

AGENDA

COMMITTEE ON AUDIT

Meeting: **4:45 p.m., Tuesday, May 23, 2017**
 Glenn S. Dumke Auditorium

Douglas Faigin, Chair
John Nilon, Vice Chair
Lillian Kimbell
Hugo N. Morales
Lateefah Simon

Consent Item

Approval of Minutes of the Meeting of March 21, 2017

Discussion Item

1. Status Report on Current and Follow-up Internal Audit Assignments, *Information*

**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**

March 21, 2017

Members Present

Douglas Faigin, Chair
John Nilon, Vice Chair
Hugo N. Morales
Lateefah Simon
Rebecca D. Eisen, Chair of the Board
Timothy P. White, Chancellor

Trustee Douglas Faigin called the meeting to order.

Approval of Minutes

The minutes of January 31, 2017, were approved as submitted.

Report on Compliance with National Collegiate Athletic Association Requirements for Financial Data Reporting

With the concurrence of the committee, Trustee Faigin presented agenda item 1 as a consent information item.

Status Report on Current and Follow-up Internal Audit Assignments

Mr. Larry Mandel, vice chancellor and chief audit officer, provided a status on the 2017 audit plan and follow-up on past audit assignments.

Mr. Mandel explained that updates to the status report are displayed in green numerals and indicate progress toward or completion of recommendations since the distribution of the agenda. He stated that some of the 2017 audit assignments are currently in process and that under the re-tooled approach, approximately 30 audit topics will be reviewed as compared to the previous 9 to 10 per year. Mr. Mandel commented that the campuses and the Chancellor's Office continue to do a good job completing recommendations on a timely basis. Mr. Mandel added that both the reviews and associated recommendations pertaining to the construction projects are also being completed timely.

Chair Eisen referred to the agenda item section pertaining to investigations of whistleblower allegations and inquired as to what the ambit is of the state auditor versus the CSU audit function and how they intersect. Mr. Mandel explained that whistleblower investigation requests can come through the Chancellor's Office or from the state auditor and that the state auditor has the right to request that the CSU conduct an investigation on behalf of the state auditor and provide a report. If the investigation request comes through the system, it usually comes through Systemwide Human Resources and there is a determination made as to whether human resources or the Office of Audit and Advisory Services will conduct the investigation.

Trustee Faigin adjourned the Committee on Audit.

COMMITTEE ON AUDIT

Status Report on Current and Follow-up Internal Audit Assignments

Presentation By

Larry Mandel
Vice Chancellor and Chief Audit Officer
Office of Audit and Advisory Services

Summary

This item includes both a status report on the 2017 audit plan and follow-up on past assignments. For the 2017 year, assignments were made to develop and execute individual campus audit plans, as well as to conduct audits of Information Technology (IT), Sponsored Programs and Construction; and to provide advisory services and investigation reviews. Follow-up on current/past assignments (Auxiliary Organizations, Information Security, Academic Departments, Delegations of Authority, Cloud Computing, Emergency Management, International Activities, and IT Disaster Recovery) was also being conducted on approximately 30 prior campus/auxiliary reviews. Attachment A summarizes the audit assignments in tabular form.

AUDITS

Campus Audits

The new organization structure provides for individual campus audit plans that are better aligned with campus and auxiliary organization risks. Risk assessments and initial audit plans have been completed for all campuses. Four reports are awaiting a campus response prior to finalization, report writing is being completed for four campuses, and fieldwork is being conducted at nine campuses.

Information Technology Audits

The initial audit plan indicated that reviews of Information Security, Logical Access and Security, IT Disaster Recovery and General Computer Controls would be performed at those campuses where a greater degree of risk was perceived for each topic. Scheduled reviews may also include campus-specific concerns or follow-up on prior campus issues. One campus report is awaiting a campus response prior to finalization, report writing is being completed for two campuses, and fieldwork is being conducted at three campuses.

Sponsored Programs

The initial audit plan indicated that reviews of post award activities based on recent changes in federal regulations, as well as a systemwide review of campus policies, procedures, and practices relating to indirect cost recovery would be performed. Scheduled reviews may also include campus-specific concerns or follow-up on prior campus issues relating to sponsored programs activities. One campus report is awaiting a campus response prior to finalization.

Construction

The initial audit plan indicated that reviews of recently completed construction projects, including activities performed by the campus, general contractor, and selected subcontractors would be performed. Areas to be reviewed include approval of project design, budget and funding; administration of the bid and award process; the closeout process; and overall project accounting and reporting. One campus report is awaiting a campus response prior to finalization, and report writing is being completed for one project.

ADVISORY SERVICES

The Office of 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

The Office of Audit and Advisory Services is periodically called upon to provide investigative reviews, which are often the result of alleged misappropriations or conflicts of interest. In addition, whistleblower investigations are being performed on an ongoing basis, both by referral from the state auditor and directly from the CSU Chancellor's Office.

COMMITTEES/SPECIAL PROJECTS

The Office of Audit and Advisory Services is periodically called upon to provide consultation to the campuses and/or to participate on committees such as those related to information systems implementation and policy development, and to perform special projects.

AUDIT SUPPORT

Annual Risk Assessment

The Office of Audit and Advisory Services annually conducts a risk assessment to determine the areas of highest risk to the system, as well as campus-specific risks.

Administration

Day-to-day administration of the Office of Audit and Advisory Services includes such tasks as scheduling, personnel administration, maintenance of department standards and protocols, administration of the department's automated workpaper system and SharePoint website, and department quality assurance and improvement.

(as of 5/18/2017)

		2017 AUDITS		FOLLOW-UP ON CURRENT/PAST AUDITS					
		Subject	Information Technology (IT)	Sponsored Programs	Auxiliary Organizations		Information Security		
					●No.	*Recs	**Mo.	*Recs	**Mo.
BAK		Emergency Management (RW)			4	35/35	-	10/10	-
CHI		Student Activities (RW)			3	32/32	-	21/21	-
CI		University Advancement (FW)			3	32/32	-	15/17	6
DH			Information Security (RW)		3	36/36	-		
EB		Cashiering (RW)			3	31/31	-	9/9	-
FRE		Cashiering (FW)		Post Award (AI)	6	36/36	-	11/11	-
FUL		International Activities (AI)			4	30/30	-		
HUM			Logical Access & Security (FW)		4	8/14	8	4/4	-
LB		Counseling & Psychological Svcs. (AI)	IT Disaster Recovery (FW)		4	18/18	-	6/6	-
LA		Cashiering (FW)			4	0/20	2	13/13	-
MA			Information Security (RW)		2	13/13	-	7/7	-
MB		Cashiering (FW)			2	23/23	-	2/13	2
NOR					5	19/19	-	6/8	8
POM		Student Disability Support (FW)	IT Disaster Recovery (AI)		2	20/20	-		
SAC			Information Security (FW)		5	41/41	-		
SB		Cashiering (AI)			4	23/23	-	10/10	-
SD		Facilities Management (RW)			4	13/15	9	6/7	13
SF		International Activities (FW)			3	17/17	-	9/9	-
SJ					5	26/26	-	17/17	-
SLO		Hazardous Materials Management (AI)			3	11/11	-		
SM		International Activities (FW)			4	17/17	-		
SON		Cashiering (FW)			3	4/4	-		
STA					4	14/14	-	21/21	-
CO		Credit Cards (FW)			2	1/1	-		
SYS									
		Follow-up							
FW = Field Work In Progress		* The number of recommendations satisfactorily addressed followed by the number of recommendations in the original report.							
RW = Report Writing in Progress		** The number of months recommendations have been outstanding from date of report.							
AI = Audit Incomplete (awaiting formal exit conference and/or campus response)		● The number of auxiliary organizations reviewed.							
AC = Audit Complete		Numbers/letters in green are updates since the agenda mailout.							

**Status Report on Current and Past
Audit Assignments**
(as of 5/18/2017)

FOLLOW-UP ON CURRENT/PAST AUDITS												
	Academic Dept. Fiscal Review		Delegations of Authority		Cloud Computing		Emergency Management		International Activities		Info. Technology Disaster Recovery	
	*Recs	**Mo.	*Recs	**Mo.	*Recs	**Mo.	*Recs	**Mo.	*Recs	**Mo.	*Recs	**Mo.
BAK									0/5	2	3/8	5
CHI					4/4	-			0/0	-		
CI			6/6	-								
DH	11/11	-					3/4	8				
EB							4/8	3				
FRE	7/7	-									7/7	-
FUL					4/4	-	1/8	3				
HUM							0/4	3				
LB	4/4	-										
LA												
MA			6/6	-								
MB									5/5	-		
NOR									2/4	5		
POM									5/6	3		
SAC			3/3	-								
SB									4/4	-		
SD									0/2	6		
SF			4/4	-	5/5	-						
SJ							6/6	-				
SLO							3/3	-				
SM	0/6	3			1/3	6						
SON	5/5	-	1/1	-								
STA	6/6	-									2/8	4
CO			4/4	-								
SYS			0/4	4								
Follow-Up												
* The number of recommendations satisfactorily addressed followed by the number of recommendations in the original report.												
** The number of months recommendations have been outstanding from date of report.												
• The number of auxiliary organizations reviewed.												
Numbers/letters in green are updates since the agenda mailout.												

(as of 5/18/2017)

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

****The number of recommendations satisfactorily addressed followed by the number of recommendations in the original report.**

***The number of months that recommendations have been outstanding from date of report.
