
Administrative Procedure
Chapter 6 – Business and Fiscal Affairs

AP 6401 Performance Audits

References:

California Government Code Section 1236
Association of Local Government Auditors – Model Legislation Guidelines for
Local Government Auditors

1. Organizational Independence – Establishment of the Audit Function

The Performance Audit Unit of the San Mateo County Community College District (SMCCCD) is hereby established. The Performance Auditor/Policy Analyst shall be designated through appointment by the SMCCCD Board of Trustees (Board) and may be subject to termination by the Board of Trustees in accordance with the applicable SMCCCD policy, procedure, and employment laws of the State of California.

2. Qualifications – Competent Leadership

The Performance Auditor/Policy Analyst shall possess adequate professional proficiency for the job. Professional proficiency can be demonstrated by relevant certifications such as Certified Internal Auditor (CIA), Certified Public Accountant (CPA) or Chartered Accountant 3 (CA) **-OR-** an advanced degree and at least five (5) years of experience in government auditing, evaluation, or analysis. The Performance Auditor/Policy Analyst should have a bachelor's degree in public policy, accounting, business administration, economics, or a related field.

3. Funding

Sufficient funds shall be proposed and approved to carry out the responsibilities specified herein until such time as the Board of Trustees determines to terminate the Performance Audit Unit.

4. Professional Development

As long as the Performance Audit Unit remains in existence, sufficient resources shall be made available to the Performance Auditor/Policy Analyst to ensure appropriate professional development, continuing professional education and compliance with applicable professional standards, licensure and/or professional

certification requirements.

5. Powers and Duties; Scope of Audits

The Auditor shall have authority to conduct performance audits of all departments, offices, activities, agencies, and programs of the SMCCCD as directed by the Board of Trustees.

6. Standards

Audits shall be conducted in accordance with the Government Auditing Standards issued by the Comptroller General of the United States.

7. Annual Audit Plan

The Performance Auditor/Policy Analyst shall submit for approval to the Board an annual audit plan by the beginning of each fiscal year. The annual audit plan should include the proposed audits, identify potential audit objectives or the general nature of the audits, and may identify potential audits for following fiscal years. With Board approval, the Performance Auditor/Policy Analyst may modify the annual audit plan as necessary during the fiscal year.

8. Access to Employees, Records and Property

For purposes of conducting an authorized performance audit, all officers and employees of the SMCCCD District shall provide to the Performance Auditor/Policy Analyst unrestricted access to employees, information and records (including electronic data) within their custody regarding powers, duties, activities, organization, property, financial transactions, contracts, and methods of business required to conduct an audit or otherwise perform audit duties. In addition, they shall provide access for the Performance Auditor/Policy Analyst to inspect all property, equipment, and facilities within their custody. Further, all contracts with outside contractors and subcontractors shall contain a "right-to-audit" clause and provide for auditor access in accordance with Government Auditing Standards as necessary to deem compliance with the contract terms and conditions.

9. Interactive Process, Auditee Response, and Implementation Plan

The Auditor, in accordance with Government Auditing Standards, must at all times maintain independence. The interactive process in no way compromises the auditor's independence, and the auditor must lawfully attest to this independence with each audit.

- a. Performance Auditor shall engage the audited department and the Chancellor in an interactive process with the draft findings and conclusions in accordance with Government Auditing Standards. This

mandate helps the auditor develop a report that is fair, complete, and objective. The draft audit findings and conclusions must be provided to Management for review and comment both to ensure the accuracy of the report.

- b. Performance Auditor then submits the final report to the Chancellor and solicits a written response within two weeks or by another deadline established by mutual agreement. The Chancellor's response specifies agreement with audit findings and recommendations and/or reasons for disagreement with findings and/or recommendations. If no response is received, the Performance Auditor/Policy Analyst will note that fact in the final audit report. Both the final report and the Chancellor's written response is shared publicly with the Board of Trustees during a Regular Board Meeting.
- c. In addition to the final audit report's issuance to the Board, the Chancellor submits for board approval an Implementation Plan for implementing solutions to identified issues and a timetable to complete such activities.
- d. A copy of the board-approved implementation plan shall be submitted to the Performance Auditor/Policy Analyst for the annual audit recommendation follow-up process.

10. Audit Reports

Each audit will result in a report, written or in some other retrievable form. The report shall contain relevant background information and findings and recommendations, and shall communicate results to the Board. Some information may be protected by state or federal law, and therefore not disclosed by the Performance Auditor/Policy Analyst.

11. Annual Audit Follow-up Report

The Performance Auditor/Policy Analyst shall follow-up on audit recommendations as practical, and shall submit an annual report to the Board indicating audits completed, major findings, corrective actions taken, and any significant issues which have not been fully addressed by management.

12. Peer Reviews

The audit activities of the Performance Audit Unit shall be subject to a peer review in accordance with the Government Auditing Standards by a professional, nonpartisan objective group. A copy of the written report of this independent review shall be provided to each member of the Board.

Also see BP 6401 Performance Audits

Approved:

Revised:

Legal Citations for AP 6401

GOVERNMENT CODE - GOV

TITLE 1. GENERAL [100 - 7931.000]

(Title 1 enacted by Stats. 1943, Ch. 134.)

DIVISION 4. PUBLIC OFFICERS AND EMPLOYEES [1000 - 3599.84]

(Division 4 enacted by Stats. 1943, Ch. 134.)

CHAPTER 1. General [1000 - 1241]

(Chapter 1 enacted by Stats. 1943, Ch. 134.)

ARTICLE 8. Miscellaneous [1220 - 1241]

(Article 8 enacted by Stats. 1943, Ch. 134.)

1236.

(a) All city, county, city and county, and district employees that conduct audits or that conduct audit activities of those respective agencies shall conduct their work under the general and specified standards prescribed by the Institute of Internal Auditors or the Government Auditing Standards issued by the Comptroller General of the United States, as appropriate. The standards generally provide as follows:

- (1) That auditors should be independent of the activities they audit.
- (2) That audits should be performed with proficiency and due professional care.
- (3) That the scope of the audit should encompass the examination and evaluation of the adequacy and effectiveness of the organization's system of internal control and the quality of performance in carrying out assigned responsibilities.
- (4) That audit work should include planning the audit, examining and evaluating information, communicating results, and following up.
- (5) That the chief auditor should properly manage the auditing department.

(b) Nothing in this section is intended to limit the rights or obligations of auditors to conduct audits and audit activities in accordance with other laws and regulations that may apply to a particular entity, as appropriate.

(Amended by Stats. 2006, Ch. 452, Sec. 1. Effective January 1, 2007.)