August 31, 2018

Dr. Adela de la Torre, President
San Diego State University
5500 Campanile Drive
San Diego, CA 92182

Dear Dr. de la Torre:

Subject: Audit Report 18-06, Academic Department Fiscal Review, San Diego State University

We have completed an audit of Academic Department Fiscal Review as part of our 2018 Audit Plan, and the final report is attached for your reference. The audit was conducted in accordance with the Institute of Internal Auditors’ International Standards for the Professional Practice of Internal Auditing.

I have reviewed the management response and have concluded that it appropriately addresses our recommendations. The management response has been incorporated into the final audit report, which has been posted to Audit and Advisory Services’ website. We will follow-up on the implementation of corrective actions outlined in the response and determine whether additional action is required.

Any observations not included in this report were discussed with your staff at the informal exit conference and may be subject to follow-up.

I wish to express my appreciation for the cooperation extended by the campus personnel over the course of this review.

Sincerely,

Larry Mandel
Vice Chancellor and Chief Audit Officer

c: Timothy P. White, Chancellor
ACADEMIC DEPARTMENT FISCAL REVIEW

San Diego State University

College of Health and Human Services

Audit Report 18-06
July 18, 2018
EXECUTIVE SUMMARY

OBJECTIVE

The objectives of the audit were to ascertain the effectiveness of college and academic department operational, administrative and financial controls; to evaluate adherence to the Integrated California State University Administrative Manual (ICSUAM) financial policies; and to ensure compliance with relevant governmental regulations, Trustee policy, Office of the Chancellor directives, and campus procedures.

CONCLUSION

We found the control environment for some of the areas reviewed to be in need of improvement.

Based upon the results of the work performed within the scope of the audit, except for the weaknesses described below, the operational, administrative, and financial controls for the College of Health and Human Services as of June 15, 2018, taken as a whole, provided reasonable assurance that risks were being managed and objectives were met.

In general, the audit did not reveal any significant internal control problems or weaknesses that would be considered pervasive in their effects on school administrative and financial controls. Overall, we found that fiscal controls at the College of Health and Human Services were sound. However, the review did indicate that attention is required in some key areas related to the administration of travel expense claims and review and approval of student assistant timesheets.

Specific observations, recommendations, and management responses are detailed in the remainder of this report.
OBSERVATIONS, RECOMMENDATIONS, AND RESPONSES

1. TRAVEL EXPENDITURES

OBSERVATION

School of nursing travel expenditures did not always comply with applicable California State University (CSU) or campus procedures.

We reviewed 60 travel expenditures from the school of nursing, and we found that three were not in full compliance with applicable CSU or campus requirements. Specifically:

• In two instances, employees skipped the meals provided as part of a campus-paid conference or event and instead purchased replacement meals, but explanations for the purchase of replacement meals were not included in their travel expense claims, as required by CSU’s travel policies and procedures.

• In one instance, the required CSU foreign travel insurance program (FTIP) form was not completed, reviewed and approved for a faculty member who was traveling abroad.

Proper documentation and review of travel expenses help to ensure that expense claims are accurate and appropriate and any risks related to travel are identified and addressed.

RECOMMENDATION

We recommend that the campus reiterate travel expense policies regarding event-provided meals and FTIP requirements to staff.

MANAGEMENT RESPONSE

We concur. The campus will reiterate travel expense policies regarding event-provided meals and FTIP requirements to staff. This will be completed by September 30, 2018.

2. STUDENT ASSISTANT TIMESHEETS

OBSERVATION

Direct supervisors of student assistants were not included in the online review and approval of student assistant timesheets.

We reviewed three of seven school of nursing student assistants paid in April 2018, noting that the school of nursing switched from paper timesheets to online timesheets starting in April 2018. We found that:

• The school’s administrative support coordinator is designated as the reviewer and approver of students’ online timesheets but was reviewing the timesheets only to ensure that the student was not logging hours in excess of their limit or cap.
The direct supervisors of student assistants were not formally included in the review and approval of students’ online timesheets, so no one with direct knowledge of student employee attendance and scheduling was reviewing the timesheets for accuracy.

Including the direct supervisors of student assistants in the review of online timesheets helps to ensure that hours entered by the students are accurate and reflect actual hours worked.

**RECOMMENDATION**

We recommend that the campus implement procedures to capture and document the review and approval of student assistants’ online timesheets by their direct supervisors.

**MANAGEMENT RESPONSE**

We concur. The campus will implement procedures to document the review and approval of student assistants’ online timesheets by their direct supervisors. This will be completed by September 30, 2018.
GENERAL INFORMATION

BACKGROUND

The CSU is the nation’s largest four-year public university system, with 23 campuses and eight off-campus centers. Additionally, the CSU awards nearly half of the state’s baccalaureate degrees. Campuses are generally organized into academic colleges that house schools, departments, and programs specific to an area of study. Each college is headed by a dean, who reports to the provost in the division of academic affairs. Colleges and academic departments may be responsible for a wide variety of financial activities, including, but not limited to, managing budgets; generating revenues through workshops, clinics, and other services; processing requisitions; and initiating disbursements. College funds may be held either in campus or auxiliary organization accounts. Funds held in campus accounts must follow ICSUAM requirements; funds in auxiliary organization accounts primarily follow requirements set forth in the Compilation of Policies and Procedures for CSU Auxiliary Organizations and Title 5 of the California Code of Regulations.

At San Diego State University (SDSU), the dean of each college has overall responsibility for oversight of financial administration within the college, supported by the associate dean(s) and chair of each school. Additionally, each college has a resource manager under the direct authority of the dean to ensure compliance with fiscal policies and procedures. The schools under the colleges also have administrative support coordinators who oversee day-to-day operations for their respective schools. These coordinators report directly to their school’s chair, and their work is also supervised by their college’s resource managers. The office of the provost and vice president for academic affairs also provides centralized oversight over college financial activities.

The College of Health and Human Services (HHS) consists of five schools: exercise and nutritional sciences; nursing; public health; social work; and speech, language and hearing sciences. The college also maintains affiliations with a variety of community and auxiliary centers that complement the academic environment, including the Center for Alcohol and Drug Studies and Services; the Center for Behavioral Epidemiology and Community Health; Center for Research on Sexuality and Sexual Health; and the University Center on Aging, among others. Additionally, each school has its own affiliations with centers and institutes related to relevant topics and research.

SCOPE

We used financial and other factors to select one college and its various academic departments or schools for review. Our review did not consider separate colleges of graduate studies, international education, or extended education. We used factors that we considered important to evaluate the risks in the overall college fiscal and administrative control environment to make our determination. Our analysis led to the selection of HHS, and specifically the school of nursing, for review.

We visited the SDSU campus from May 14, 2018, through June 15, 2018. Our audit and evaluation included the audit tests we considered necessary in determining whether
operational, administrative and financial controls are in place and operative at HHS. The audit focused on procedures in effect from July 1, 2016, through June 15, 2018.

Specifically, we reviewed and tested:

- Processes to ensure that segregation of duties is adequate, accountability is maintained, and safeguarding is adequate for cash and cash equivalents.
- Processes to ensure that appropriate reviews and approvals are in place for contracting activities.
- Processes to ensure that expenditures are appropriate, properly authorized, and processed in accordance with CSU and campus policies.
- Identification, tracking, and tagging of sensitive equipment purchases.

As a result of changing conditions and the degree of compliance with procedures, the effectiveness of controls changes over time. Specific limitations that may hinder the effectiveness of an otherwise adequate system of controls include, but are not limited to, resource constraints, faulty judgments, unintentional errors, circumvention by collusion, and management overrides. Establishing controls that would prevent all these limitations would not be cost-effective; moreover, an audit may not always detect these limitations.

Our testing and methodology was designed to provide a review of key financial controls, which included detailed testing on a limited number of transactions. Our review did not examine all aspects of financial controls or encompass all areas within the college or academic departments where financial activities may have taken place.

CRITERIA

Our audit was based upon standards as set forth in CSU Board of Trustee policies; Office of the Chancellor policies, letters, and directives; campus procedures; and other sound administrative practices. This audit was conducted in conformance with the Institute of Internal Auditors’ International Standards for the Professional Practice of Internal Auditing.

This review emphasized, but was not limited to, compliance with:

- Executive Order 1000, Delegation of Fiscal Authority and Responsibility
- ICSUAM §1101.00, Delegation of Authority to Obligate the University
- ICSUAM §13680.0, Placement and Control of Receipts for Campus Activities and Programs
- ICSUAM §3000, General Accounting
- ICSUAM §5000, Contracts and Procurement
- ICSUAM §8000, Information Security
- Compilation of Policies and Procedures for CSU Auxiliary Organizations
- Coded Memorandum Risk Management 2014-01, High Hazard International Travel Approval Process and Requirement to Purchase Insurance
- Government Code §13402 and §13403
- California Code of Regulations, Title 5
- CSU Travel Procedures
- SDSU Cashiering Policies
• SDSU Petty Cash Policy and Procedures
• SDSU Change Fund Policy and Procedures
• SDSU Accounts Receivable Billing, Collection, Write-off and Reserve for Uncollectible Accounts
• SDSU Hospitality, Payment or Reimbursement of Expenses
• SDSU University Property-Equipment Procedures
• SDSU Accounts Payable Manual
• SDSU Fiscal Authorization Hierarchies
• SDSU Credit Card Handbook
• SDSU Research Foundation Project Administration Guide

AUDIT TEAM

Audit Manager: Ann Hough
Senior Auditor: Jon Saclolo