



WAKE COUNTY BOARD OF EDUCATION Work Session

PRECIS

SUBJECT/TOPIC

AUDIT COMMITTEE / SELECTION OF AUDIT COMMITTEE MEMBERS

**DEPARTMENT, BOARD/STAFF LIAISON(S), AND ANY PRESENTERS FROM
OUTSIDE THE DISTRICT**

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BACKGROUND

In 2006-2007, the Board of Education established an Audit Committee to assist in the selection process of an independent audit firm and to review the annual financial audit including the audit findings and recommendations. Policy 8810 provides basis for the Committee, charges to the Committee, and establishes criteria for the selection of the members and the term of service. Staff will provide an overview of the Committee as background in preparation of the Board selecting new Committee membership.

FISCAL IMPLICATIONS

None

SAVINGS

N/A

NEXT STEPS / RECOMMENDATIONS

Recommendations and selection of new Audit Committee members by the Board of Education.



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AUDIT COMMITTEE

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Purpose:

The purpose of the Audit Committee is to assist the Wake County Board of Education in the process of procurement of an independent audit firm, to review the audit of the financial statements prior to presenting to the Board of Education and to assist in obtaining effective corrective action and necessary improvement based on audit findings and recommendations received from the external auditors.

Membership:

The members of the Audit Committee are as follows:

1. Six voting members from the community not employed by the school district or having any direct or indirect business dealings with the school district. The Board of Education members will nominate individuals and the Board as a whole will vote to select the committee. Board members are encouraged to select professionals with a background in accounting, finance, business, management consulting or law.
2. One voting member from the community to be appointed by the Superintendent.
3. The Finance Chair, or designated Board representative, who shall serve as a non-voting member.
4. One non-voting member from the school system to be appointed by the Superintendent.

In the initial year, three committee members shall serve until 12/31/07 and the remaining members shall serve until 12/31/08. The term of service in subsequent years shall be two years. Vacancies shall be filled for the time remaining on the term.

The Audit Committee shall elect a Chair and Vice Chair each fiscal year from its community members.

A member may not serve more than two consecutive years in the office of Chair or Vice Chair without a break in service.

Committee members shall serve terms following the calendar year.

Meetings:

The Audit Committee will meet at least four times during the fiscal year, subject to any unforeseen circumstances. Included among the required meetings shall be a meeting during the second quarter to review the audit of the previous year and a fourth quarter meeting to review the audit scope and plan for the next audit.

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

Scope of Activities:

The Audit Committee is advisory in nature. Its recommendations regarding audit findings and exceptions, and other items will be provided in writing to the Board of Education and the Superintendent.

Duties and Responsibilities:

The duties and responsibilities of the Audit Committee are to:

1. Serve as the committee to select and recommend the hiring of the external auditing firm to conduct the annual audit, determine areas to be emphasized in the external audits, and assist in the development of the external audit contract.
2. Review audit and financial reports on a selective basis.
3. Review the audit findings contained in the audit report.
4. Review the recommendations contained in the audit report and responses made by administration as to how the audit findings will be corrected, review the time and funding required for corrections, and make appropriate recommendations to the Board of Education and Superintendent in light of the review of the reports.
5. Review and request periodic reports on a selective basis regarding the status of the corrective action being taken to eliminate audit exceptions and make appropriate recommendations to the Board of Education and Superintendent in light of the review of the reports.
6. Provide an effective communications link between the external auditors, the Board of Education, and the Superintendent.
7. Submit periodic reports through the Committee Chair, at least annually, on the work of the Audit Committee, to the Board of Education and the Superintendent.
8. Perform specific assignments made by the Board of Education.