

BOARD AGENDA ITEM

February 14, 2012

SUBJECT:

Changes to Policy DIE and Administrative Rule DIE-R (Audits/Financial Monitoring) – First Reading

BACKGROUND:

As part of the continuing review of Board Policies, the Comptroller recommends amendments to Policy DIE and Administrative Rule DIE-R, Audits/Financial Monitoring, to bring the policy and administrative rule up to date with current general practices of governmental agencies.

ADMINISTRATIVE CONSIDERATION:

The administration will soon be sending out Requests for Proposals (RFPs) for procurement of audit services to span several years. The administration strongly recommends extending the agreement to five years due to the size and complexity of our District. Other minor changes have been included for better clarity of the procedures involved.

RECOMMENDATION:

Approve on first reading the changes to Policy DIE and Administrative Rule DIE-R

ATTACHMENT:

- 1) Policy DIE with recommended changes
- 2) Administrative Rule DIE-R with recommended changes

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Policy DIE Audits/Financial Monitoring

Issued ~~10/01~~ 2/12

Purpose: To establish the basic structure for auditing and monitoring the district's financial activities.

In accordance with state law and regulation, all district financial records will be audited not later than ~~120 days after the close of each fiscal year.~~ December 1 following the close of each fiscal year.

The board will employ a certified public accountant to conduct the annual audit. The district will forward a copy of appropriate audits to the state department as required by applicable state law or regulations. The funds of every school in the district will also be audited annually.

After the board's review of the audits, a record copy of the area audits will be filed with the area advisory councils.

Adopted 11/9/71; Revised 8/20/85, 10/9/01, 2/21/12

Legal references:

S.C. Code, 1976, as amended.

Section 59-20-60 Audit requirements of the Education Finance Act.

State Board of Education Regulations:

R-43-172 Audits.

The School District of Aiken County

AR DIE-R Audits/Financial Monitoring

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Auditor selection

At the close of each fiscal year, a certified public accounting firm will conduct an audit of all funds of the district and all accounts of each administrative area and school. The firm selected will provide a management letter to the district upon completion of the audit. The administration will give each board member a copy of the management letter in executive session and the audit in open session.

Criteria for selecting auditor

The selection of an auditor is a difficult process inasmuch as there are a number of accounting firms who are not only interested but who are also capable of providing competent services. Consequently, the board has developed the following criteria for consideration in the selection of an auditor.

- availability of staff to provide assistance throughout the school year
- experience in auditing school districts in South Carolina
- cost of providing audit and other auditing services
- quality of work
- methods of operation
- professional reputation
- adequacy of staff and facilities
- references

Procedures for selection of auditor

The superintendent will screen and recommend to the board certified public accounting firms qualified to conduct the annual audit.

The superintendent will invite proposals from any interested certified public accounting firms. The proposals must include the following information.

- name and address of firm, responsible administrative officer, phone number, and specific data for the firm's liaison or contact person
- brief history of the firm, including date established and work experience
- list of principals and key staff, including the professional background of each
- list of school districts previously audited
- proposed costs
- statement relative to the method of operation

- references

Based upon the previously discussed selection criteria and after a study of the documentary materials presented by the certified public accounting firms, the superintendent selects firms for personal interviews.

The board formally chooses the auditor in an official meeting, either regularly scheduled or special. All firms invited to submit documentary material will be notified in writing of the board's decision. The auditing firm selected serves as the district's external auditor for a period of ~~three~~ five fiscal years. The board will annually review the appointment.

Required services by auditor selected

Audit all financial accounts of the district, each administrative area, and each individual school in accordance with generally accepted accounting practices and generally accepted accounting principles.

Provide the board a detailed management letter.

Provide accounting advice to district administration, including assistance with inservice training for staff, when requested.

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