

**SAN FRANCISCO COMMUNITY COLLEGE DISTRICT
POLICY MANUAL**

Title: AUDIT COMMITTEE GUIDING PRINCIPLES	Number: BP 1.22
Legal Authority: Govt. Code Section 13886(a)	Related to CCLC BP 2220

PURPOSE

To assist the Board of Trustees in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control, the audit process, and the District's process for monitoring compliance with laws and regulations regarding Board policies related to the laws and regulations governing financial conduct.

AUTHORITY

The Audit Committee has authority to authorize and oversee investigations into matters within its scope of responsibility. It is empowered to, consistent with State and Local laws and regulations:

- Oversee the work of any registered public accounting firm employed by the San Francisco Community College District.
- Seek to resolve disagreements between administration and the auditors regarding financial reporting and risk assessment.
- Recommend to the full Board of Trustees approval of all auditing and risk assessment services.
- Recommend to the full Board of Trustees the retention of independent counsel, accountants, or others to advise the Committee or assist in conducting an investigation.
- Seek information as required from employees.
- Meet with District officers, external auditors, or outside counsel, as necessary.

COMPOSITION

The Audit Committee will consist of three members of the Board of Trustees, the internal auditor, and if possible one appointed non-voting external Certified Public Accountant (CPA) who shall not be compensated. The Board president will appoint Committee members and the Committee chair.

Recommended by Participatory Governance Council: May 4, 2023

Approved by Board of Trustees: August 24, 2023

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MEETINGS

The Audit Committee will meet at least two times a year, with authority to convene additional meetings, as necessary. All Committee members are expected to attend each meeting, in person or via teleconference or video-conference. The Committee will conduct public meetings or meet in a closed session in conformance with the Brown Act. The Committee may invite administration, auditors or others to attend meetings and provide pertinent information, as necessary. Copies of audio recordings will be available upon request.

RESPONSIBILITIES

The Committee will carry out the following responsibilities which include, but are not limited to:

Financial Statements

- Review significant accounting and reporting issues, including complex or unusual transactions, and recent professional and regulatory pronouncements, and understand their impact on the financial statements.
- Review with administration and the external auditors the results of audits, including any difficulties encountered.
- Review the Annual Financial Statement audits, and consider whether they are complete, accurate, consistent with information known to committee members, and reflect appropriate accounting principles.
- Review with administration and the external auditors all matters required to be communicated to the committee under generally accepted auditing Standards.
- Review how administration develops interim financial information, and the nature and extent of internal and external auditor involvement.
- Review quarterly financial reports with administration and the external auditors before filing with regulators, and consider whether they are complete and consistent with the information known to committee members.

Internal Control

- Review the effectiveness of the District's internal control system, including information technology security and control.
- Review the scope of internal and/or external auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with administration's responses.

Internal Audit

- Review with administration and the District Internal Auditor the guiding principles, activities, staffing, and organizational structure of the internal audit function.
- Review and approve the annual Audit Plan and all major changes to the plan for recommendation to the full Board of Trustees.
- Review the effectiveness of the internal audit function, including compliance with The Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing, implementation of the Audit Plan, and execution of internal audit activities/functions.
- When necessary, meet separately with the Chancellor and the District Internal Auditor to discuss matters that are in accordance with the Brown Act.

External Audit

- Review the external auditors' proposed audit scope and approach, including coordination of audit effort with internal audit.
- Review the performance of the external auditors, and recommend to the Board of Trustees the appointment or discharge of the auditors.
- Review the independence of external auditors by obtaining information from auditors regarding relationships between the external auditors and the District, including non-audit services, and discussing the relationships with the auditors.
- Review with administration and the District Internal Auditor efforts to reduce annual audit fees.

Compliance

- Review the effectiveness of administration's efforts to monitor compliance with laws and regulations, including results of administration's investigation and follow-up (including disciplinary action) of any instances of noncompliance.
- Review the findings of any examinations by regulatory agencies, and any auditor observations.
- Review the process for communicating the financial policies to District personnel, and for monitoring compliance therewith.
- Consult with the appropriate administrative staff regarding compliance matters. Reporting Responsibilities
- Provide an open avenue of communication between the Office of Internal Audit, the external auditors, and the Board of Trustees.
- Report annually to the Board of Trustees, in open session, describing the Committee's composition, responsibilities and how they were discharged.

Other Responsibilities

- Perform other activities related to the guiding principles as required by the regulations.
- Recommend to the full Board and oversee special investigations as needed that relate to committee responsibilities.
- Review and assess the adequacy of the Committee's guiding principles annually, requesting Board of Trustees approval for proposed changes, and ensure appropriate disclosure as may be required by law or regulation.
- Review any reports the District issues that relate to committee responsibilities.