

AGENDA

COMMITTEE ON AUDIT

Meeting: 2:05 p.m., Tuesday, November 15, 2022
Glenn S. Dumke Auditorium

Lateefah Simon, Chair
Yammilette Rodriguez, Vice Chair
Diana Aguilar-Cruz
Jack Clarke, Jr.
Lillian Kimbell
Jack McGrory
Jose Antonio Vargas

Consent 1. Approval of Minutes of the Meeting of September 13, 2022, *Action*
Discussion 2. Status Report on Audit and Advisory Services Activities, *Information*

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

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

September 13, 2022

Members Present

Lateefah Simon, Chair
Yammilette Rodriguez, Vice Chair
Diana Aguilar-Cruz
Jack Clarke, Jr.
Adam Day
Lillian Kimbell
Jack McGrory
Wenda Fong, Chair of the Board

Trustee Adam Day called the meeting to order.

Approval of the Consent Agenda

The minutes of the July 12, 2022, meeting of the Committee on Audit were approved as submitted.

Item number two, Status Report on Audit and Advisory Services Activities, was an information item.

Trustee Day adjourned the Committee on Audit.

COMMITTEE ON AUDIT

Status Report on Audit and Advisory Services Activities

Presentation By

Vlad Marinescu
Vice Chancellor and Chief Audit Officer
Audit and Advisory Services

Summary

This item provides an update on internal audit activities and initiatives.

The 2021-22 audit plan was completed in September 2022. Attachment A provides a summary of key accomplishments from the 2021-22 plan year.

For the current year 2022-23 audit plan, assignments were made to execute individual campus audit plans and conduct financial, operational, compliance, and information technology audits; use continuous auditing techniques and data analytics tools; provide advisory services; support intergovernmental audits; and perform investigation reviews, as needed.

Follow-up on current and past assignments is being conducted on approximately 41 completed campus reviews. Attachment B summarizes the status of audit assignments by campus.

Additionally, Attachment C illustrates key activities and milestones for the 2022-23 audit plan year.

ASSURANCE AUDITS AND DATA ANALYTICS

Status of In-Process and Completed Audits

Assurance audits of the 23 CSU campuses and Chancellor's Office for 2022-23 are in-progress. Twenty-one campus audits are currently in process and four audit reports have been finalized. Completed audit reports are posted on the California State University website at <https://www2.calstate.edu/csu-system/transparency-accountability/audit-reports>.

The status of campus progress toward implementing recommendations for completed audits is included in Attachment B. Prior year audits that have open recommendations are also included in Attachment B and are removed from the report once all recommendations are completed.

Both campus management and audit management are responsible for tracking the implementation/completion status of audit recommendations contained in campus audit reports. During the audit process, campus management identifies a target completion date for addressing each audit recommendation. Target completion dates are subject to approval by audit management prior to the audit report being finalized. Implementation timelines are reviewed for appropriateness, reasonableness, and timeliness, which also includes evaluating the nature and level of risk and whether any mitigating controls can or should be put in place on an interim basis while audit recommendations are being implemented.

If there are difficulties or unexpected delays in addressing/completing audit recommendations within the agreed upon timeframes, escalation processes for resolution are followed by audit management. Audit management first contacts the campus senior leadership team (president and/or VP/CFO) to resolve any delays. In rare instances in which delays cannot be resolved during discussions between campus and audit management, the chancellor and audit committee chair and/or vice chair may help resolve delays, as needed.

Data Analytics

The data analytics team continues to monitor credit card data and perform human resources/payroll reviews. For human resources/payroll reviews, reviews have been completed for eight campuses and two reviews are in progress. Overall, more than 30 recommendations have been issued to improve human resources and payroll controls.

Additionally, to-date the data analytics team finalized 20 unique dashboards and visualizations for Concur travel data that will be used for travel-related audits and continuous monitoring of travel data.

As part of our AWS implementation, the data analytics team participated in the AWS Data Lab, an accelerated and joint engineering engagement with an AWS expert to build, design, and automate dashboards. The team successfully created 11 credit card dashboards to share with campuses in the future.

ADVISORY SERVICES

Audit and Advisory Services partners with management to identify solutions for business issues, offer opportunities to improve the efficiency and effectiveness of operating areas, and assist with special requests, while ensuring the consideration of related internal control issues. Advisory services are more consultative in nature than traditional audits and are performed in response to requests from campus management. The goal is to enhance awareness of risk, control and compliance issues and to provide a proactive independent review and appraisal of specifically identified concerns. Reviews are ongoing.

INVESTIGATIONS AND INTERGOVERNMENTAL AUDITS

Audit and Advisory Services is periodically called upon to provide investigative reviews, which are often the result of alleged misappropriations or conflicts of interest. Investigations are performed on an ongoing basis, both at the request of an individual campus or the chancellor's office and by referral from the state auditor.

Additionally, Audit and Advisory Services assists with tracking external audits being conducted by state and federal agencies, offers assistance to campuses undergoing such audits, and acts as a liaison for the California State University system throughout the audit process when appropriate. The California State Auditor (CSA) began its audit of the California State University's handling of sexual harassment complaints (Title IX) on November 1, 2022. The CSA audit team began its review at the Chancellor's Office and plans to also review three campuses: Fresno, San Jose, and Sonoma. The CSA plans to begin its audit of the California State University's compliance with the Native American Graves Protection and Repatriation Act (NAGPRA) on November 30, 2022. As part of the audit, the CSA will review four campuses: Chico, San Jose, and two campuses that are yet to be determined. The scope and objectives of the audits are available on the California State Auditor's website (<https://www.auditor.ca.gov/bsa/recent>).

OUTREACH AND ENGAGEMENT

Audit and Advisory Services continues to partner and work with our campus and system stakeholders beyond what would be the usual course of business for an audit or advisory review in order to find opportunities to add value to the organization when possible. This includes partnering activities such as participating and leading affinity groups, providing support to campus and chancellor's office management, sharing information and common themes across campuses, and acknowledging feedback and insights provided by management. In September 2022 Audit and Advisory Services hosted the 6th annual roundtable meeting designed to facilitate communication and collaboration between Audit and Advisory Services and CSU campus audit representatives. This year's event included Interim Chancellor Jolene Koester and CSU Chico Vice President/Chief Financial Officer Ann Sherman as keynote speakers. Meeting sessions covered a variety of topics such as fraud prevention, information security, recent trends in higher education and internal audit, and data analytics.

AUDIT AND ADVISORY SERVICES 2021-22 KEY ACCOMPLISHMENTS

25

VALUE-ADDED REVIEWS



Advisory and data analytics projects providing proactive feedback to campus management

VENDOR MASTER FILE BEST PRACTICE GUIDE

Issued to strengthen vendor administration controls

REAL TIME

Alerts of fraudulent activity sent to campuses

49

Assurance Audits



Providing assurance to the Board that controls are designed and operating effectively



IT AUDIT WORK GROUP

Addressing recurring IT audit observations

NEW ANALYTICS PLATFORM

50

Data Analytics Dashboards



To view trends and anomalies in financial areas

COMMUNICATION

Observations presented to campus management to share issues noted throughout the year



Fraud prevention training provided to over

200

CAMPUS EMPLOYEES

240

DATA SETS REVIEWED

In support of Audit and Advisory projects

STATUS REPORT ON CURRENT AND PAST AUDIT ASSIGNMENTS

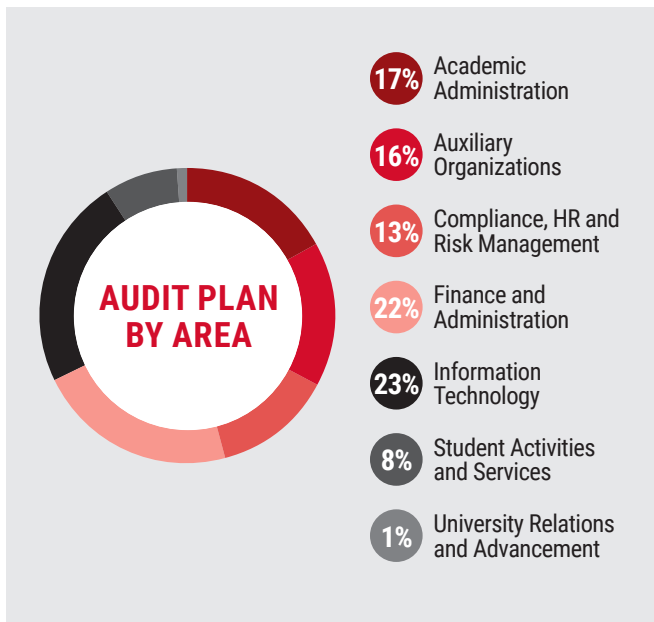
Campus	Category	Audit Topic	Audit Plan Year	Total # of Recommendations	*Status
Bakersfield	Audits Currently in Progress	Academic Department Fiscal Review	2022		
	Status of Recommendations	Information Security	2021	6	6
Chancellor's Office	Status of Recommendations	Information Security	2021	7	6, 1
Channel Islands	Status of Recommendations	Sponsored Programs	2021	2	2
		IT Disaster Recovery	2022	6	6
Chico	Audits Currently in Progress	Information Security	2022		
	Status of Recommendations	Chico State Enterprises	2021	4	4
		Academic Department Fiscal Review	2022	2	2
Dominguez Hills	Audits Currently in Progress	Information Security	2022		
	Status of Recommendations	Endowment Management	2021	3	3
East Bay	Audits Currently in Progress	Student Health Services	2022		
	Status of Recommendations	Procurement	2021	3	3
Fresno	Audits Currently in Progress	Construction Management	2022		
	Status of Recommendations	Counseling and Psychological Services	2021	6	6
Fullerton	Audits Currently in Progress	Procurement	2022		
	Status of Recommendations	Corporation	2021	7	4, 3
		Information Security	2021	6	6
Humboldt	Audits Currently in Progress	Human Resources	2022		
	Status of Recommendations	Information Security	2021	5	4, 1
		Police Services	2021	7	3, 4
Long Beach	Audits Currently in Progress	Athletics Fiscal Administration	2022		
	Status of Recommendations	Decentralized Computing	2021	13	13
		Sponsored Programs	2021	4	4
		Student Fee Administration	2021	2	2
Los Angeles	Audits Currently in Progress	Computer Security Incident Response	2022		
	Status of Recommendations	Associated Students, Inc.	2021	4	4
Maritime Academy	Audits Currently in Progress	Vendor Administration and Payments	2022		
	Status of Recommendations	Service Learning and Internships	2020	5	5
		Information Security	2021	10	7, 3
Monterey Bay	Audits Currently in Progress	Vendor Administration and Payments	2022		
	Status of Recommendations	Construction Management	2021	2	1, 1
Northridge	Status of Recommendations	Information Security	2021	5	5
Pomona	Audits Currently in Progress	Foundation	2022		
	Status of Recommendations	Auxiliary-Owned Housing	2021	7	7
		Facilities Management	2021	10	1, 9
		Academic Department Fiscal Review	2022	2	2
Sacramento	Audits Currently in Progress	Athletics Fiscal Administration	2022		
	Status of Recommendations	Information Security	2020	10	10
		Endowment Management	2021	3	3
San Bernardino	Audits Currently in Progress	Information Security	2022		
	Status of Recommendations	Centers and Institutes	2021	5	5
		Human Resources	2021	13	13
San Diego	Audits Currently in Progress	Student Organizations	2022		
	Status of Recommendations	Information Security	2020	9	8, 1
		Student Fee Administration	2021	2	2
San Francisco	Audits Currently in Progress	Construction Management	2022		
	Status of Recommendations	Training Compliance	2022		
		Associated Students, Inc.	2021	8	8
		Decentralized Computing	2021	6	6
San Jose	Audits Currently in Progress	Athletics Fiscal Administration	2022		
	Status of Recommendations	Decentralized Computing	2021	9	2, 7
		Student Health Services	2021	6	6
		Vendor Administration and Payments	2022	1	1
San Luis Obispo	Audits Currently in Progress	IT Disaster Recovery	2022		
	Status of Recommendations	Information Security	2020	12	11, 1
		Endowment Management	2021	1	1
San Marcos	Audits Currently in Progress	Training Compliance	2022		
	Status of Recommendations	Corporation	2021	1	1
		Faculty Assigned Time and Additional Employment	2021	3	3
Sonoma	Audits Currently in Progress	Academic Department Fiscal Review	2022		
	Status of Recommendations	Information Security	2021	16	16
Stanislaus	Status of Recommendations	Construction Management	2021	5	5

*Status
 Closed (green) - Recommendations have been satisfactorily implemented
 Open (blue) - Implementation of recommendations is in progress and within the agreed upon timeframe
 Exceeds Agreed Upon Timeframe (red) - Recommendations have not been implemented within the agreed upon timeframe

Report as of October 25, 2022

AUDIT HIGHLIGHTS

2022-23 ASSURANCE AUDITS



DATA ANALYTICS

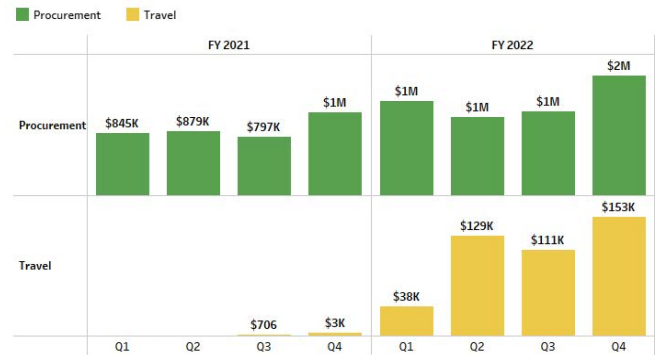
CREDIT CARD QUARTERLY REPORT SAMPLE DASHBOARD

Credit Card Spending
 (July 1, 2021 to June 30, 2022)

	Total Spending	Change from Prior Yr. Spending	Avg. Spending Per Acct.*
Procurement	\$5,120,442	\$1,467,680	\$18,756
Travel	\$431,604	\$433,547	\$5,078

* Total Spending / Total Number of Accounts with Activity during the year

Spending Over Time



2021-22 AUDIT RECOMMENDATIONS



CALIFORNIA STATE AUDITOR (CSA)

CSA AUDITS OF TITLE IX AND NAGRA COMPLIANCE HAVE COMMENCED

OUTREACH AND ENGAGEMENT

DEVELOPED ENDOWMENT MANAGEMENT GUIDE FOR ASSOCIATION OF COLLEGE AND UNIVERSITY AUDITORS

HOSTED 6TH ANNUAL CSU CAMPUS AUDIT LIAISONS ROUNDTABLE IN SEPTEMBER 2022

PRESENTED OBSERVATIONS FROM 2021-22 AUDITS TO CAMPUS CFOs AND KEY CSU STAKEHOLDERS