

## AGENDA

### COMMITTEE ON AUDIT

**Meeting:** 9:45 a.m., Wednesday, March 23, 2022  
Glenn S. Dumke Auditorium

Adam Day, Chair  
Jane W. Carney, Vice Chair  
Julia I. Lopez  
Jack McGrory  
Anna Ortiz-Morfit  
Krystal Raynes  
Yammilette Rodriguez  
Lateefah Simon

- Consent**
1. Approval of Minutes of the Meeting of January 25, 2022, *Action*
  2. Status Report on Audit and Advisory Services Activities, *Information*
- Discussion**
3. Financial Status Update, *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**

**January 25, 2022**

**Members Present**

Adam Day, Chair  
Jane W. Carney, Vice Chair  
Julia I. Lopez  
Jack McGrory  
Anna Ortiz-Morfit  
Krystal Raynes  
Yammilette Rodriguez  
Lateefah Simon  
Lillian Kimbell, Chair of the Board

Trustee Adam Day called the meeting to order.

**Approval of the Consent Agenda**

The minutes of the November 10, 2021, 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.

**\*PLEASE NOTE: As authorized by Assembly Bill No. 361 and Executive Order N-1-22 issued by Governor Newsom, all members of the Board of Trustees participated in this meeting remotely, either by telephonic or video conference means. Out of consideration for the health, safety and well-being of the members of the public and the Chancellor's Office staff, the January 24-26, 2022, meeting of the CSU Board of Trustees was conducted entirely virtually via Zoom teleconference.**

## **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. It also includes a status report on the 2021-2022 audit plan. Follow-up on current and past assignments is being conducted on approximately 28 completed campus reviews. Attachment A summarizes the status of audit assignments by campus. Additionally, Attachment B illustrates some of the major activities and milestones for the current audit plan year-to-date. This is a new addition to the status report agenda item that we plan to include each meeting going forward.

For the current year 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; and provide advisory services and investigation reviews.

Each year, Audit and Advisory Services engages in a comprehensive audit planning/risk assessment process, working with the 23 campuses and Chancellor's Office to identify key risks and evaluate risk priorities before formulating the audit plan for the following fiscal year. This process typically begins in January and culminates with the presentation of the audit plan at the May Board of Trustees meeting. The annual audit planning process incorporates surveys, management interviews, audit history, and other qualitative and quantitative factors. Periodically, additional audit topics may be selected for review due to their high-profile nature in order to assure the board that appropriate policies and procedures are in place to mitigate risk to the system.

## **ASSURANCE AUDITS AND DATA ANALYTICS**

### **Status of In-Process and Completed Audits**

Audit and Advisory Services continues to make progress on the 2021-2022 audit plan. Sixteen audits have been completed and 21 audits are currently in-process. While all audit fieldwork since the onset of the pandemic has been conducted remotely, on-campus fieldwork is set to resume in the coming month. Completed audit reports are posted on the California State

University website at <https://www2.calstate.edu/csu-system/transparency-accountability/audit-reports>.

The assurance audits portion of the audit plan focuses on the core support areas of Finance and Administration; Information Technology; and Compliance, Human Resources and Risk Management. Additionally, assurance audits include reviews in the areas of Academic Administration; Student Activities and Services; and University Relations and Advancement. Auxiliary Organizations are also included in the audit plan and are covered by applicable subject-area reviews, as well as stand-alone audits of auxiliary organization entities. Scheduled reviews may include campus-specific concerns or follow-up on prior campus issues.

The status of campus progress toward implementing recommendations for completed audits is included in Attachment A. Prior year audits that have open recommendations are also included in Attachment A and are removed from the report the meeting following all recommendations having shown as 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 implemented 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

As a continued effort to utilize data analytics in the planning stage of every audit, our data analytics team has provided independent data sets and data analysis for 23 different audit and advisory projects since July of 2021. The data sets include revenues and expenditures for specific funds and departments and analysis of purchase orders, vendor and employee data, sponsored programs, auxiliaries, student health services, and travel and hospitality expenses.

Data analytics is collaborating with the chancellor's office business intelligence and data operations team to leverage the team's skills in managing the Amazon Web Services (AWS)

environment and to assist in automation of AWS data streams and analyses.

Quarterly reports on credit card expenditure trends and analyses for the second quarter of the 2021-22 audit plan year have been provided to campus management. The human resources/payroll review at two campuses is currently in progress and planning for two additional campuses has begun. Additionally, Data Analytics continues to explore other areas that can be tested with data analytics and is currently analyzing travel expenditures and reimbursements within the Concur travel system.

### 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.

The unit also tracks external audits being conducted by state and federal agencies, acts as a liaison for the system throughout the audit process, and offers assistance to campuses undergoing such audits.

### 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. Outreach and engagement activities also include educational activities such as providing fraud prevention and awareness training for staff throughout the system and providing students with work experience and exposure to the audit profession.

## STATUS REPORT ON CURRENT AND PAST AUDIT ASSIGNMENTS

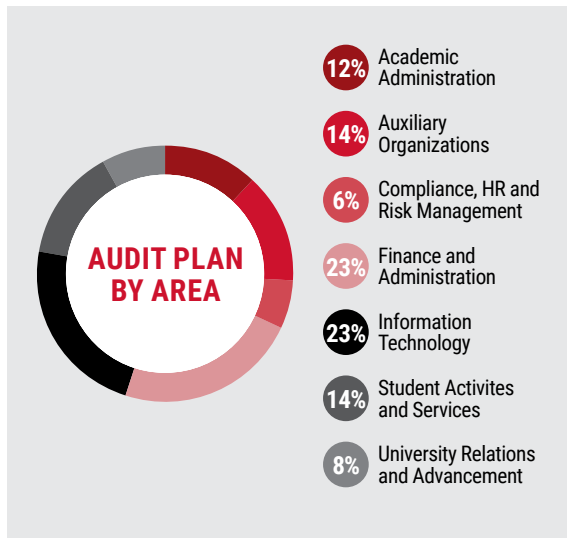
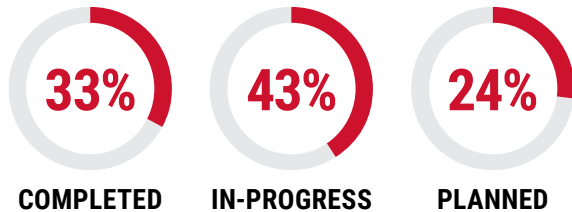
Campus	Category	Audit Topic	Audit Plan Year	Total # of Recommendations	*Status
Bakersfield	Audits Currently in Progress	Information Security	2021		
	Status of Recommendations	Sponsored Programs	2021	5	<span style="background-color: green; color: white; padding: 2px;">3</span> <span style="background-color: blue; color: white; padding: 2px;">2</span>
Chancellor's Office	Status of Recommendations	Information Security	2021	7	<span style="background-color: blue; color: white; padding: 2px;">7</span>
Channel Islands	No Reportable Recommendations	Student Fee Administration	2021	n/a	
Chico	Audits Currently in Progress	Chico State Enterprises	2021		
Dominguez Hills	Audits Currently in Progress	Construction Management	2021		
		Endowment Management	2021		
East Bay	Audits Currently in Progress	Procurement	2021		
	Status of Recommendations	Facilities Management	2020	3	<span style="background-color: green; color: white; padding: 2px;">2</span> <span style="background-color: blue; color: white; padding: 2px;">1</span>
		Information Security	2020	13	<span style="background-color: green; color: white; padding: 2px;">12</span> <span style="background-color: blue; color: white; padding: 2px;">1</span>
Fresno	Audits Currently in Progress	Counseling and Psychological Services	2021		
	Status of Recommendations	IT Disaster Recovery	2021	7	<span style="background-color: blue; color: white; padding: 2px;">7</span>
Fullerton	Audits Currently in Progress	Information Security	2021		
	Status of Recommendations	Faculty Assigned Time and Additional Employment	2020	2	<span style="background-color: green; color: white; padding: 2px;">1</span> <span style="background-color: blue; color: white; padding: 2px;">1</span>
		Construction Management	2021	3	<span style="background-color: green; color: white; padding: 2px;">2</span> <span style="background-color: blue; color: white; padding: 2px;">1</span>
Humboldt	Audits Currently in Progress	Information Security	2021		
Long Beach	Audits Currently in Progress	Student Fee Administration	2021		
	Status of Recommendations	Sponsored Programs	2021	4	<span style="background-color: blue; color: white; padding: 2px;">4</span>
Los Angeles	Audits Currently in Progress	Associated Students, Inc.	2021		
Maritime Academy	Audits Currently in Progress	Information Security	2021		
	Status of Recommendations	Service Learning and Internships	2020	5	<span style="background-color: blue; color: white; padding: 2px;">5</span>
Monterey Bay	Audits Currently in Progress	Construction Management	2021		
	Status of Recommendations	Student Union	2021	10	<span style="background-color: blue; color: white; padding: 2px;">10</span>
Northridge	Audits Currently in Progress	Information Security	2021		
	Status of Recommendations	Service Learning and Internships	2020	3	<span style="background-color: blue; color: white; padding: 2px;">3</span>
		Financial Aid	2021	1	<span style="background-color: blue; color: white; padding: 2px;">1</span>
Pomona	Status of Recommendations	Decentralized Computing	2020	11	<span style="background-color: green; color: white; padding: 2px;">2</span> <span style="background-color: blue; color: white; padding: 2px;">9</span>
		Auxiliary-Owned Housing	2021	7	<span style="background-color: blue; color: white; padding: 2px;">7</span>
Sacramento	Audits Currently in Progress	Endowment Management	2021		
	Status of Recommendations	Information Security	2020	10	<span style="background-color: green; color: white; padding: 2px;">5</span> <span style="background-color: blue; color: white; padding: 2px;">5</span>
		Service Learning	2021	3	<span style="background-color: green; color: white; padding: 2px;">1</span> <span style="background-color: blue; color: white; padding: 2px;">2</span>
San Bernardino	Audits Currently in Progress	Centers and Institutes	2021		
San Diego	Audits Currently in Progress	Student Fee Administration	2021		
	Status of Recommendations	Information Security	2020	9	<span style="background-color: green; color: white; padding: 2px;">3</span> <span style="background-color: blue; color: white; padding: 2px;">6</span>
		Procurement	2020	2	<span style="background-color: blue; color: white; padding: 2px;">2</span>
San Francisco	Audits Currently in Progress	Associated Students, Inc.	2021		
		Decentralized Computing	2021		
	Status of Recommendations	Facilities Management	2020	3	<span style="background-color: green; color: white; padding: 2px;">3</span>
San Jose	No Reportable Recommendations	Endowment Management	2021	n/a	
	Audits Currently in Progress	Decentralized Computing	2021		
	Status of Recommendations	Student Health Services	2021		
San Luis Obispo	Status of Recommendations	Counseling and Psychological Services	2021	3	<span style="background-color: green; color: white; padding: 2px;">1</span> <span style="background-color: blue; color: white; padding: 2px;">2</span>
	Status of Recommendations	Information Security	2020	12	<span style="background-color: green; color: white; padding: 2px;">3</span> <span style="background-color: blue; color: white; padding: 2px;">9</span>
		Counseling and Psychological Services	2021	2	<span style="background-color: blue; color: white; padding: 2px;">2</span>
San Marcos	Status of Recommendations	Associated Students, Inc.	2020	3	<span style="background-color: green; color: white; padding: 2px;">3</span>
		Information Security	2020	6	<span style="background-color: green; color: white; padding: 2px;">6</span>
		Faculty Assigned Time and Additional Employment	2021	3	<span style="background-color: blue; color: white; padding: 2px;">3</span>
Sonoma	Audits Currently in Progress	Information Security	2021		
	Status of Recommendations	Procurement	2021	2	<span style="background-color: green; color: white; padding: 2px;">2</span>
Stanislaus	Status of Recommendations	Credit Cards	2020	2	<span style="background-color: green; color: white; padding: 2px;">2</span>
		Police Services	2021	4	<span style="background-color: green; color: white; padding: 2px;">1</span> <span style="background-color: blue; color: white; padding: 2px;">3</span>

\*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 March 1, 2022

# AUDIT HIGHLIGHTS

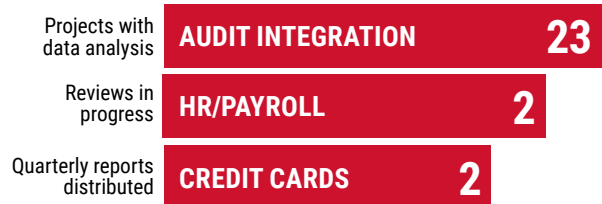
## 2021-22 ASSURANCE AUDITS



## 2021-22 RECOMMENDATIONS



## 2021-22 DATA ANALYTICS



## FRAUD PREVENTION



## LOOKING AHEAD

**RISK ASSESSMENT IN PROGRESS**

**RISK ASSESSMENT MEETINGS WITH OVER 50 CSU EXECUTIVES**

**ANNUAL AUDIT PLAN BOARD PRESENTATION**

## **COMMITTEE ON AUDIT**

### **Financial Status Update**

#### **Presentation By**

Brad Wells  
Acting Executive Vice Chancellor and  
Chief Financial Officer

Tracey L. Richardson  
Assistant Vice Chancellor/Controller  
Financial Services

#### **Summary**

There has been a delay in receiving financial statement information from the State Controller's Office which is significant to the California State University's Financial Statements. Financial statement audits are performed annually for the CSU and for its discretely presented component units (e.g., auxiliary organizations) which separately issue stand-alone audited financial statements. The CSU systemwide financial statements audit for fiscal year ended June 30, 2021 is currently on-going due to the delay from the State Controller's Office.

Though the audited Financial Statements and Single Audit Report is not yet complete, a financial update for fiscal year 2020-2021 will be provided at the March 2022 Board of Trustees meeting.