

AGENDA

COMMITTEE ON AUDIT

Meeting: **3:15 p.m., Tuesday, September 19, 2017**
 Glenn S. Dumke Auditorium

Douglas Faigin, Chair
Hugo N. Morales, Vice Chair
Silas H. Abrego
Lillian Kimbell
Peter J. Taylor

Consent Approval of Minutes of the Meeting of July 18, 2017

Discussion 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**

July 18, 2017

Members Present

Douglas Faigin, Chair
Hugo N. Morales, Vice Chair
Silas H. Abrego
Lillian Kimbell
Peter J. Taylor
Rebecca Eisen, Chair of the Board
Timothy P. White, Chancellor

Trustee Douglas Faigin called the meeting to order.

Approval of Minutes

The minutes of May 23, 2017, were approved as submitted.

Status Report on Current and Follow-up Internal Audit Assignments

Trustee Faigin shared information about the internal audit reports Web page and Mr. Larry Mandel, vice chancellor and chief audit officer, thanked the chancellor's office staff for their work on redesigning the Web page.

Mr. Mandel 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 noted that under the re-tooled approach, approximately 30 audit topics will be reviewed in 2017 as compared to the previous 9 to 10 per year. In most instances a single audit topic will only be reviewed at one to three campuses; whereas, previously a single audit topic was reviewed at about six campuses. Mr. Mandel stated that audit assignments for 22 diverse topics are currently in process and include topics such as emergency management, international activities, information security, and sponsored programs post-award activities.

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. Consultative reviews continue to be offered through the advisory services function and investigations are performed as needed.

Trustee Nilon thanked Mr. Mandel for following through with the committee's request to include a footnote on the status report matrix for any audits with outstanding recommendations that exceed the 10-month time period for completing audit recommendations.

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, Special Investigation, Information Security, Sponsored Programs, Delegations of Authority, Emergency Management, International Activities, IT Disaster Recovery, and various 2017 Audit Topics) 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. Fifteen campus reports have been completed, four reports are awaiting a campus response prior to finalization, report writing is being completed for seven 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. Three campus reports have been completed, one campus report is awaiting a campus response prior to finalization, report writing is being completed for four campuses, and fieldwork is being conducted at two 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 has been completed, one campus report is awaiting a campus response prior to finalization, report writing is being completed for one campus, and fieldwork is being conducted at one campus.

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. Two campus reports have been completed, report writing is being completed for one campus, and fieldwork is being conducted for two projects.

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.

	2017 AUDITS						FOLLOW-UP ON CURRENT/PAST AUDITS			
	Topic 1	Topic 2	Information Technology (IT)	Sponsored Programs	Auxiliary Organizations	Special Investigation				
					*No.	**Mo.	*Recs	**Mo.	*Recs	**Mo.
BAK	Emergency Management (AC)	Athletic Fund-Raising (FW)			4	35/35	-			
CHI	Student Activities (AC)	Facilities Management (FW)	Logical Access & Security (RW)		3	32/32	-			
CI	Fund-Raising & Gift Proc. (AI)				3	32/32	-			
DH	Business Continuity (AI)		Information Security (AC)		3	36/36	-			
EB	Cashiering (AC)			Post Award (FW)	3	31/31	-			
FRE	Cashiering (AC)	Hazardous Materials Mgmt. (FW)		Post Award (AC)	6	36/36	-			
FUL	International Activities (AC)	Academic Dept. Fiscal Review (AI)			4	30/30	-			
HUM	Extended Education (FW)		Logical Access & Security (RW)		4	14/14	-			
LB	Counseling & Psych. Svcs. (AC)		IT Disaster Recovery (AC)	Post Award (AI)	4	18/18	-			
LA	Cashiering (AC)	Student Health Services (FW)			4	20/20	-			
MA	Police Services (RW)		Information Security (AI)		2	13/13	-			
MB	Cashiering (AC)	Police Services (RW)			2	23/23	-			
NOR	Facilities Management (RW)				5	19/19	-			
POM	Student Disability Support (AC)		IT Disaster Recovery (AC)		2	20/20	-			
SAC	Centers and Institutes (FW)		Information Security (RW)		5	41/41	-			
SB	Cashiering (AC)				4	23/23	-			
SD	Facilities Management (AC)	Instruct. Related Activity Fees (AC)			4	15/15	-			
SF	International Activities (AC)	Academic Dept. Fiscal Review (FW)			3	17/17	-			
SJ	Associated Students (RW)	Tower Foundation (FW)			5	26/26	-			
SLO	Hazardous Materials Mgmt. (AC)	Cashiering (RW)			3	11/11	-			
SM	International Activities (AC)	Service Learning (FW)	Information Security (RW)		4	17/17	-			
SON	Cashiering (AC)		Information Security (FW)		3	4/4	-			
STA	Service Learning (RW)				4	14/14	-			
CO	Credit Cards (AC)		Information Security (FW)		2	1/1	-		0/5	2
SYS				Indirect Costs (RW)						
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.										
# See 2017 Audits on page 1.										
¹ Approved extended completion date of 12/31/17.										
Numbers/letters in green are updates since the agenda mailout.										

FOLLOW-UP ON CURRENT/PAST AUDITS															
Information Security	Sponsored Programs		Delegations of Authority		Emergency Management		International Activities		Info. Technology Disaster Recovery		2017		2017		
	*Recs	**Mo.	*Recs	**Mo.	*Recs	**Mo.	*Recs	**Mo.	*Recs	**Mo.	*Recs	**Mo.	*Recs	**Mo.	
BAK	10/10	-							5/5	-	6/8	9	2/5	3	
CHI	21/21	-							0/0	-			0/2	3	
CI	17/17	-			6/6	-									
DH	0/10	3					4/4	-							
EB	9/9	-					7/8	7					2/5	2	
FRE	11/11	-	1/3	4							7/7	-	1/3	2	
FUL							8/8	-					2/6	4	
HUM	4/4	-					4/4	-							
LB	6/6	-									0/0	-	2/3	4	
LA	13/13	-											4/4	-	
MA	7/7	-			6/6	-									
MB	13/13	-							5/5	-			0/3	2	
NOR	8/8	-							4/4	-					
POM									6/6	-	0/2	3	0/8	1	
SAC					3/3	-									
SB	10/10	-							4/4	-			2/5	4	
SD	6/7	17 ¹							2/2	-			0/7	3	
SF	9/9	-			4/4	-							0/2	1	
SJ	17/17	-					6/6	-							
SLO	0/6	4					3/3	-					0/7	3	
SM													0/6	1	
SON					1/1	-							0/3	2	
STA	21/21	-									6/8	8			
CO		-			4/4	-					0/3	4	0/6	2	
SYS					3/4	8	0/1	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.															
# See 2017 Audits on page 1.															
¹ Approved extended completion date of 12/31/17.															
Numbers/letters in green are updates since the agenda mailout.															

(as of 9/12/2017)
