

Coast Community College District
BOARD POLICY
Chapter 6 Business and Fiscal Affairs

BP 6400 Audits

Reference:

Education Code Sections 84040(b), 84040.5, and 81644
Title 5 Sections 59100 through 59116

External and Internal Audit

The Board shall provide for an annual external audit of all funds, books, and accounts of the District in accordance with the regulations of Title 5. The District must notify the State Chancellor's Office that the annual audit arrangements have been made and identify the audit firm. The Chancellor may direct a solicitation of external audit firms as needed or as requested by the Board; however, such solicitation should be performed no more than five years from the last solicitation. In such an event, the Chancellor shall advance three to five firms to the Board for consideration.

The Board directs the Chancellor to establish and maintain a District Internal Audit Department (Department), headed by a Chief Audit Executive (CAE), to perform independent audits, advisory services, internal control and compliance reviews, investigations, and other related assignments as deemed necessary.

The District shall establish a reporting system through which District employees, vendors, students, and other stakeholders may submit concerns, either openly or anonymously, of alleged fraud, waste, or abuse, in coordination with the activities described under Board Policy and Administrative Procedure 7700.

Purpose

The Board recognizes the need to protect the independence and objectivity of the District's audit functions and to ensure auditors are free from influence, interference, and coercion. The District, inclusive of management, staff, and its Board, shall fully cooperate and collaborate with the District's external and internal audit functions.

Authority

The District must obtain external audits in compliance with State law. Authority includes unfettered access to all relevant records, property, and personnel related to the terms and conditions of the agreement.

The Internal Audit Director serves as the CAE with management and operational responsibility over the Department. The CAE creates an Internal Audit Charter as part of its Administrative Procedure, which is periodically reviewed and accepted by management and ratified by the Board.

The CAE reports to the Chancellor and has direct access to the District's executive leadership team and the Board. Authorization is granted for full and complete access to any of the organization's records (either manual or electronic), physical properties, and personnel relevant to a review. Documents and information given to internal auditors will be handled in a prudent manner.

Responsibility

External auditors are those individuals who work for a third-party audit firm and are provided responsibilities as designated in statute, regulations, Board Policies and Administrative Procedures, in addition to any terms and conditions that may be approved by the Board through agreement. Results of work are communicated to District management and to the Board.

Internal auditors are those individuals who work for the District and conduct performance and compliance audits, advisory and consulting reviews, as well as investigations into allegations of fraud, waste, and abuse as needed. Results of work are communicated to District management related to the subject matter under review, so that they may implement recommendations, and to the Board. Internal auditors do not have direct responsibility or authority over any of the activities or operations that they review, nor do they develop or implement policies or procedures, prepare records, or engage in activities which would normally be reviewed by internal auditors. Internal Audit shall ensure that Board Policies and Administrative Procedures, and other practices related to Internal Audit, comply with industry trends and auditing standards. Department staff must refrain from assessing specific operations for which they were previously responsible for a period of at least one year; however, they may provide non-audit services, insofar as such services are permitted under applicable auditing standards.

Standards

External auditors shall be required to follow relevant industry standards as applicable to the purview of the audit scope and engagement as reflected in any Board approved agreement, as well as any State mandated regulations.

Internal auditors shall be required to follow relevant auditing and investigation standards, as well as industry best practices, and any State mandated regulations. The Chancellor shall ensure that the Department adheres to the International Professional Practices Framework (IPPF) and Code of Ethics adopted by the Institute of Internal Auditors, and obtains peer reviews as required by standards. Other standards upon which the Department may also rely include, but are not limited to:

- Government Accountability Office Generally Accepted Government Auditing Standards (GAO-GAGAS)
- Association of Certified Fraud Examiners (ACFE): Fraud Examiners Manual

Adopted January 15, 1991

Revised February 3, 2003

Revised March 2, 2011 Combined and Renumbered from CCCD Policies 6401 (renumbered from CCCD Policy 040-12-2, Spring 2011) and 6402 (renumbered from CCCD Policy 040-12-2.1, Spring 2011)

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