

## **AGENDA**

### **COMMITTEE ON AUDIT**

**Meeting:**     **2:10 p.m., Tuesday, May 24, 2022**  
                  **Glenn S. Dumke Auditorium**

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

- Consent**       1. Approval of Minutes of the Meeting of March 23, 2022, *Action*  
                  2. Status Report on Audit and Advisory Services Activities, *Information*
- Discussion**   3. Fiscal Year 2022-2023 Audit Plan, *Action*

**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 23, 2022**

**Members Present**

Adam Day, Chair  
Julia I. Lopez  
Jack McGrory  
Anna Ortiz-Morfit  
Krystal Raynes  
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 January 25, 2022, 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.

**Financial Status Update**

Brad Wells, acting executive vice chancellor and chief financial officer, explained that due to a delay in receiving information from the State Controller's Office, which is needed to finalize the CSU's Financial Statements, the annual external audit performed by KPMG is on-going and the CSU Financial Statements, Single Audit Report, and the results of the external audit will be provided at a future Board of Trustees meeting. The CSU obtains its proportionate share of the State's pension liability from the State Controller's Office subject to audit by the California State Auditors. Due to financial reporting delays at the State Controller's Office, CSU did not receive the pension information in time to issue the audited financial statements for the March 2022 Board of Trustees meeting.

Tracey Richardson, assistant vice chancellor and controller, provided selected unaudited figures on the result of activities for fiscal year ending June 30, 2021. The total receipts from all sources totaled to \$11.8 billion for the fiscal year (excluding auxiliary organizations), which represents a decrease in receipts of \$229 million from the previous year. This is from lower receipts for general fund appropriation due to the \$299 million base reduction and removal of \$315 million in one-time funding from the prior year. The two largest sources were student tuition and fees representing 33 percent and state appropriations representing 31 percent. Proceeds from Systemwide Revenue Bonds equal 13 percent and grants, contracts, and gifts represent approximately nine percent of the total. This was made up primarily of federal grant funding from Higher Education Emergency Relief Fund (HEERF). The \$720 million increase in revenues from grants, contracts and gifts, is primarily from the HEERF grants and in many cases HEERF was used to offset the revenue reductions from the pandemic.

Expenditures totaled \$11 billion for the fiscal year 2020-2021. The \$11 billion total represents a slight increase in expenditures from the previous year of \$68 million, mainly due to HEERF grants given to eligible students. This is offset by a decrease in salaries, wages, and benefits, due to reduction in staffing in response to the COVID-19 pandemic. In addition, supplies and services declined by \$148 million also in response to the impact of the pandemic.

Net tuition and fees represent approximately 33 percent of the total receipts. The CSU places a high priority on student financial aid including federal, state, and institutional support which is reflected in the gross student tuition and fees of \$4.23 billion on the chart. This financial aid covers the gap to assist students with achieving their education goals. HEERF funding is not reflected in these student financial aid figures as funds were distributed directly to students. The net \$2.29 billion represents the tuition and fees paid by students. The gross student tuition and fee revenue reflected a spike in Fiscal Year 2020-2021 due to implementation of a new Governmental Accounting Standard where fee based student programs are now presented as part of the University's student tuition and fees. The slightly increasing gap between the gross tuition and fees and the net tuition reflects growth in the waivers and financial aid grants made available to eligible students.

As of June 30, 2021, total reserves and designated balances in the operating fund totaled \$2.0 billion. Reserves for economic uncertainties were \$531 million—which represents 27 days of operating fund costs. These available one-time reserves will continue to be used by campuses to help with revenue losses and unavoidable operating costs due to the pandemic.

Trustees inquired about CSU reserve levels and how financial aid/state university grants are reflected.

Trustee Day adjourned the Committee on Audit.

## **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 33 completed campus reviews. Attachment A summarizes the status of audit assignments by campus. Additionally, Attachment B illustrates various current year activities and milestones.

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.

Audit and Advisory Services recently completed 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 fiscal year 2022-2023. This process began in January and culminates with the presentation of the audit plan at the May Board of Trustees meeting.

## **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. Twenty-six audits have been completed and 23 audits are currently in-process. 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 once all recommendations are 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 put in place 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

Data analytics continues to be a part of the planning stage of every audit and advisory project, and the team is currently reviewing the planned fiscal year 2022-2023 audit topics in order to strategically integrate data analytics into the audit process and partner with the assurance team for selected audits.

Human resources and payroll reviews at five campuses have been completed to date and three reviews are currently in progress. Once the current reviews are completed, we plan to refine the analytics tests performed and develop dashboards to visualize the results and review anomalies on an on-going basis.

Additionally, the data analytics team continues to enhance its data analytics capabilities and is currently exploring opportunities to partner with an external consultant to automate the review of Concur travel data and to integrate data analysis in risk assessments.

## 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.

Additionally, Audit and Advisory Services assists with tracking external audits being conducted by state and federal agencies, offers assistance to campuses undergoing such audits, and acts as a liaison for the CSU system throughout the audit process when appropriate.

## 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	<div><div>5</div></div>
Chancellor's Office	Status of Recommendations	Information Security	2021	7	<div><div>2</div><div>5</div></div>
Channel Islands	Audits Currently in Progress	Sponsored Programs	2021		
	No Reportable Recommendations	Student Fee Administration	2021	n/a	
Chico	Audits Currently in Progress	Chico State Enterprises	2021		
	No Reportable Recommendations	Fund Administration and Accountability	2021	n/a	
Dominguez Hills	Audits Currently in Progress	Endowment Management	2021		
	Status of Recommendations	Construction Management	2021	3	<div><div>3</div></div>
East Bay	Audits Currently in Progress	Procurement	2021		
	Status of Recommendations	Facilities Management	2020	3	<div><div>3</div></div>
		Information Security	2020	13	<div><div>12</div><div>1</div></div>
Fresno	Status of Recommendations	Counseling and Psychological Services	2021	6	<div><div>6</div></div>
		IT Disaster Recovery	2021	5	<div><div>3</div><div>2</div></div>
Fullerton	Audits Currently in Progress	Corporation	2021		
	Status of Recommendations	Faculty Assigned Time and Additional Employment	2020	2	<div><div>2</div></div>
		Construction Management	2021	3	<div><div>3</div></div>
		Information Security	2021	6	<div><div>6</div></div>
Humboldt	Audits Currently in Progress	Police Services	2021		
	Status of Recommendations	Information Security	2021	5	<div><div>5</div></div>
Long Beach	Audits Currently in Progress	Decentralized Computing	2021		
	Status of Recommendations	Sponsored Programs	2021	4	<div><div>3</div><div>1</div></div>
		Student Fee Administration	2021	2	<div><div>2</div></div>
Los Angeles	Audits Currently in Progress	Associated Students, Inc.	2021		
Maritime Academy	Status of Recommendations	Service Learning and Internships	2020	5	<div><div>5</div></div>
		Information Security	2021	10	<div><div>10</div></div>
Monterey Bay	Audits Currently in Progress	Construction Management	2021		
	Status of Recommendations	Student Union	2021	10	<div><div>10</div></div>
Northridge	Audits Currently in Progress	Counseling and Psychological Services	2021		
	Status of Recommendations	Information Security	2021		
		Service Learning and Internships	2020	3	<div><div>3</div></div>
		Financial Aid	2021	1	<div><div>1</div></div>
Pomona	Audits Currently in Progress	Facilities Management	2021		
	Status of Recommendations	Decentralized Computing	2020	11	<div><div>2</div><div>9</div></div>
		Auxiliary-Owned Housing	2021	7	<div><div>3</div><div>4</div></div>
Sacramento	Status of Recommendations	Information Security	2020	10	<div><div>9</div><div>1</div></div>
		Endowment Management	2021	3	<div><div>3</div></div>
		Service Learning	2021	3	<div><div>3</div></div>
San Bernardino	Audits Currently in Progress	Human Resources	2021		
	Status of Recommendations	Centers and Institutes	2021	5	<div><div>5</div></div>
San Diego	Audits Currently in Progress	Admissions	2021		
	Status of Recommendations	Student Fee Administration	2021		
		Information Security	2020	9	<div><div>6</div><div>3</div></div>
		Procurement	2020	2	<div><div>2</div></div>
San Francisco	Audits Currently in Progress	Associated Students, Inc.	2021		
	No Reportable Recommendations	Decentralized Computing	2021		
		Endowment Management	2021	n/a	
San Jose	Audits Currently in Progress	Decentralized Computing	2021		
	Status of Recommendations	Counseling and Psychological Services	2021	3	<div><div>2</div><div>1</div></div>
		Student Health Services	2021	6	<div><div>6</div></div>
San Luis Obispo	Audits Currently in Progress	Endowment Management	2021		
	Status of Recommendations	Information Security	2020	12	<div><div>5</div><div>7</div></div>
		Counseling and Psychological Services	2021	2	<div><div>2</div></div>
San Marcos	Audits Currently in Progress	Corporation	2021		
	Status of Recommendations	Faculty Assigned Time and Additional Employment	2021	3	<div><div>3</div></div>
Sonoma	Audits Currently in Progress	Information Security	2021		
	Status of Recommendations	Procurement	2021	2	<div><div>2</div></div>
Stanislaus	Audits Currently in Progress	Construction Management	2021		
	Status of Recommendations	Police Services	2021	4	<div><div>2</div><div>2</div></div>

\*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 May 4, 2022

## AUDIT HIGHLIGHTS

### 2021-22 ASSURANCE AUDITS



COMPLETED



IN-PROGRESS



- 12% Academic Administration
- 14% Auxiliary Organizations
- 6% Compliance, HR and Risk Management
- 23% Finance and Administration
- 23% Information Technology
- 14% Student Activities and Services
- 8% University Relations and Advancement

### 2021-22 RECOMMENDATIONS

**26**  
AUDITS

**106**  
TOTAL RECS

**40**  
CLOSED

### 2021-22 ADVISORY

**12**  
CAMPUSES  
SERVED



### 2021-22 DATA ANALYTICS

Projects with data analysis

**AUDIT INTEGRATION 30**

Reviews in progress

**HR/PAYROLL 3**

Quarterly reports distributed

**CREDIT CARDS 3**

### STUDENT ENGAGEMENT



**PARTICIPATED IN CHANCELLOR'S OFFICE STUDENT JOB SHADOW PROGRAM.**

## KEY MILESTONES



**2022-23 RISK ASSESSMENT COMPLETE**



**2022-23 AUDIT PLAN PENDING BOARD APPROVAL**



**WRAPPING UP 2021-22 AUDIT PLAN**



## **COMMITTEE ON AUDIT**

### **Fiscal Year 2022-2023 Audit Plan**

#### **Presentation By**

Vlad Marinescu  
Vice Chancellor and Chief Audit Officer  
Audit and Advisory Services

#### **Background**

Education Code Section 89045, enacted by Chapter 1406 of the Statutes of 1969, provides for the establishment of an internal auditing function reporting directly to the Trustees of the California State University. Audit and Advisory Services assists university management and the Trustees in the effective discharge of their fiduciary and administrative responsibilities by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. Additionally, Audit and Advisory Services serves the university in a manner that is consistent with the *International Professional Practices Framework* and the *Code of Ethics* as promulgated by the Institute of Internal Auditors.

#### **Summary**

Each year in accordance with the audit committee charter, Audit and Advisory Services presents its audit plan to the Board of Trustees' Committee on Audit for review and approval.

Attachment A includes the audit plan for fiscal year 2022-2023.

#### **Recommended Action**

The following resolution is recommended for approval:

**RESOLVED**, By the Committee on Audit of the California State University Board of Trustees that the Fiscal Year 2022-2023 Audit Plan, as detailed in Agenda Item 3 of the Committee on Audit at the May 24-25, 2022 meeting, be approved.

**CSU** The California State University

# AUDIT AND ADVISORY SERVICES 2022-23 AUDIT PLAN



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## AUDIT PLAN BACKGROUND

- In accordance with the audit committee charter, each year Audit and Advisory Services presents its audit plan to the Board of Trustees' Committee on Audit for review and approval.
- The Audit and Advisory Services audit plan consists of five primary functional areas: assurance audits and data analytics, advisory services, investigations, outreach and engagement, and audit support.
- Audit and Advisory Services performs an annual risk assessment in order to gain perspective on the current environment and prioritize areas for review. The resulting audit plan is designed to provide broad coverage and address targeted risks across the CSU system.



## AUDIT PLAN OBJECTIVES



**Provide assurance that risks are being mitigated and the CSU is operating effectively and efficiently**



**Assist trustees and management in fulfilling their oversight responsibilities**



**Enhance awareness and understanding of risks and controls**



**Promote appropriate ethics and values**



**Add value to campus and systemwide operations and foster continuous improvement**



## AUDIT PLANNING PROCESS

Audit and Advisory Services engages in an annual audit planning process and conducts a comprehensive systemwide risk assessment based on both qualitative and quantitative factors, which includes input from meetings with systemwide executive management, consideration and review of CSU strategic initiatives, current trends and topics in higher education, and unit budgets. Collaboration with campus partners is an important component of the process to ensure that the risk assessment yields the most relevant, accurate, and impactful results.

A customized individual audit plan is developed for each campus. This plan includes consideration of both campus-based and systemwide themes and risks. Throughout the year, the audit plan is continuously reassessed and adjustments are made as needed.



## AUDIT PLANNING PROCESS

<b>PHASE I</b> SYSTEMWIDE REVIEW	<ul style="list-style-type: none"><li>• Identifies top 20 auditable topics by risk using both quantitative and qualitative factors</li></ul>
<b>PHASE II</b> CAMPUS REVIEW	<ul style="list-style-type: none"><li>• Adds campus-specific topics of risk</li><li>• Reviews campus auxiliary organizations</li></ul>
<b>PHASE III</b> IDENTIFY RISK THEMES	<ul style="list-style-type: none"><li>• Uses results of systemwide and campus assessments to identify risk themes across the CSU</li></ul>
<b>PHASE IV</b> FORMULATE CAMPUS AUDIT PLANS	<ul style="list-style-type: none"><li>• Campus-specific risks</li><li>• Systemwide risk themes</li></ul>
<b>PHASE V</b> FORMULATE SYSTEMWIDE AUDIT PLAN	<ul style="list-style-type: none"><li>• Review audit coverage across the CSU system and adjust as needed</li><li>• Present plan to the Board of Trustees for approval at the May meeting</li></ul>

## ASSURANCE AUDIT TOPICS

The foundation of 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.

The second segment of the assurance audits portion of the plan includes reviews of higher education-specific areas including Academic Administration; Student Activities and Services; and University Relations and Advancement.

The final segment of the assurance audits portion of the audit plan focuses on reviews of Auxiliary Organizations. Auxiliary organizations at the CSU are non-profit organizations and separate legal entities. Coverage of these organizations may also be included in audits of core support and higher education-specific areas.

Appendix A includes a brief description of the scope for each assurance audit topic planned for 2022-23.





## ASSURANCE AUDIT TOPICS

### CORE SUPPORT

#### Finance and Administration

- Construction
- Executive Travel and Hospitality
- Facilities Management
- Procurement and Contracts
- Vendor Administration and Payments

#### Information Technology

- Accessible Technology Initiative
- Computer Security Incident Response
- Information Security
- IT Disaster Recovery

#### Compliance, Human Resources and Risk Management

- Human Resource Management
- Payroll and Benefits Reporting
- Police Services
- Training Compliance

### HIGHER EDUCATION SPECIFIC

#### Academic Administration

- Academic Department Fiscal Review
- Athletics Administration

#### Student Activities and Services

- Financial Aid
- Student Health Services
- Student Organizations

#### University Relations and Advancement

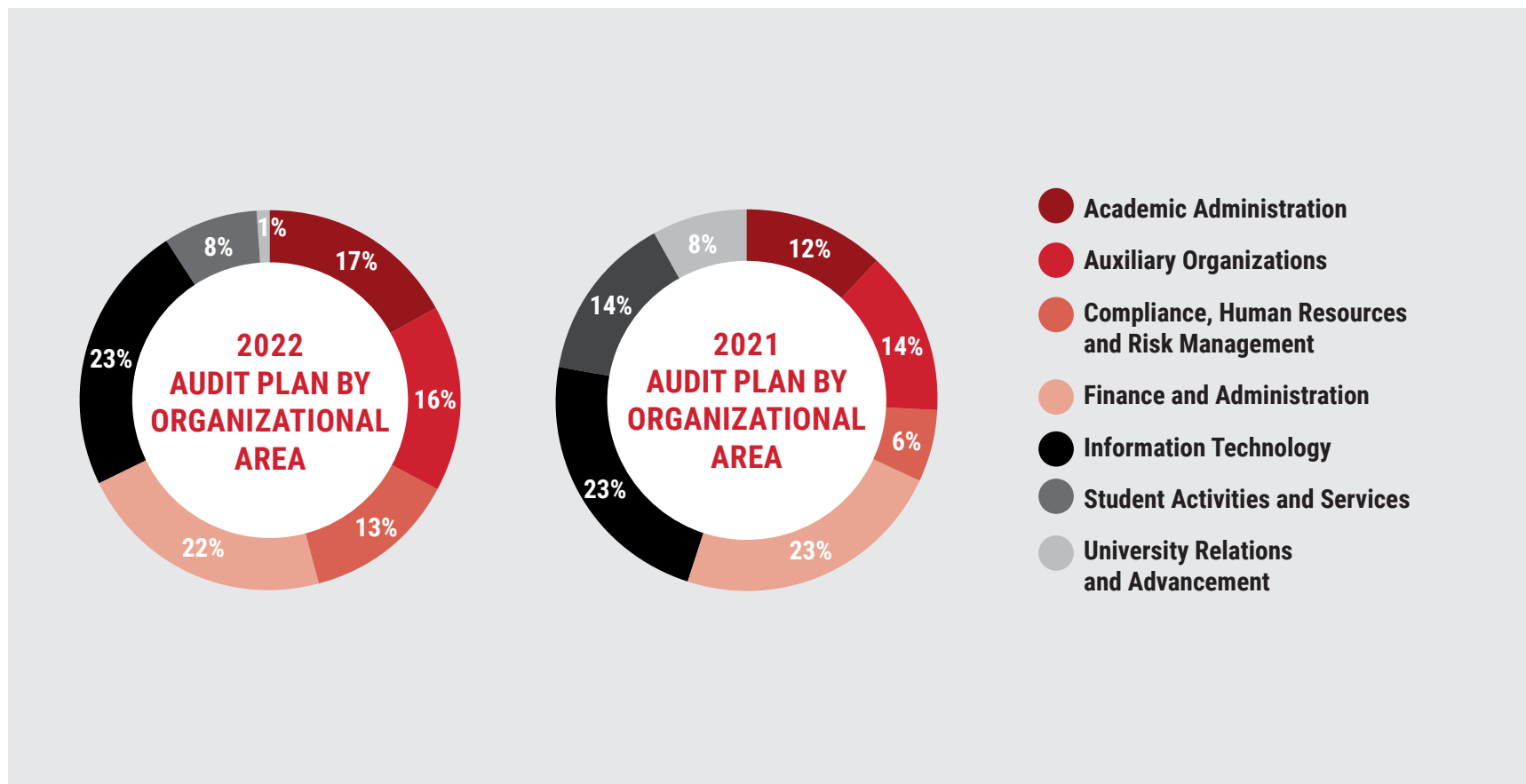
- Coverage via select auxiliary audits

### CSU AUXILIARY ORGANIZATIONS

#### Auxiliary Organizations

- Associated Students
- Commercial Services
- Philanthropic Foundations

## AUDIT PLAN BY ORGANIZATIONAL AREA





## DATA ANALYTICS

Audit and Advisory Services' data analytics function works to strategically enhance assurance audits by improving the evaluation of risks and internal controls. Data analytics has been integrated into the audit planning process to identify trends or anomalies, select more relevant samples for review, and provide analysis on the entire population of data when applicable. In addition, the data analytics team performs projects that supplement the assurance audit plan and are working towards automating specific analytic tests in order to perform review and follow-up on a continuous basis.

One of the key objectives of the data analytics team is to partner with and provide data insights to campus management. Results of data analytics reviews are shared with campus management to better understand the identified issues, obtain a broader understanding of existing risks, and aid management in business decision making. Common themes from data analytics projects, as well as other trends and patterns identified by our analyses are also shared through the data insights newsletter and credit card quarterly reports.

The data analytics plan for 2022-23 focuses on the four core areas of audit enhancement, completion of data analytics projects, continuous review, and sharing of data insights to campus management.



## DATA ANALYTICS

<b>AUDIT ENHANCEMENT</b>	<ul style="list-style-type: none"><li>• Provide data sets for all advisory and audit engagements</li><li>• Integrate data analytics testing into selected audits</li><li>• Incorporate key data points into the annual risk assessment</li></ul>
<b>PROJECTS</b>	<ul style="list-style-type: none"><li>• Human resources and payroll reviews</li><li>• Travel and hospitality expenses</li><li>• Information technology configuration management</li></ul>
<b>CONTINUOUS REVIEW</b>	<ul style="list-style-type: none"><li>• Credit card expenditures</li><li>• Procurement and disbursement activities</li></ul>
<b>DATA INSIGHTS</b>	<ul style="list-style-type: none"><li>• Annual newsletter</li><li>• Quarterly credit card reports sent to campus management</li></ul>

## ADVISORY SERVICES

Advisory services reviews are performed at the request of campus or systemwide management, and are not driven by the audit risk assessment process. These collaborative projects are an important component of the internal audit function, as they have a demonstrated track record of promoting effective internal controls and adding significant value to campus operations.

## INVESTIGATIONS AND INTERGOVERNMENTAL AUDITS

The investigations unit is responsible for conducting investigations and providing support for campus-conducted investigations, managing processes and information related to the campus reporting of fiscal improprieties, and coordinating intergovernmental audits. Because the need for investigations fluctuates depending on when issues and allegations come to the attention of administrators, investigations resources may also be deployed to perform audit and advisory work targeted toward fraud risk and prevention.





## OUTREACH AND ENGAGEMENT

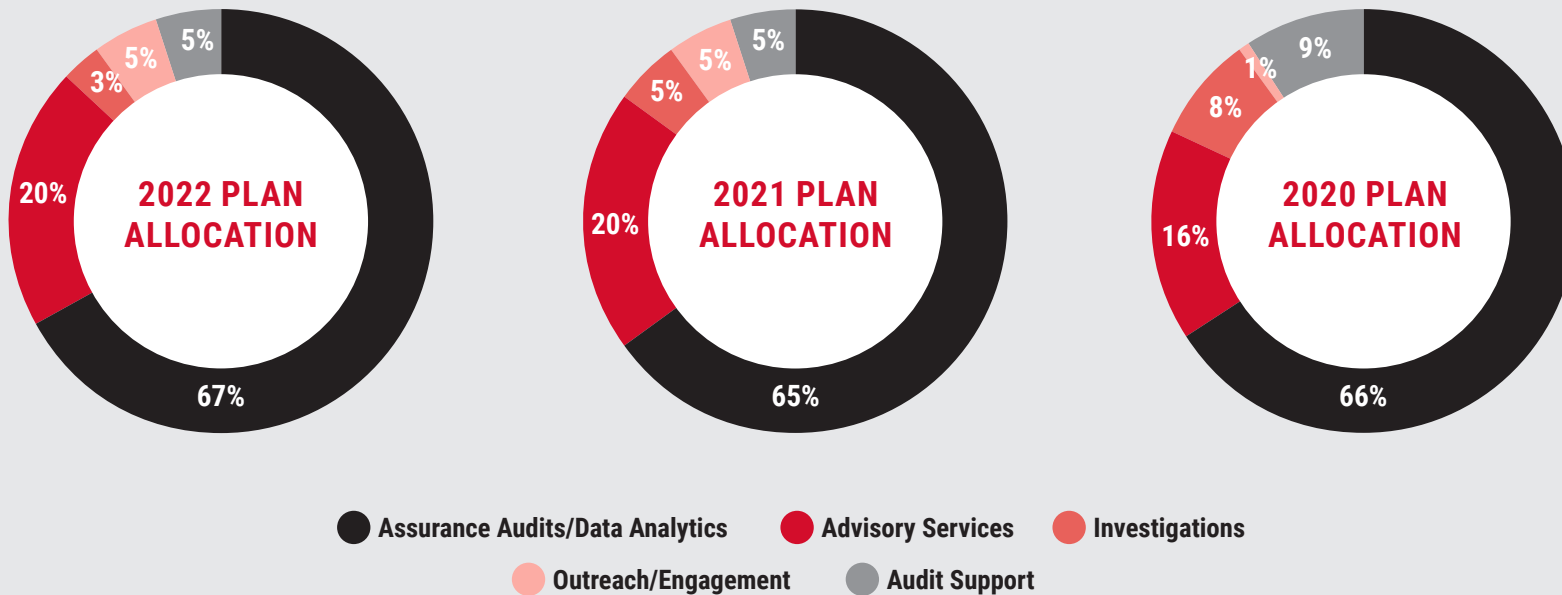
While audit and advisory work naturally requires quite a bit of outreach and engagement, partnering and working with our stakeholders beyond what would be the usual course of business for an audit or advisory review is a beneficial and value-added activity. This helps ensure that Audit and Advisory Services is not only meeting its assurance obligations to the board, but also adding value to the organization.

## AUDIT SUPPORT

Audit support includes the day-to-day administration of Audit and Advisory Services, such as scheduling; personnel administration; maintenance of department standards and protocols; administration of the department's automated workpaper system and audit planning database; and department quality assurance and improvement.



## AUDIT PLAN RESOURCE ALLOCATION & HISTORY



\*The resource allocation is based on estimated workload assumptions. Resources can be shifted between areas if an unanticipated need arises.



## **APPENDIX A – ASSURANCE AUDIT TOPICS**

### **FINANCE AND ADMINISTRATION**

#### **Construction**

Major construction projects such as academic buildings, student housing, and university unions are completed every year. Proposed scope may include, but is not limited to, review of the bid and award process, project accounting and reporting practices, and the project closeout process.

#### **Executive Travel and Hospitality**

Travel and hospitality expenses may be incurred if they are ordinary, reasonable, appropriate, and necessary to conduct official university business, and serve a purpose consistent with the mission and fiduciary responsibilities of the university. Proposed scope may include, but is not limited to, a review of travel and hospitality expenses reimbursed to, or paid on behalf of, selected executive officers and key management personnel.

#### **Facilities Management**

Facilities management generally covers areas such as facility repairs, preventive maintenance and renovations; custodial services; and groundskeeping. Proposed scope may include, but is not limited to, review of maintenance schedules, work order scheduling and control systems, methods for cost recovery and chargebacks of work performed, and tracking of physical and electronic key access to facilities.

#### **Procurement and Contracts**

Procurement and contract services is responsible for the acquisition of quality, cost-effective supplies, equipment and services for the campus community. Proposed scope may include, but is not limited to, review of compliance with informal and formal solicitation requirements, including procedures for approving sole-source purchases; proper recording and tracking of purchased assets; and compliance with sustainable procurement policies and initiatives.

#### **Vendor Administration and Payments**

The central repository of vendor information, the vendor master file (VMF), is a critical feature in the defense against fraud and erroneous payments. Proposed scope may include, but is not limited to, processes for creating and modifying vendor records, maintenance and review of the VMF, appropriate segregation of duties, and payment approval processes.





## **APPENDIX A – ASSURANCE AUDIT TOPICS (CONT.)**

### **INFORMATION TECHNOLOGY**

#### **Accessible Technology Initiative**

The accessible technology initiative reflects the California State University's (CSU) ongoing commitment to ensuring access to information resources and technologies to individuals with disabilities. Proposed scope may include, but is not limited to, the three key areas of website accessibility, procurement, and instructional materials, to ensure compliance with relevant federal and state regulations.

#### **Computer Security Incident Response**

Computer security incident response includes the formulation and adoption of an incident management plan that provides for the timely assembly of appropriate staff who can investigate and develop a response to the incident. Proposed scope may include, but is not limited to, a review of campus controls relating to information security incidents to determine if processes to identify, investigate, respond to, report, and recover from incidents are adequate to ensure compliance with relevant federal and state regulations.

#### **Information Security**

Information security at CSU campuses covers a broad range of sensitive data that requires protection to be in compliance with numerous state and federal regulations. Proposed scope may include, but is not limited to, review of the activities and measures undertaken to protect the confidentiality, integrity, access to, and availability of information.

#### **Information Technology (IT) Disaster Recovery**

IT disaster recovery planning is a specific subset of the campus business continuity planning process that addresses how the IT resources required to operate critical business functions will be restored in a timely and effective manner following a disaster. Proposed scope may include, but is not limited to, a review of program and facility readiness and resource planning for the recovery of data processing services following a catastrophic event.

### **COMPLIANCE, HUMAN RESOURCES, AND RISK MANAGEMENT**

#### **Payroll and Benefits Reporting**

The State Controller's Office (SCO) is responsible for transmitting employee membership and retiree appointment and payroll data to CalPERS on behalf of the CSU. This data drives certain employee benefits administered by CalPERS. Proposed scope may include, but is not limited to, a review of SCO processes to identify, reconcile and correct reporting errors; an analysis of reported errors in order to determine underlying causes, prioritize resolutions, and suggest potential solutions; and a reconciliation of CSU payroll data to CalPERS records.



## **APPENDIX A – ASSURANCE AUDIT TOPICS (CONT.)**

### **COMPLIANCE, HUMAN RESOURCES, AND RISK MANAGEMENT (CONT.)**

#### **Human Resource Management**

Human resources has oversight over processes designed to recruit, develop, and retain the over 55,000 employees in the CSU workforce. Proposed scope may include, but is not limited to, recruiting and selection practices, training and development programs, and employee appraisals and performance evaluations.

#### **Police Services**

Each CSU campus operates a police department, whose peace officers are sworn and certified by the California Commission on Peace Officer Standards and Training. Proposed scope may include, but is not limited to, review of certification and training records, cost recovery for services and events, overtime approvals, and proper recordkeeping and safeguarding of weapons, equipment and ammunition.

#### **Training Compliance**

The CSU requires that employees take certain courses to comply with state and university requirements that are driven by federal or state regulations and CSU policy. Some courses are administered by systemwide learning and development, while others are managed at the campus level. Proposed scope may include, but is not limited to, identification and assignment of employees required to take relevant training, tracking and monitoring of training completion, and review of certification and training records.

### **ACADEMIC ADMINISTRATION**

#### **Academic Department Fiscal Review**

Colleges and academic departments may be responsible for a wide variety of financial activities such as managing budgets, generating revenues through workshops, clinics, or other services, initiating purchases, and authorizing payments. Proposed scope may include, but is not limited to, a review of cash handling practices, contracting activities, expenditure approvals, and tracking and tagging of sensitive equipment purchases.

#### **Athletics Administration**

Athletics operations cover a wide range of fiscal and administrative areas, including fund-raising, ticketing and concessions, sponsorships, sports camps, and team travel. Proposed scope may include, but is not limited to, a review of fund-raising activities and events, ticketing operations, athletics sponsorships and other agreements, and program expenditures.



## **APPENDIX A – ASSURANCE AUDIT TOPICS (CONT.)**

### **STUDENT ACTIVITIES AND SERVICES**

#### **Financial Aid**

Financial aid programs provide support for students to help meet the costs of obtaining a college education. Proposed scope may include, but is not limited to, review of procedures to establish and calculate student budgets and cost of attendance, documentation of student eligibility, safeguarding of sensitive information, and disbursement procedures for financial aid payments.

#### **Student Health Services**

Student health services primarily encompasses the provision of basic and augmented health services through campus student health facilities. Proposed scope may include, but is not limited to review of procedures to confirm credentials and qualifications of health services staff, administration of pharmacy operations, security and confidentiality of medical records, and fiscal administration.

#### **Student Organizations**

Student organizations represent various diverse categories, such as academic, cultural, spiritual, political, service-oriented, fraternity and sorority life, and competitive sports clubs. Proposed scope may include, but is not limited to, review of processes to formally charter and recognize student organizations, qualifications and training for advisors and student leaders, administration of events sponsored by student organizations, and fiscal administration of student organization funds.

### **AUXILIARY ORGANIZATIONS**

Auxiliary organizations are non-profit organizations and separate legal entities that are authorized to provide supplemental services and support to the campuses of the CSU.

#### **Associated Students (AS)**

Associated Students auxiliaries are student-run entities including the student government and provide student-focused programs and activities. Proposed scope may include, but is not limited to, review of auxiliary governance; student body programs run by AS such as social, cultural, educational, and entertainment opportunities; and fiscal administration.

#### **Commercial Services**

The extent of commercial services operated by auxiliaries varies by organization, and may include bookstores, dining operations, catering and event services, and property management. Proposed scope may include, but is not limited to, a review of auxiliary governance; administration of commercial operations; other auxiliary functions and programs; and fiscal administration.

#### **Philanthropic Foundations**

Philanthropic Foundations are auxiliary organizations that are primarily responsible for the acceptance and management of philanthropic gifts designated for the university. Proposed scope may include, but is not limited to, review of auxiliary governance; gift and donation processing; fund-raising event administration; investment management practices; and fiscal administration.



