

Coast Community College District
BOARD POLICY
Chapter 2
Board of Trustees

BP 2228 Board of Trustees' Audit and Budget Committee

PURPOSE

The Board of Trustees' Audit and Budget Committee (The Committee) is established under the authority of the Board of Trustees and reports directly to the Board. The primary purpose of the Audit and Budget Committee is to act in an advisory role to the Board of Trustees in carrying out its fiduciary responsibilities as they relate to the District's financial management and oversight of financial reporting, internal controls and compliance with legal and regulatory requirements applicable to Coast Community College District Operations.

GOALS AND OBJECTIVES

While assisting the Board of Trustees with fiduciary duties, the Audit and Budget Committee also provides an open avenue of communication between the Board of Trustees, the Internal Audit Department, the District's External Auditors and the District's Executive Management concerning all budgetary matters. The Audit and Budget Committee has the following goals and objectives:

- Increased awareness and transparency concerning District budgetary matters;
- Establishment of a system of regular reporting by the colleges and District office to the Committee and the full Board of Trustees on budgetary matters;
- Increased collaboration and dialogue between the Board and the District Budget Advisory Committee concerning budgetary matters;
- Ensure compliance with all federal, state and local financial requirements;
- Increased objectivity and credibility of financial reports;
- Improved Management and Board financial accountability;
- Support for measures to improve financial performance and internal controls;
- Increased employee awareness of unethical, questionable, or illegal activities;
- Enhanced independence and effectiveness of the Internal Audit Department; and
- Assurance that appropriate Management action plans are implemented for audit findings and recommendations.

COMPOSITION OF THE AUDIT AND BUDGET COMMITTEE

The Audit and Budget Committee shall consist of two Members, a Chair and Vice-Chair, who serve alternating terms of service, each with equal voting rights. Initially, one Member of the Committee will serve a three year term and the second shall serve a two year term. Thereafter, each Member of the Audit and Budget Committee shall serve a two year term of service on an alternating basis.

All Members of the Audit and Budget Committee shall possess or obtain a basic understanding of governmental financial reporting and auditing, a basic understanding of fiscal matters and

public finance and shall have a requisite interest in the budget and financial reporting issues of the District and its three colleges.

The Audit and Budget Committee may have access to at least one financial expert, as needed, an outside party, with no voting rights, who will provide advisory and consulting duties. The financial expert shall be an individual with sufficient financial experience and interest to provide guidance and assistance to the Audit and Budget Committee.

The Vice Chancellor of Finance and Administrative Services, or designee, will consult with and advise the Committee on an ex-officio basis.

RESPONSIBILITIES

The Audit and Budget Committee is established with significant responsibilities while providing oversight of the District-wide budget development process through a review of Board priorities, budget assumptions, allocation model and the annual budget development calendar. This is to include financial reporting, internal controls, external audit, compliance and other matters as deemed necessary. The Audit and Budget Committee has the following responsibilities:

- Works with the Chancellor and/or Vice Chancellor of Finance and Administrative Services to review, discuss and analyze budget matters;
- In consultation with the Chancellor and/or Vice Chancellor of Finance and Administrative Services, reviews and interprets budgetary updates and related communications from the State Chancellor's Office and Community College League of California in an effort to understand their impact on the District office and three colleges;
- Receives updates on the status of budgetary matters at the District Office and three colleges and reports to the Board of Trustees as appropriate;
- Reviews recommendations, in advance of being provided to the Board of Trustees, from the District Budget Advisory Committee concerning staff proposals pertaining to the budgets of the District office and three colleges;
- Reviews, in advance of being provided to the Board of Trustees, all budget-related reports and documents that are provided to the Board of Trustees, including, but not limited to, the Tentative Annual Budget of the Coast Community College District, District Quarterly Financial Status Reports, the Final Annual Budget of the Coast Community College District, and State allocations for District Full Time Equivalent Students (FTES);
- Analyzes and track's the District's progress in allocating budgetary resources with any Board-approved Master Plans;
- Develops, in coordination with the Board of Trustees' lobbyist, advocacy efforts for the Board of Trustees, District and its three colleges concerning budgetary matters;
- Reviews the budgets of the District's General Obligation Bond Funds, District Foundations, and the Coast Community College District Enterprise;
- Coordinate the efforts of the Internal Audit Department so that their work is consistent with the goals and objectives of the Committee;
- Recommends to the Board the approval of any auditing and or consulting services;
- Initiates and monitors the procurement process for the selection of the external auditor. Makes the final recommendation of a selected bidder from the external auditor procurement process to the Board of Trustees;
- Provides contract oversight of the external auditing function. Reviews the effectiveness of the external auditor's work, and provides the Board of Trustees with the final recommendation to continue with or discharge the current external auditing firm;

- Ensures that corrective action is taken that is identified by the internal and external auditors; and
- Reviews and refers the external auditor's report to the Board of Trustees.

ETHICAL CONDUCT

Members of the Audit and Budget Committee are expected to conduct business in the most ethical way possible and to adhere to the Code of Ethics adopted by the Board of Trustees on September 5, 2007.

MEETINGS

The Audit and Budget Committee shall meet as needed

REPORTING

The Audit and Budget Committee will report to the Board of Trustees as appropriate.

Adopted March 2, 2011