

ARTICLE IX

DISTRICT AUDIT CHARTER

7900. POLICY

Internal Audit is an independent appraisal function established within the Los Angeles Community College District to examine and evaluate the activities of the District. The objective of Internal Audit is to assist the Board of Trustees and executive management in the effective discharge of their responsibilities. To this end Internal Audit will furnish the Board of Trustees and executive management with analyses, appraisals, recommendations, counsel and information concerning the activities reviewed.

To yield independent, objective internal audit results within the District, it is the responsibility of the Manager of Internal Audit to ensure the Internal Audit Unit complies with auditing standards issued by the Comptroller General of the United States. Compliance with those standards requires the Internal Audit Unit be independent in fact and in appearance to the activities under audit. To meet this requirement, Internal Audit will report audit findings to the Board of Trustees' Audit/Budget Committee no less than annually. The Internal Audit Unit will report, functionally, through the Vice Chancellor, Business Services, who is to ensure the Internal Audit Unit is granted access to all information necessary to fulfill its audit obligations.

The Internal Audit Unit will be maintained to provide assurance to the Board of Trustees through this Audit Charter that:

7900.10 Financial statements and reports comply with Board policy, applicable government regulations and generally accepted accounting principles;

Adopted 05-20-92

7900.11 Internal accounting controls are adequate and effective in ensuring compliance with Federal, State and County laws and regulations and in protecting the assets of the District; and

7900.12 Operational policies promoting compliance with regulations and efficient use of available resources are enforced.

Adopted 05-20-92

7901. AUTHORITY AND RESPONSIBILITY

The Vice Chancellor of Business Services is responsible for providing direction in carrying out the District policy regarding the District Audit function.

Adopted 05-20-92

A. General Principles

1. Definition: A "Whistleblower Complaint" is a good faith question or complaint that there has been an illegal order or improper governmental activity as defined by Education Code section 87162(b) and (c). This definition shall apply as it may be amended and as it presently reads as follows:

*"(b) 'Illegal order' means any directive to violate or assist in violating a federal, state, or local law, rule, or regulation or an order to work or cause others to work in conditions outside of their line of duty that would unreasonably threaten the health or safety of employees or the public..."*

*(c) 'Improper governmental activity' means an activity by a community college or by an employee that is undertaken in the performance of the employee's official duties, whether or not that activity is within the scope of his or her employment, and that meets either of the following descriptions:*

*(1) The activity violates a state or federal law or regulation, including, but not limited to, corruption, malfeasance, bribery, theft of government property, fraudulent claims, fraud, coercion, conversion, malicious prosecution, misuse of government property, or willful omission to perform duty.*

*(2) The activity is economically wasteful or involves gross misconduct, incompetency, or inefficiency."*

2. A Whistleblower Complaint may also include an allegation of making a deliberately false complaint under this policy. A Whistleblower Complaint does not include grade grievances, matters grievable pursuant to an employee grievance policy or allegations of unlawful discrimination.

Adopted 07-14-10

3. No unlawful retaliation - Employees, students, vendors, volunteers and others will be entitled to raise Whistleblower Complaints without unlawful retaliation.
4. Potential mitigation - The submission of a Whistleblower Complaint does not operate to absolve an individual for his or her respective responsibility and conduct, but may be considered as a mitigating factor for purposes of any actions to be taken against the whistleblower.

B. Complaint Process/Alternate Reporting

1. Hotline
  - a. The Internal Audit Unit will maintain a whistleblower telephone hotline that can be reached 24 hours a day, 7 days a week.
  - b. The telephone hotline will be accessible only to the Director of Internal Audit ("DIA"), who will keep an appropriate and secure log of calls received and the disposition of those calls.
  - c. Complainants who wish to remain anonymous will be able to telephone the hotline during business hours and be given a unique identifier number. To the extent resources become available to establish a like process for calls outside of business hours, the DIA will pursue such a process.

Adopted 07-14-10

2. To the extent possible, the DIA will establish an Internet-based portal for submission of anonymous complaints, with a warning that reads, "The District will not trace the source of an electronic submission except in the case of exigent circumstances to protect life or property. You are cautioned that electronic transactions are generally traceable and the District cannot guarantee that others will not seek to do so. Complainants may also make complaints by telephoning [provide number] during business hours and obtaining a unique, anonymous identifier number." or comparable language as may be appropriate. Complainant Identity - The DIA will have a responsibility to protect the identity of any complainant in the role of whistleblower as confidential and may not reveal that information to anyone except as may be compelled by Court order. To the extent that a complainant becomes identified as a witness or other interested party in the course of an investigation, the complainant's identity in that capacity may be confidential during the course of the investigation, but cannot be confidential in the event of actions taken which require the revelation of the witness' or other interested party's identity for purposes of due process.
3. Alternate Reporting for Conflicts of Interest
  - a. In the event that the matter involves conduct by the applicable College President or Deputy Chancellor or any other person who reports directly to the Chancellor, the report will be referred to the Chancellor.
  - b. Complaints against the Internal Audit Unit may be made to the Chief Financial Officer, who will act in the role of the DIA under this policy.

Adopted 07-14-10

- c. Complaints made regarding the Board of Trustees acting as a whole will be referred to the State Chancellor's Office. In the event that the report involves conduct by the Chancellor or an individual Trustee, the report will be delivered to the General Counsel, who will have the responsibility to place it on the next available Board agenda for a report to the Board of Trustees as a whole.

C. Disposition

1. Initial Assessment - The DIA will make an initial assessment of any given report. The DIA will have discretion to determine that the allegations, if true, would not constitute inappropriate conduct or inappropriate failure to act on behalf of the District, and dispose of the matter without further action. The DIA in consultation with his supervisor, the Chief Financial Officer/Treasurer, will have discretion to determine the relative priority of complaints, and the discretion to determine that additional resources are necessary.
2. Investigation - The DIA or his or her designee will investigate complaints which, if true, would constitute an illegal order or improper governmental activity as defined by Education Code section 87162(b) and (c).
3. Reporting - The DIA will report quarterly to the Review Committee regarding all complaints made utilizing only identifier numbers and the disposition of those complaints. The Review Committee may make recommendations to the Chancellor regarding any of the dispositions.

Adopted 07-14-10

D. Review Committee

1. Submission to Review Committee - If the DIA's investigation determines that there is evidence of illegal order or improper governmental activity as defined by Education Code section 87162(b) and (c) by people acting on behalf of the District that warrants corrective action the DIA will submit a written report to the Review Committee. The Review Committee will be made up of three employees designated by the Chancellor, with designated alternates in the event of a conflict of interest. The Review Committee members will be employees with diverse knowledge and skills, and be expected to serve for a two-year period. Neither the DIA nor the Review Committee will determine or recommend the appropriate discipline or action to be taken.
2. Legal Counsel - The Office of General Counsel will provide legal advice to the Review Committee if necessary. If the allegations involve the Office of General Counsel, the DIA will be authorized to obtain legal advice from an outside firm designated in advance through an appropriate selection process.
3. Referral - If the Review Committee concurs that corrective action is warranted the report will be referred to the applicable College President, Chancellor or Deputy Chancellor that has management authority regarding the area ("Receiving Authority"). The Receiving Authority will have a duty to take appropriate and prompt corrective action. In the event that student or employee discipline is involved, the student or employee will be entitled to any and all due process rights related to the imposition of any discipline, including the right to review the report, and including any applicable rights of appeal or challenge.

Adopted 07-14-10

4. Action by the Receiving Authority - The Receiving Authority will have a duty to address the matter promptly and report to the DIA within sixty (60) days. If no actions are taken or reported, the DIA will have a duty to report the inaction to successively higher levels of authority in the organization every thirty (30) days that no action is taken unless or until there is a final disposition by the Board of Trustees.

E. Reporting to Complainant

1. Confirmation to Complainant - The DIA will provide a confirmation of receipt of the complaint to the complainant within five business days, or as soon thereafter as is practical.
2. Follow-up with Complainant - Within ninety (90) days from the receipt of a complaint, the DIA will have the responsibility to advise the complainant of the status or disposition of the complaint. In the event that a complaint requires additional time to address, the DIA will provide status reports each thirty (30) days thereafter until the matter is resolved. Since both students and employees have rights of privacy under applicable laws, the complainant is entitled only to a summary of the factual findings.
3. Follow-up by Complainant - If the complainant refuses to provide contact information, the DIA will have no duty to report to the complainant. If the complainant has been given a unique identifier number to remain anonymous, the complainant may use that identifier number to contact the DIA regarding the status.

F. Evaluation of Policy

1. The Chancellor or his or her designee will report annually to the Board of Trustees or an appropriate Board committee regarding this policy.

Adopted 07-14-10