Medical Services District Board, and is a Board member of the Upper Keys Habitat for Humanity, Community Bank, and Salvation Army. He is also the Key Largo (District 5) representative on the District Advisory Council (DAC) of the Tourist Development Council and a mentor in Take Stock in Children.

Jerry Bolduc

A resident of Key West and/or the lower Keys for the past several years, Jerry has been the CEO of the Monroe County Teachers Credit Union for the past 3 years, since retiring from the National Credit Union Administration after serving 17 years as the Supervisory Auditor for Florida, Puerto Rico and the US Virgin Islands. Jerry is a retired CPA and obtained a BS degree in Business Administration for the University of Maine and an MBA from Auburn University in Montgomery. Jerry spent most of his professional career working with financial institutions, primarily credit unions, and has extensive experience in evaluating internal controls, fraud prevention, overall operations and management, regulatory compliance, and problem resolution including mergers, conservatorships, and liquidations.

Jerry is active in the Key West Chamber of Commerce as a member of their Education Committee, a member of the Rotary Club of Key West, and is a member of the newly empowered Audit and Finance Committee of the Monroe County School Board.

Stuart Kessler

A six year resident of Key West, Stuart has been involved in Public Education both professionally as an attorney, and as an elected public board member for over 20 years. Stuart has been involved in all aspects of public school operations including supervising numerous public construction projects including issuance of debt instruments, bidding, and construction management. He has extensive expertise in labor law and employment contracts and has served as the lead management negotiator. He was elected chairman of his local school board for 12 consecutive years and elected to a fifth four year term of office before moving to Key West. Stuart served as vice-president of the Pennsylvania school Board Association and was a regional director of the National School Board Association.

In addition to a law degree from Villanova University, Stuart holds an M.B. A. from Penn State and a B.B.A. in Accounting from Temple University and has completed additional graduate course work at Florida State University in public school finance. In Monroe County, Stuart has been the manager for the Florida Department of Revenue's Child Support Enforcement Office for Monroe County and has supervised risk management functions for the Monroe County Board of County Commissioners. Stuart currently services as a Board member for the Monroe County Chapter of

the American Cancer Society and the Key West Relay for Life, and is a member of the Sunrise Rotary Club of Key West. He is married with three children, two are graduates of Key West High School and attend Florida Universities; his youngest will be a Senior at Key West High School in 2010-2011. Stuart's special interest is in the development of effective teacher compensation program which incorporate performance elements. He has been invited to speak at numerous conferences on teacher compensation and was invited to be part of the Milken Family Foundation efforts in this area.

Larry Murray

Since coming to the Keys in 1990, Larry has been semi-retired and has been engaged in the construction industry. He resides in Big Pine Key with his wife Marianne. Larry holds a PhD in American History from Michigan State University and has taught at MSU, The State University of New York, St. Johns University and other colleges and locations. He has published widely on 20th Century American Economic History as well as Film and History. In 2009, Larry spoke at the Truman Symposium at the Little White House.