AGENDA

COMMITTEE ON AUDIT

Meeting: **11:10 a.m., Tuesday, May 12, 2020**
Virtually via Teleconference

Jack McGrory, Chair
Hugo N. Morales, Vice Chair
Silas H. Abrego
Jane W. Carney
Douglas Faigin
Jean P. Firstenberg
Wenda Fong
Lateefah Simon

Consent   1. Approval of Minutes of the Meeting of March 24, 2020, *Action*
           2. 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 Auditorium*
401 Golden Shore
Long Beach, California

March 24, 2020

Members Present

Jack McGrory, Chair
Hugo N. Morales, Vice Chair
Silas H. Abrego
Jane W. Carney
Douglas Faigin
Jean P. Firstenberg
Wenda Fong
Lateefah Simon
Adam Day, Chair of the Board

Trustee Jack McGrory called the meeting to order.

Approval of Minutes

The minutes of January 28, 2020, were approved as submitted.

Status Report on Current and Follow-up Internal Audit Assignments

With the concurrence of the committee, Trustee McGrory presented agenda item 2 as a consent information item.

Status Report on the California State Auditor Report on Accounts Outside the State Treasury and Campus Parking Programs

With the concurrence of the committee, Trustee McGrory presented agenda item 3 as a consent information item.

Trustee McGrory adjourned the Committee on Audit.

*PLEASE NOTE: Due to the Governor's proclamation of a State of Emergency resulting from the threat of COVID-19, and pursuant to the Governor's Executive Orders N-25-20 and N-29-20 issued on March 12, 2020 and March 17, 2020, respectively, all members of the Board of Trustees may participate in meetings 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 March 24, 2020 meeting of the CSU Board of Trustees was conducted entirely virtually via Zoom teleconference.

COMMITTEE ON AUDIT

Status Report on Current and Follow-up Internal Audit Assignments

Presentation By

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

Summary

This item includes both a status report on the 2020 audit plan and follow-up on past assignments. For the 2020 year, assignments were made to execute individual campus audit plans; conduct audits of information technology (IT), sponsored programs and construction; use continuous auditing techniques; and provide advisory services and investigation reviews. Follow-up on current and past assignments is being conducted on approximately 42 completed campus reviews. Attachment A summarizes the audit assignments in tabular form.

Due to the COVID-19 pandemic, the scope of the audits portion of the 2020 audit plan will inevitably be reduced. Recognizing the tremendous burden that this public health emergency has placed on CSU campuses, and in line with local, state, and federal public health guidelines and related travel restrictions, Audit and Advisory Services suspended all on-campus audit and advisory activity from March 13 through at least May 15. Although on-campus activity has paused, Audit and Advisory Services continues to make progress on audits and advisory reviews remotely. On-campus audit and advisory activity will resume when it is safe and appropriate to do so.

AUDITS

As part of the annual audit planning process, customized individual campus audit plans are developed and are aligned with campus and auxiliary organization risks and systemwide goals and strategies. Initial audit plans have been completed for all campuses. The 2020 plan anticipated providing audit coverage in seven distinct organizational areas: academic administration; finance and administration; information technology; student activities and services; human resources; risk management; and auxiliary organizations.

General Audits

The initial audit plan indicated that reviews would be performed for audit topics including, but not limited to, auxiliary organizations, emergency management, facilities management, housing and residential services, minors on campus, and professional and continuing education. Reviews

for these topics are in process. Two campus reports have been completed, report writing is being completed for one campus, and six reports are awaiting a campus response prior to finalization.

Information Technology Audits

The initial audit plan indicated that reviews of accessible technology, cloud computing, IT disaster recovery, and information security would be performed at those campuses where a greater degree of risk was perceived for each topic. Reviews of accessible technology and information security are currently in process. Scheduled reviews may also include campus-specific concerns or follow-up on prior campus issues. Report writing is being completed for two campuses and one report is awaiting a campus response prior to finalization.

Sponsored Programs

The initial audit plan indicated that reviews of post-award activities would be performed. Post-award reviews emphasize review of operational, administrative, and financial controls to determine whether processes and expenditures are in accordance with both sponsor terms and conditions, and applicable policies, procedures, and regulations. Scheduled reviews may also include campus-specific concerns or follow-up on prior campus issues relating to sponsored programs activities. One 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, but are not limited to approval of project design, budget and funding; administration of the bid and award process; the closeout process; and overall project accounting and reporting. Fieldwork is being conducted at one campus but is currently on hold due to the COVID-19 pandemic.

Continuous Auditing

The initial audit plan indicated that continuous auditing techniques would be used to build upon the reviews of credit card data that took place in 2018 and 2019. Credit card information management tools (dashboards) are being created and finalized in the first half of the audit year, which will be used to provide periodic updates and information to campus management on campus credit card programs. Additionally, continuous audit tests will be piloted on human resources and payroll data to identify potential risks and anomalies. Reviews in this area will be performed on a limited number of campuses during the latter half of the year. Continuous auditing uses data analytics tools and techniques to analyze large volumes of data, look for anomalies and trends, and complement the existing audit process.

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

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

COMMITTEES/SPECIAL PROJECTS

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 Audit Planning Process

Audit and Advisory Services performs an annual audit planning process using risk questionnaires and other surveys, management interviews, audit history, and other factors. Periodically, other audit topics are 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.

Administration

Day-to-day administration of the Audit and Advisory Services division 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.

Pursuant to IIA Standards and the division's quality assurance improvement program, ongoing monitoring of Audit and Advisory activities for calendar year 2019 has been completed. Based on this internal review, Audit and Advisory Services generally conforms with IIA *Standards*, as well as division policies and procedures.

**Status Report on Current and Past
Audit Assignments
(as of 4/30/2020)**

Campus	Audit Topic	Audit Plan Year	Audit Status	Follow-up on Current and Past Audit Assignments	
				*Recs	**Mo.
Bakersfield	Health and Safety	2019	AC	10/10	-
	Student Union	2019	AC	2/6	3
Channel Islands	Health and Safety	2019	AC	0/6	4
	Faculty Reassigned Time & Addtl. Employ.	2019	AC	0/4	2
	Information Security	2020	RW		
Chico	Special Investigation - Misuse of Campus Resources and Improper Reim. Claims	2018	AC	6/7	6
	Housing and Residential Services	2019	AC	0/11	6
Dominguez Hills	International Activities	2018	AC	8/9	19 [1]
	Health and Safety	2019	AC	3/15	5
East Bay	Health and Safety	2019	AC	13/13	-
	IT Disaster Recovery	2019	AC	0/4	2
Fresno	Health and Safety	2019	AC	12/12	-
	Associated Students, Inc.	2019	AC	7/9	4
Fullerton	Associated Students, Inc.	2019	AC	2/11	5
	Accessible Technology	2019	AC	0/2	2
Humboldt	Facilities Management	2020	AI		
Long Beach	Health and Safety	2019	AC	13/15	9
	Emergency Management	2019	AC	3/6	6
	Special Investigation - Inaccuracies in Time Reporting for Grant Program	2019	AC	0/5	4
	Const. - College of Continuing Professional Education Classroom Bldg.	2019	AI		
	49er Foundation	2020	AI		
Los Angeles	Const. - Rongxiang Xu Bioscience Inn. Cntr.	2019	AC	2/2	-
Maritime Academy	IT Disaster Recovery	2019	AC	0/3	2
	Foundation	2020	AI		
Monterey Bay	Health and Safety	2019	AC	3/13	3
	Information Security	2020	RW		
Northridge	Cloud Computing	2019	AC	0/3	3
	Emergency Management	2019	AI		
Pomona	Professional and Continuing Education	2019	AC	6/7	5
	Health and Safety	2019	AC	0/7	2
Sacramento	Associated Students of CSU, Sacramento	2018	AC	9/10	15 [2]
	Emergency Management	2019	AC	5/7	8
	Health and Safety	2019	AC	3/5	3
San Bernardino	Information Security	2019	AC	3/4	7
	Sponsored Programs - Post Award	2020	AI		

**Status Report on Current and Past
Audit Assignments
(as of 4/30/2020)**

Campus	Audit Topic	Audit Plan Year	Audit Status	Follow-up on Current and Past Audit Assignments	
				*Recs	**Mo.
San Diego	Health and Safety	2019	AC	5/6	9
	Emergency Management	2020	AI		
San Francisco	Information Security	2019	AC	0/9	4
	Emergency Management	2019	AC	0/11	4
	Minors on Campus	2020	AI		
San Jose	Information Security	2019	AC	1/4	6
	Facilities Management	2019	AC	0/5	2
	Special Investigation - Athletics Donations, Scholarships, & Endowments	2019	AC	0/8	2
	Professional and Continuing Education	2020	RW		
	Const. - Student Rec. and Aquatics Center	2020	FW		
San Luis Obispo	Sponsored Programs	2019	AC	0/5	5
	Housing and Residential Services	2020	AI		
San Marcos	IT Disaster Recovery	2019	AC	0/4	5
	Special Investigation - Fraudulent Reim. Claims and Excessive Spending	2019	AC	3/6	3
	Emergency Management	2020	AC	0/6	1
Sonoma	Health and Safety	2019	AC	0/11	3
	Accessible Technology	2020	AI		
Stanislaus	Sponsored Programs - Post Award	2019	AC	0/4	3
	Emergency Management	2020	AC	0/4	1
Chancellor's Office	Accessible Technology	2019	AC	4/7	10 [3]
	Health and Safety	2019	AC	0/5	3

Status
FW - Field Work In Progress
RW - Report Writing in Progress
AI - Audit Incomplete (awaiting formal exit conference and/or campus response)
AC - Audit Complete
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.

[1] Approved extended completion date of 6/30/20.
[2] Approved extended completion date of 7/1/20.
[3] Approved extended completion date of 11/30/20.