


THE SCHOOL BOARD OF BROWARD COUNTY, FLORIDA
OFFICE OF THE GENERAL COUNSEL

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MEMORANDUM

TO: Lori Alhadeff, Board Member

FROM: Barbara J. Myrick, General Counsel 

DATE: June 7, 2019

SUBJECT: **Organizational Reporting Structure for Chief Auditor**

BACKGROUND: Upon receiving an email to Mr. Moquin from Mrs. Alhadeff, of which I was copied, and subsequently being asked for a legal opinion by Mrs. Alhadeff, this Office research the statutory requirements regarding the organizational reporting structure for a school board's chief [internal] auditor.

FINDINGS: For the previous ten (10) years, Florida Statutes have stated as one of the powers and duties of a district school board, is that they, "*may* employ an internal auditor to perform ongoing financial verification of the financial records of the school district. The internal auditor shall report directly to the district school board or its designee." Fla. Stat. 1001.42 (12) (1) (2018). (*Emphasis Added*)

The School Board has had an internal auditor since at least 1977 and has adhered to the above statute by approving the Organizational Chart on a yearly basis, which delineates the reporting structure of the Chief Auditor to the Superintendent, as The School Board's designee.

During the 2018 Legislative Session, this section of the statute was amended and language was added regarding the responsibilities of an internal auditor, with an implementation date of July 1, 2019 as follows:

Internal auditor.—May or, in the case of a school district receiving annual federal, state, and local funds in excess of \$500 million, *shall* employ an internal auditor. The scope of the internal auditor shall not be restricted and shall include every functional and program area of the school system.

1. The internal auditor shall to perform ongoing financial verification of the financial records of the school district, a comprehensive risk assessment of all areas of the school system

every 5 years, and other audits and reviews as the district school board directs for determining:

- a. The adequacy of internal controls designed to prevent and detect fraud, waste, and abuse.
 - b. Compliance with applicable laws, rules, contracts, grant agreements, district school board-approved policies, and best practices.
 - c. The efficiency of operations.
 - d. The reliability of financial records and reports.
 - e. The safeguarding of assets.
 - f. Financial solvency.
 - g. Projected revenues and expenditures.
 - h. The rate of change in the general fund balance.
2. The internal auditor shall prepare audit reports of his or her findings and report directly to the district school board or its designee.
 3. Any person responsible for furnishing or producing any book, record, paper, document, data, or sufficient information necessary to conduct a proper audit or examination which the internal auditor is by law authorized to perform is subject to the provisions of s. 11.47(3) and (4).

Fla. Stat. 1001.42 (12) (1) (2019).
(Emphasis Added)

There is nothing in the 2018 statutory amendment and/or addition language that affects The School Board's reporting structure of the Chief Auditor, it simply makes it a requirement for a District the size of Broward to employ an internal auditor, where previously it was optional. Paragraph #2 above refers to the requirement that any reports prepared by the Chief Auditor should be given directly to the school board, not that the auditor organizationally reports directly to the school board.

Further, School Board Policy 1002.1 OFFICE OF THE CHIEF AUDITOR, most recently amended in 2010, states the Chief Auditor shall report to the Superintendent administratively and shall be accountable to The School Board and the Audit Committee. Additionally, the policy states that all completed audit reports MUST be presented to the Audit Committee for review and transmission to The School Board and Superintendent. Although approved nine (9) years ago, Policy 1002.1, is aligned with the new requirements of Florida Statute 1001.42 (12) (1) (2019).

If you have any questions or wish to discuss further, please do not hesitate to contact me.

c: All School Board Members
Robert W. Runcie, Superintendent of Schools
Joris Jabouin, Chief Auditor
Jeffery Moquin, Chief of Staff