

**AGENDA**  
**COMMITTEE ON AUDIT**

**Meeting: 2:00 p.m., Tuesday, March 15, 2005**  
**Glenn S. Dumke Auditorium**

Anthony M. Vitti, Chair  
Roberta Achtenberg, Vice Chair  
Herbert L. Carter  
Moctesuma Esparza  
Debra Farar  
Bob Foster  
William Hauck  
Raymond W. Holdsworth

**Consent Items**

Approval of Minutes of Meeting of January 26, 2005

**Discussion Items**

1. Status Report on Current and Follow-up Internal Audit Assignments, *Information*
2. Office of the University Auditor Charter, *Action*

**MINUTES OF THE MEETING OF  
COMMITTEE ON AUDIT**

**Trustees of The California State University  
Office of the Chancellor  
Glenn S. Dumke Conference Center  
401 Golden Shore  
Long Beach, California**

**January 26, 2005**

**Members Present**

Roberta Achtenberg, Vice Chair  
Herbert L. Carter  
Moctesuma Esparza  
Debra S. Farar  
Bob Foster  
William Hauck

Trustee Achtenberg called the meeting to order.

**Approval of Minutes**

The minutes of the meeting of November 17, 2004, were approved as submitted.

**Status Report on Current and Follow-up Internal Audit Assignments**

Mr. Larry Mandel, university auditor, presented the Status Report on Current and Follow-up Internal Audit Assignments, Agenda Item 1 of the January 25-26, 2005, Board of Trustees agenda.

Mr. Mandel stated that the campuses have made excellent progress in completing the recommendations and are to be commended for their efforts. He noted that documentation demonstrating the completion of outstanding recommendations at California State University (CSU), Chico had been recently submitted and was currently being reviewed by Office of the University Auditor (OUA) management.

**Assignment of Functions to be Reviewed by the Office of the University Auditor for Calendar Year 2005**

Mr. Mandel explained that each year at the January meeting of the Board of Trustees, the Committee on Audit selects the three subject area audit assignments for the OUA and approves the audit plan for the year. He further explained that in addition to the subject area assignments,

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financial internal control (FISMA); auxiliary organization reviews; and construction reviews, which are performed by KPMG, are planned for calendar year 2005.

Mr. Mandel stated that this is the third year of a three-year risk assessment that was completed in the last quarter of calendar year 2002. He further stated that the results of the 2002 risk assessment were used to assist in the selection of the audit assignments. He explained that Audit Item 2, Attachment A lists 29 prospective audit topics that represent the top 50 percent of risk and indicates the time last audited by the OUA. Based on the risk assessment, subject areas reviewed in the recent past, and discussion with the Executive Audit Committee (which is represented by four CSU presidents and the executive vice chancellor/chief financial officer), the following three subject areas were recommended for consideration for calendar year 2005: Continuing Education, Housing/Residential Services, and Student Records.

Trustee Kaiser inquired as to the reason for not selecting Intercollegiate Athletics as one of the subject area assignments since it has never been audited by the OUA.

Both Chancellor Reed and Mr. Mandel explained that Intercollegiate Athletics receives reviews each year as required by NCAA.

Trustee Kaiser suggested that it would be helpful when presenting prospective audit topics to indicate that certain subjects are reviewed by other agencies.

Vice Chair Achtenberg called for a motion to approve the Committee resolution. A motion was then made and the resolution was passed unanimously to approve the audit plan for calendar year 2005.

Trustee Esparza stated his concern that a comment he made at the November 2005 Committee on Audit meeting requesting additional information on diversity in the awarding of procurement contracts was not reflected in the current minutes.

Mr. Frederick W. Pierce, IV, former CSU Trustee, interjected from the audience to clarify that the minutes of the Finance Committee, dated November 16, 2005, included a request from Trustee Esparza for information on the competitive bid process for selecting an underwriter, but did not reflect the comment regarding diversity.

Trustee Achtenberg stated that Trustee Esparza's comment regarding diversity in the awarding of procurement contracts would be reflected in the minutes of the Finance Committee.

### **Audit Committee Charter**

In an effort to align the Board of Trustees Committee on Audit with the best practices taking place within governing boards across the country, an Audit Committee Charter was presented for review and approval. Mr. Mandel noted that although Sarbanes-Oxley does not specifically apply to non-profit organizations, it includes certain provisions that have relevance to higher education, including those that enhance accountability and responsibility. He further noted that the *International Standards for the Professional Practice of Internal Auditing* state that the chief audit executive should assist the audit committee in ensuring the adequacy of its charter.

Chancellor Reed commented that the Audit Committee Charter in the agenda handout had been revised to exclude statements pertaining to the code of ethics. He explained that the Board of Trustees already has a code of ethics and it would not be necessary to include one in the Audit Committee Charter. He stated that the CSU strives to follow Sarbanes-Oxley principles and guidelines and strongly recommended the approval of the Audit Committee Charter.

Vice Chair Achtenberg called for a motion to approve the Committee resolution. A motion was then made and the resolution was passed unanimously to approve the Audit Committee Charter.

Trustee Galinson reminded the board members that in order to make a motion and vote on a committee action item, one must be a member of that committee.

### **Report of the Systemwide Audit in Accordance With Generally Accepted Accounting Principles Including the Report to Management**

Mr. Dennis Hordyk, assistant vice chancellor, financial services, presented the financial statements for the California State University (University) for the fiscal year ending June 30, 2004, and stated that this is the third year in which the financial statements were prepared in accordance with Governmental Accounting Standards Board (GASB) Statements 34 and 35. He noted that one of the significant changes that occurred as a result of GASB 34 and 35 was the addition to financial statements of a Management Discussion and Analysis, which provides an overview of the financial position of the activities of the University. To remind the Trustees of the fiscal conditions of the 2003-04 fiscal year, Mr. Hordyk reported that due to the state's budget deficit, the University's general fund budget was reduced by approximately \$452 million. This budget reduction was partially offset by a 30 percent increase in undergraduate and graduate fees totaling \$167 million. The net fiscal impact of these adjustments totaled approximately \$285 million in reductions to the University's budget. He stated that in April 2004, the state provided approximately \$155 million to reflect increased employer-paid contributions to the California Public Employees' Retirement System (CalPERS) retirement plan. He also reported that the University's 2004 capital appropriations significantly decreased from the prior year, primarily because the University received approximately 70 percent of a two-year capital appropriation budget in 2003 as a result of the Governor's Economic Stimulus Package. He

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noted that headcount enrollment decreased by approximately 2,500, and full-time equivalents increased by approximately 350.

Mr. Hordyk highlighted significant changes in the Statement of Revenues, Expenses, and Changes in Net Assets. He indicated that student tuition and fees increased by approximately \$153 million from fiscal year 2003, and state appropriations decreased by approximately \$19 million, primarily due to the CalPERS contribution. He reported that nearly 70 percent of the University's total operating expenses supported instruction and instructionally related programs. In addition, instructional expenses increased by approximately 3 percent in the current fiscal year, primarily due to the accrual of the faculty early retirement program and an increase in the CalPERS contribution.

Mr. Hordyk highlighted significant changes in the Schedule of Net Assets. He noted an increase of \$482 million in current assets and a decrease of \$408 million in non-current assets. He explained that the decrease in non-current assets was the result of a correction in the recording of investments. In fiscal year 2002/03, all investments other than endowments were recorded as long-term investments, rather than current assets. He also noted that the University's capital assets increased by \$254 million. Mr. Hordyk indicated that the University's current and non-current liabilities increased by approximately \$197 million; the major contributing factors to the increase are the issuance of the 2004A Systemwide Revenue Bonds, offset by the pay down in debt and capital lease obligations. He also indicated that net assets exceeded liabilities by nearly \$4 billion, which is an increase of \$131 million.

Trustee Kaiser asked for clarification on the difference between current assets and capital assets.

Mr. Hordyk explained that capital assets include buildings and construction in process and current assets consist of cash and cash equivalents and short-term investments.

Mr. Hordyk introduced Mr. Mark Thomas, managing partner, KPMG, who discussed the Independent Auditors' Report of the University's basic financial statements.

Mr. Thomas commended the University in its detailed presentation of the financial statements, which includes a complete and comprehensive review of the CSU system, including the campus' auxiliary organizations. He commented that the CSU review is clearly the largest audit of any public university in the country, and acknowledged that it was a substantial effort by both the CSU and KPMG staffs to prepare these financial statements.

Mr. Thomas stated that the Independent Auditors' Report provides an unqualified, clean opinion on the University's basic financial statements.

### **Single Audit Reports of Federal Funds**

Mr. Thomas explained that because the CSU is a large recipient of federal funds, it is subjected to Office of Management and Budget (OMB) Circular A-133. He further explained that the federal funds are for programs associated with the University only and does not include the auxiliary organizations. He noted that the University has a total of approximately \$1.2 billion in federal funds, most of which is for student financial aid.

Mr. Thomas reported that two of the three recommendations included in the Single Audit Report pertain to the financial statement preparation process at San Francisco State University and financial aid reconciliation issues at California State Polytechnic University, Pomona. Both campuses agree with the recommendations and have submitted corrective action plans.

Trustee Kaiser asked for clarification regarding state appropriations, non-capital pertaining to student tuition and fees.

Mr. Richard P. West, executive vice chancellor and chief financial officer, explained that state appropriations are redirected to fund health and employee benefits, etc., and the financial statements reflect the amount expended.

## **COMMITTEE ON AUDIT**

### **Status Report on Current and Follow-up Internal Audit Assignments**

#### **Presentation By**

Larry Mandel  
University Auditor

#### **Summary**

This item includes both a status report on the 2005 audit plan and follow-up on past assignments. For the current year, assignments have been made to conduct reviews of FISMA (financial internal controls), Auxiliary Organizations, Continuing Education, Housing/Residential Services, Student Records and Registration, Information Systems, and Construction. In addition, follow-up on past assignments (FISMA, Auxiliary Organizations, Disaster/Contingency Planning, Admissions, Human Resources, and Student Activities) is currently being conducted on approximately 35 prior campus/auxiliary/investigative reviews. Attachment A summarizes the reviews in tabular form. An up-to-date Attachment A will be distributed at the Committee meeting.

### **Status Report on Current and Follow-up Internal Audit Assignments**

At the January 2005 meeting of the Committee on Audit, an audit plan calling for the review of the following subject areas was approved: FISMA (financial internal controls), Auxiliary Organizations, Continuing Education, Housing/Residential Services, Student Records and Registration, Information Systems, and Construction.

#### *FISMA*

The audit plan indicated that approximately 132 staff weeks of activity (17 percent of the plan) would be devoted to auditing financial internal controls on 12 campuses. Fieldwork is currently taking place at one campus.

#### *Auxiliary Organizations*

The audit plan indicated that approximately 241 staff weeks of activity (29 percent of the plan) would be devoted to auditing internal compliance/internal control at 8 campuses/27 auxiliaries. Report writing is being completed on one campus/two auxiliary reviews.

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*Continuing Education*

The audit plan indicated that approximately 97 staff weeks of activity (12 percent of the plan) would be devoted to a review of ten campuses to ensure proper management of the processes for administration of continuing education and extended learning operations as self-supporting entities; budgeting procedures, fee authorizations, and selection and management of courses; faculty workloads and payments to faculty and other instructors; enrollment procedures and maintenance of student records; and reporting of continuing education activity and maintenance of CERF contingency reserves. The audit program for this subject is currently being developed by the audit manager in charge of the project.

*Housing/Residential Services*

The audit plan indicated that approximately 97 staff weeks of activity (12 percent of the plan) would be devoted to a review of ten campuses to ensure proper management of on-campus residence halls and the programming of activities for residential students; support of activities afforded students in locating suitable housing; review of Dormitory Revenue Fund Operations and residence hall costs; processes for establishing housing fees; and maintenance of residence halls. The audit program for this subject is currently being field tested by the audit manager in charge of the project.

*Student Records/Registration*

The audit plan indicated that approximately 97 staff weeks of activity (12 percent of the audit plan) would be devoted to a review of ten campuses to ensure proper administration of database recordkeeping and registration systems; procedures for creating and changing records; and security measures protecting against unauthorized or inadvertent modification, removal or destruction of records. The audit program for this subject is currently being developed by the audit manager in charge of the project.

*Information Systems*

The audit plan indicated that approximately 43 staff weeks of activity (5 percent of the plan) would be devoted to review of systemwide projects such as: Disaster Recovery, Common Management Systems (CMS), and Web Security. In addition, support will be provided in the area of financial internal controls for both campus (FISMA) and auxiliary audits. Review and training are ongoing.

*Follow-ups*

The audit plan indicated that approximately 28 staff weeks of activity (3 percent of the plan) would be devoted to follow-up on prior audit recommendations. The Office of the University Auditor is currently tracking approximately 35 prior audits (FISMA, Auxiliary Organizations, Disaster/Contingency Planning, Admissions, Human Resources, and Student Activities) to determine the appropriateness of the corrective action taken for each recommendation and whether additional action is required.

*Consultations and Investigations*

The audit plan indicated that approximately 76 staff weeks of activity (9 percent of the plan) would be devoted to campus consultations and special requests. The Office of the University Auditor is periodically called upon to provide consultation to the campuses and/or to perform special audit requests made by the Chancellor. Typically, the special requests are investigative in nature and often are the result of alleged defalcations or conflicts of interest. In addition, whistleblower investigations will now be performed on an ongoing basis, both by referral from the State Auditor, and directly from the chancellor's office

*Construction*

The audit plan indicated that approximately five staff weeks of activity (1 percent of the plan) would be devoted to coordination of construction auditing. For the 2004/05 fiscal year, six construction projects are being reviewed by KPMG with coordination from the Office of the University Auditor. Areas under review include construction bid process, change orders, project management services, contractor compliance, liquidated damages, and cost verification of major equipment and construction components. Two audits await a response prior to completion, and two audits are in the report writing stage.

**Status Report on Current and Follow-Up Internal Audit Assignments**  
 (as of 2/25/2005)

	2005 ASSIGNMENTS					FOLLOW-UP ON PAST/CURRENT ASSIGNMENTS													
	FISMA	Aux Orgs	Cont Educ	Housing/Res Svcs	Stdnt Records	FISMA		Auxiliary Organizations			Disaster/Cont Plng		Admissions		Human Resources		Student Activities		
		*Recs	**Mo.	•No.	*Recs	**Mo.	*Recs	**Mo.	*Recs	**Mo.	*Recs	**Mo.	*Recs	**Mo.	*Recs	**Mo.	*Recs	**Mo.	
BAK						13/13	-	3	42/42	-	5/5	-							
CHI						5/6	6	3	27/32	8									
CI	RW					20/23	8	2											
DH						12/12	-	3	32/36	9			4/6	3					
EB						6/17	7	4	65/65	-									
FRE						7/8	11	6	107/107	-									
FUL						6/6	-	4	32/32	-	8/8	-					3/5	4	
HUM						4/4	-	3	53/53	-									
LB		FW				7/7	-	3	27/27	-					2/5	3			
LA						5/7	8	4	0/42	3	7/7	-							
MA						0/6	3	2	21/21	-			0/6	3					
MB						23/25	11	2	40/40	-	14/14	-			0/9	3			
NOR						11/11	-	5	46/46	-									
POM						9/9	-	3	16/24	6	3/3	-							
SAC						13/13	-	5	65/65	-	12/12	-			0/7	4			
SB						8/8	-	3	33/33	-			0/3	3	0/5	3			
SD	FW							4	0/21	4	9/9	-	0/6	5					
SF						8/8	-	4	48/48	-					1/3	6			
SJ						9/9	-	4	93/93	-			4/5	7					
SLO						0/14	4	2	29/29	-	9/9	-							
SM						7/12	6	3	34/34	-	9/9	-							
SON						14/14	-	4	21/21	-						7/7	-		
STA						9/9	-	4	50/50	-									
CO						10/10	-	2	16/16	-					2/2	-			
SYS											8/10	8							

FW = Field Work In Progress  
 RW = Report Writing in Progress  
 AI = Audit Incomplete (awaiting formal exit conference and/or campus response)  
 AC = Audit Complete

\* The number of recommendations satisfactorily addressed followed by the number of recommendations in the original report.  
 A "0" in a column is used as a place holder until such time as documentation is provided to the OUA evidencing that a recommendation has been satisfactorily addressed; significant progress may have been made prior to that time.

\*\*The number of months recommendations have been outstanding (since the formal campus exit conference).  
 • The number of auxiliary organizations reviewed.

## **Status Report on Current and Follow-Up Construction Audit Assignments (as of 2/25/2005)**

## **COMMITTEE ON AUDIT**

### **Office of the University Auditor Charter**

#### **Presentation By**

Larry Mandel  
University Auditor

#### **Summary**

The Office of the University Auditor currently operates under both a management charter and a set of policies and procedures, both of which have been approved by the Committee on Audit with prior resolutions (RA 05-99-01 and RA 11-91-03). In an effort to update the mandates contained within each of these documents, some of which overlap, a combined document, to be known as the Office of the University Auditor Charter (Charter) is proposed. The Charter addresses the following areas and is aligned with the requirements of both the Education Code (Section 89045) and the Government Code (Section 1236): nature of activity, mission statement, scope of work, responsibility and authority, independence, and policies and procedures. The Charter is also aligned with the best practices taking place within the audit industry, both within and outside higher education. In addition, The *International Standards for the Professional Practice of Internal Auditing*, the auditing standards for agency audit departments within the state of California, requires an audit charter in its Attribute Standard 1000 and Practice Advisory 1000-1, which state that the purpose, authority and responsibility of the internal audit activity should be formally defined in a charter, consistent with the *Standards*, and approved by the board.

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**THE CALIFORNIA STATE UNIVERSITY**

**INTERNAL AUDIT OFFICE OF THE UNIVERSITY AUDITOR MANAGEMENT  
CHARTER**

**November 20, 1991**

**RESOLVED**, By the Board of Trustees of the California State University, that the following Office of the University Auditor Management Charter is adopted.

**Establishment**

Education Code Section 89045, enacted by Chapter 1406 of the Statutes of 1969, provides for the establishment of an internal auditing function reporting directly to the Trustees of the California State University. The purpose of this statement is to provide in summary form a general understanding of the role and responsibilities of internal auditing.

**Nature**

Internal auditing is an independent, appraisal activityobjective assurance and consulting activity established within the California State University as a service to university management and the Trustees. designed to add value and improve operations. It is a control, which functions by examining and evaluating the adequacy and effectiveness of other controls.

**Mission Statement**

The mission of the Office of the University Auditor is to assist university management and the Trustees in the effective discharge of their fiduciary and administrative responsibilities by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processesprovide broad, constructive and timely audit services to the California State University system. These services are conducted This assistance is provided through a series of independent and objective operational and compliance audits, internal control reviews, investigation services, and consulting.

**Objective and Scope of Work**

The objective of internal auditing is to assist university management and the Trustees in the effective discharge of their responsibilities. To this end, internal auditing furnishes them The Office of the University Auditor provides university management and the Trustees with analyses, appraisals, recommendations, counsel, and information concerning the activities reviewed. The auditMajor objectives include evaluating risk exposures relating to governance, operations, and

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information systems; monitoring the effectiveness and efficiency of controls; and adding value includesby promoting continuous improvement and effective control at reasonable costs.

~~The scope of internal auditing encompasses the examination and evaluation of the adequacy of the university's system of internal control and the quality of performance in carrying out assigned responsibilities.~~ The scope of internal auditing includes:

1. Reviewing the reliability and integrity of financial and operating information and the means used to identify, measure, classify, and report such information;
2. Reviewing the systems established to ensure compliance with those policies, plans, procedures, laws, and regulations, which could have a significant impact on operations and reports, and determining whether the university is in compliance;
3. Reviewing the means of safeguarding assets and, ~~as appropriate~~, verifying the existence of such assets; as appropriate.
4. Appraising the economy and efficiency with which resources are employed; ~~and~~
5. Reviewing operations and programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned.
6. Reviewing the governance process with executive management to ensure effective organizational performance management accountability and promotion of appropriate ethics and values.

### **Responsibility and Authority**

~~Internal Audit~~The Office of the University Auditor functions under the policies established by the Trustees of the California State University and university management. ~~Additionally, T~~the responsibility~~Office~~ of the University Auditor ~~is to~~ serves the university in a manner that is consistent with the International Standards for the Professional Practice of Internal Auditing and ~~with such professional standards of conduct as the Code of Ethics of~~as promulgated by the Institute of Internal Auditors, Inc. In this context, the University Auditor is responsible for:

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1. All administrative duties and requirements pertaining to the operation of the Office of the University Auditor, including the establishment of policies for auditing and directing of the Office of the University Auditor's technical and administrative functions, and represents the California State University system in all relationships with external audit agencies.
2. Developing and executing a comprehensive audit program for the evaluation of management controls provided over all university and auxiliary organization activities; although the Board of Trustees reserves the right to assign the Office of the University Auditor to review any area within its jurisdiction.
3. Examining the effectiveness of all levels of management in their stewardship of university resources and their compliance with established policies and procedures;
4. Recommending improvement of management controls designed to safeguard university and auxiliary organization resources and to ensure compliance with government laws and regulations;
5. Reviewing procedures and records for their adequacy to accomplish intended objectives, and appraising policies and plans relating to the activity or function under audit review;
6. Conducting investigations of alleged incidences of fraud, waste and abuse, and improper governmental activities.
- 6.7. Authorizing the publication of reports on the results of accepted audit examinations, including recommendations for improvement;
- 7.8. Appraising the adequacy of the action taken by operating management to correct reported deficient conditions; accepting adequate corrective action; and,
- 8.9. Conducting special examinations and providing consulting services at the request of management.

The Office of the University Auditor has full, and free and unrestricted access to all records (manual and electronic), property, and personnel of the university (including and recognized auxiliary organizations) activities, records, properties, and personnel. Internal Audit The Office of the University Auditor is free to review and appraise all policies, plans, and procedures.

Internal auditing is a staff function and, as such, has no authority to make operating decisions, to direct anyone in operations, or to take action or implement any of its recommendations. These tasks are the responsibility of the university's and auxiliary management.

### **Independence**

To permit the rendering of impartial and unbiased judgments essential to the proper conduct of audits, internal auditors will be independent of the activities they audit.

### **Policies and Procedures**

The following general operating statement for direction of all activities of the Office of the University Auditor is adopted consistent with the provisions of Government Code Sections 1236 and 13400 et seq., Education Code Sections 89045 and 89761.

#### Audit Planning, Direction, and Supervision

1. Oversight of the audit function provided by the Office of the University Auditor, including the priority of work assignments, shall be the responsibility of the Committee on Audit, which shall report on such matters to the Board of Trustees.
2. An audit plan will be prepared annually by the University Auditor and submitted to the Executive Audit Committee for review. Composition of the membership of the Executive Audit Committee shall be determined by the Chancellor. After review by the Executive Audit Committee, the audit plan shall be submitted for approval by the Board through the Committee on Audit. Audit topics will be selected based upon: a detailed risk assessment that is performed triennially; legislatively mandated reviews noted in Education Code §89045 and Government Code §13400 et seq.; and in the action taken by the trustees' Committee on Audit in agenda item 2 at the January 1999 meeting (currently reflected in the Chancellor's Executive Order #698).
3. Unscheduled audits/investigations of the Office of the Chancellor or of any campus can be requested by the Trustees or the Chancellor. Unscheduled audits/investigations of a campus can also be requested by the campus president but must be approved by the Chancellor.
4. The University Auditor will be responsible for assignment of field-work to staff and contracted agencies and the timely completion of, and reporting on, audits.
5. Communication liaison and consultation with the Committee on Audit will be maintained by the University Auditor, through the Chair of the Committee.

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### Audit Reporting, Follow-Up Procedures, and Program Accountability

1. Copies of all audit reports will be ~~sent made available electronically~~ to the Joint Legislative Audit Committee, the Joint Legislative Budget Committee, the Department of Finance, ~~and the appropriate legislative fiscal and policy committee~~ ~~the Legislative Analyst, and the library of each campus of the university.~~ ~~The trustees, and each campus of the California State University, and the State Auditor shall receive In addition, a hard copy of the audit reports. A hard copy shall also be available for public inspection in the library of each campus of the university.~~
2. The President or Chancellor will communicate to the University Auditor in writing the progress made towards implementing the plan of corrective action noted in the response to the audit ~~no more than six months after the close of the audit~~. The University Auditor will review the responsiveness of the corrective action taken and determine whether additional action may be required. In certain instances, it may be necessary to revisit the campus to ascertain whether the corrective action taken is achieving the desired results. ~~Some corrective action may require more than six months to implement~~. All findings will be tracked until corrective action is taken. Reports of follow-up activity will be made at each meeting of the Committee on Audit.
3. At each meeting of the Committee on Audit, the University Auditor will report the assignment workload showing the status of audits in progress, workload backlog, and disposition taken on completed audit assignments.
4. An external assessment, such as a quality assurance review, will be conducted at least once every five years by a qualified, independent reviewer or review team from outside the California State University. Results of the review will be communicated to the Board through the Committee on Audit.

### Coordination of Work

1. The University Auditor is the point of contact for all entrance and exit conferences held with the Office of the Chancellor by ~~State~~external audit agencies.
2. The University Auditor will coordinate all system responses to audits performed by ~~state~~external audit agencies.
3. The University Auditor is the point of contact for questions concerning the reporting of fiscal improprieties to state agencies (currently reflected in the Chancellor's Executive Order 813).

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- 3.4.** The University Auditor will coordinate internal audit effort with the external auditors to reduce the potential for duplication of audit effort.

Budget, Personnel and Operational Procedures for the Office of the University Auditor

- 1.** For purposes of general administration, staff personnel, budget and space, there shall exist an administrative relationship to the Chancellor.
- 2.** Except for certain personnel actions related to the position of University Auditor noted below, the Office of the University Auditor is subject to all the rules and procedures established by the Chancellor's Office.
- 3.** An independent consultant appointed by the Committee on Audit will prepare triennial performance appraisals of the University Auditor. The consultant will solicit the opinions of trustees, system and campus personnel necessary to evaluate performance. The Committee on Audit will discuss performance expectations and the results of the appraisal with the University Auditor in closed session.
- 4.** All matters concerning the employment, dismissal, and salary for the position of University Auditor will be initiated by the Chancellor and brought to the Board, through the Committee on Audit for approval.

**Approved** by the Board of Trustees of The California State University, November 20, 1991