AGENDA

COMMITTEE ON AUDIT

Meeting: **11:50 a.m., Tuesday, September 12, 2023**
Glenn S. Dumke Auditorium

Yammilette Rodriguez, Chair
Jean Picker Firstenberg, Vice Chair
Leslie Gilbert-Lurie
Lillian Kimbell
Lateefah Simon
Christopher Steinhauser

Consent   1. Approval of Minutes of the Meeting of July 11, 2023, *Action*
2. Status Report on Audit and Advisory Services Activities, *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**

July 11, 2023

Members Present

Yammilette Rodriguez, Chair
Jean Picker Firstenberg, Vice Chair
Leslie Gilbert-Lurie
Lillian Kimbell
Lateefah Simon
Wenda Fong, Chair of the Board

Trustee Yammilette Rodriguez called the meeting to order.

Approval of the Consent Agenda

The minutes of the May 24, 2023, meeting of the Committee on Audit were approved as submitted.

Item two, Status Report on Audit and Advisory Services Activities, was an information item.

Trustee Rodriguez 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 2022-23 and 2023-24 audit plans. The fieldwork for all 2022-23 audits has been completed and a presentation on the completed audit plan will be provided at the November Board of Trustees meeting.

Follow-up on current and past assignments is being conducted on approximately 32 completed campus reviews. Attachment A summarizes the status of audit assignments by campus. Additionally, Attachment B illustrates key 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; provide advisory services; support intergovernmental audits; and perform investigation reviews, as needed.

ASSURANCE AUDITS AND DATA ANALYTICS

Status of In-Process and Completed Audits

Audit and Advisory Services has completed the fieldwork for all 52 audits of the 2022-23 audit plan. Nine audits are currently in process as part of the 2023-24 audit plan. Completed audit reports are posted on the California State University website at https://www2.calstate.edu/csu-system/transparency-accountability/audit-reports.

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

The data analytics team recently completed development on several new credit card dashboards, including a dashboard to evaluate merchant and employee spending. Risk indicator dashboards were also completed, and the data is being evaluated for possible follow up. For Concur travel expenditures, the data analytics team recently uploaded current data and is preparing for the next periodic review.

Additionally, work continues on expenditure dashboards. The team created new dashboards that can be used to explore expenditure data at multiple levels, such as by year, month, department, category, and fund.

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 of alleged fiscal improprieties. Investigations are performed 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 California State University system throughout the audit process when appropriate.

The California State Auditor (CSA) began its audit of community college transfers. The audit will review California's higher education systems' efforts to improve the rate of community college transfers to the California State University and University of California. The audit is currently in the planning phase. The scope and objectives of the audit are available on the State Auditor's website (https://www.auditor.ca.gov/pdfs/analyses/2023-123.pdf).

The Title IX audit report was issued on July 18, 2023. A copy of the full report can be found on the State Auditor's website (https://www.auditor.ca.gov/pdfs/reports/2022-109.pdf). The audit directed 16 recommendations to the Chancellor's Office. The CSA requires detailed follow-up responses on the implementation of the report's recommendations at 60 days, six months, and one year after the report's release, and annually thereafter if recommendations are still open. Audit and Advisory Services is responsible for coordinating the CSU's follow-up responses to the audit. The CSU's first follow-up response is due to the CSA on September 15, 2023.

In addition to the JLAC approved audits described previously, the CSA prepares biennial reports on high-risk issues that "the CSA identifies as high risk for their potential of waste, fraud, abuse or mismanagement, or that have major challenges associated with their economy, efficiency, or effectiveness." In 2013, the CSA identified affordability in higher education as a high-risk issue for both the California State University and University of California systems. Since then, the CSA has continued to assess affordability as a high-risk issue every two years. However, in its most recent high-risk report, issued on August 24, 2023, the CSA removed the affordability of higher education from its high-risk list.

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.

Each year Audit and Advisory Services hosts a systemwide roundtable meeting designed to facilitate communication and collaboration between Audit and Advisory Services and CSU campus audit representatives. This year's event will be held September 19-20 and will include a variety of informational sessions and discussion on topics such as campus safety, information security, Title IX, and notable observations from recent audits.

INTERNAL AUDIT FRAMEWORK AND STANDARDS

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, including organizational independence, as outlined in the Audit and Advisory Services Charter

Audit and Advisory Services is organizationally independent and free from interference in determining the scope of internal audits, performing work, and communicating results. To ensure organizational independence, Audit and Advisory Services reports functionally to the Trustees of the California State University, and administratively to the Chancellor.

STATUS REPORT ON CURRENT AND PAST AUDIT ASSIGNMENTS

Campus	Category	Audit Topic	Audit Plan Year	Total # of Recommendations	*Status
Chancellor's Office	Audits Currently in Progress	Payroll and Benefits Reporting	2022		
		Emergency Management	2023		
Chico	Status of Recommendations	Information Security	2022	14	14
	No Reportable Recommendations	Associated Students, Inc.	2022	n/a	
Dominguez Hills	Audits Currently in Progress	Property and Equipment Management	2023		
	Status of Recommendations	Associated Students, Inc.	2022	8	8
		Information Security	2022	8	8
East Bay	Audits Currently in Progress	Information Security Follow Up	2022		
	Status of Recommendations	Executive Travel and Hospitality	2022	1	1
		Student Health Services	2022	5	5
Fresno	Status of Recommendations	Association	2022	1	1
		Human Resources and Training Compliance	2022	5	3 / 2
	No Reportable Recommendations	IT Disaster Recovery Follow Up	2022	n/a	
Fullerton	Status of Recommendations	Construction Management	2022	4	3 / 1
		Executive Travel and Hospitality	2022	1	1
Humboldt	Audits Currently in Progress	International Programs	2023		
	Status of Recommendations	Executive Travel and Hospitality	2022	2	2
		Human Resources and Training Compliance	2022	14	5 / 9
Long Beach	Audits Currently in Progress	Youth Programs	2023		
	Status of Recommendations	Athletics Fiscal Administration	2022	5	2 / 3
Los Angeles	Audits Currently in Progress	Accessible Technology Initiative	2023		
	Status of Recommendations	Computer Security Incident Response	2022	5	5
		University Auxiliary Services	2022	8	6 / 2
Maritime Academy	Status of Recommendations	Information Security	2021	10	9 / 1
Monterey Bay	Status of Recommendations	Accessible Technology Initiative	2022	6	6
Northridge	Audits Currently in Progress	Athletics Fiscal Administration	2022		
	Status of Recommendations	The University Corporation	2022	7	7
Pomona	Status of Recommendations	Foundation	2022	3	3
		Information Security	2022	6	6
Sacramento	Audits Currently in Progress	Capital Public Radio	2022		
	Status of Recommendations	Athletics Fiscal Administration	2022	5	5
	No Reportable Recommendations	Computer Security Incident Response	2022	n/a	

*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

STATUS REPORT ON CURRENT AND PAST AUDIT ASSIGNMENTS

Campus	Category	Audit Topic	Audit Plan Year	Total # of Recommendations	*Status
San Bernardino	Status of Recommendations	Information Security	2022	6	6
		Police Services	2022	2	2
San Diego	Audits Currently in Progress	Academic Department Fiscal Review	2023		
	Status of Recommendations	Aztec Shops	2022	5	5
		Student Organizations	2022	2	1 / 1
San Francisco	Status of Recommendations	Training Compliance	2022	3	3
San Jose	Audits Currently in Progress	Information Security	2022		
	Status of Recommendations	Decentralized Computing	2021	9	8 / 1
		Athletics Fiscal Administration	2022	6	6
San Luis Obispo	Status of Recommendations	Athletics Fiscal Administration	2022	7	7
		IT Disaster Recovery	2022	3	1 / 2
San Marcos	Audits Currently in Progress	Accessible Technology Initiative	2022		
		Counseling and Psychological Services	2023		
	Status of Recommendations	Human Resources and Training Compliance	2022	5	5
Sonoma	Audits Currently in Progress	Business Continuity and IT Disaster Recovery	2023		
	Status of Recommendations	Philanthropic Foundation	2022	1	1
Stanislaus	Audits Currently in Progress	Information Security	2023		
	Status of Recommendations	Student Health Services	2022	3	1 / 2

*Status
Closed (green) - Recommendations have been satisfactorily implemented
Open (blue) - Implementation of recommendations is in progress and within the agreed upon timeframe
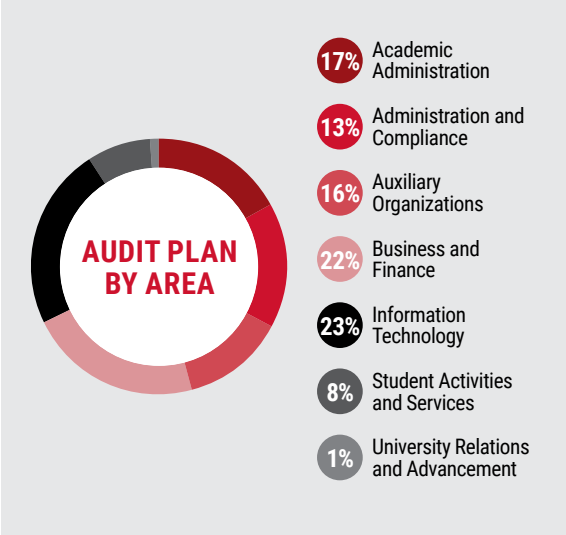Exceeds Agreed Upon Timeframe (red) - Recommendations have not been implemented within the agreed upon timeframe

CSU The California State University

AUDIT HIGHLIGHTS

2022-23 ASSURANCE AUDITS

90%
COMPLETED

10%
IN-PROGRESS

AUDIT PLAN BY AREA

- 17% Academic Administration
- 13% Administration and Compliance
- 16% Auxiliary Organizations
- 22% Business and Finance
- 23% Information Technology
- 8% Student Activities and Services
- 1% University Relations and Advancement

2023-24 ASSURANCE AUDITS

17%
IN-PROGRESS

83%
PLANNED

AUDIT PLAN BY AREA

- 8% Academic Administration
- 17% Administration and Compliance
- 16% Auxiliary Organizations
- 20% Business and Finance
- 23% Information Technology
- 10% Student Activities and Services
- 6% University Relations and Advancement
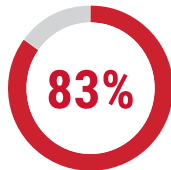
2022-23 RECOMMENDATIONS

52
AUDITS

214
TOTAL RECS

88
CLOSED

CALIFORNIA STATE AUDITOR (CSA)

THE CSA BEGAN ITS AUDIT OF EFFORTS TO IMPROVE TRANSFER RATES TO THE CSU AND UC

KEY MILESTONES

SEPT. 2023
COMPLETED ALL FIELDWORK FOR 2022-23 AUDIT PLAN

WRAPPING UP FIRST SET OF 2023-24 AUDITS

HOSTING 7TH ANNUAL AUDIT LIAISON ROUNDTABLE