

## **AGENDA**

### **COMMITTEE ON AUDIT**

**Meeting: 1:05 p.m., Tuesday, July 19, 2016**  
**Glenn S. Dumke Auditorium**

Douglas Faigin, Chair  
Lupe C. Garcia, Vice Chair  
Lillian Kimbell  
Hugo N. Morales  
Lateefah Simon

#### **Consent Items**

Approval of Minutes of the Meeting of May 24, 2016

#### **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**

**May 24, 2016**

**Members Present**

Lupe C. Garcia, Chair  
Douglas Faigin, Vice Chair  
Adam Day  
Hugo N. Morales  
Peter J. Taylor  
Lou Monville, Chair of the Board  
Timothy P. White, Chancellor

Trustee Garcia called the meeting to order.

**Approval of Minutes**

The minutes of March 8, 2016, were approved as submitted.

**Status Report on Corrective Actions for the Findings in the California State University  
Single Audit Reports of Federal Funds for the Fiscal Year Ended June 30, 2015**

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

**Status Report on Current and Follow-up Internal Audit Assignments**

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

**2014 Quality Assurance Review – Status Report**

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

Trustee Garcia 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 2016 audit plan and follow-up on past assignments. For the 2016 year, assignments were made to conduct reviews of Auxiliary Organizations, Delegations of Authority, Academic Departments, Emergency Management, International Activities, Construction, Student Activities, Information Security, Cloud Computing, and Information Technology (IT) Disaster Recovery Planning. In addition, follow-up on current/past assignments (Auxiliary Organizations, Information Security, Clery Act, Scholarships, Student Activities, Academic Departments, and Delegations of Authority) was being conducted on approximately 30 prior campus/auxiliary reviews. Attachment A summarizes the reviews in tabular form. An up-to-date Attachment A will be distributed at the committee meeting.

### **Status Report on Current and Follow-up Internal Audit Assignments**

#### Auxiliary Organizations

The initial audit plan indicated that approximately 267 staff weeks of activity (26.1 percent of the plan) would be devoted to auditing internal compliance/internal control at eight campuses/29 auxiliaries. Two campus/six auxiliary reports have been completed, one campus/two auxiliary reports are awaiting a campus response prior to finalization, report writing is being completed for one campus/four auxiliaries, and fieldwork is being conducted for one campus/four auxiliaries.

#### Delegations of Authority

The initial audit plan indicated that approximately 48 staff weeks of activity (4.7 percent of the plan) would be devoted to a review of the management of processes for administration of purchasing and contracting activities, motor vehicle inspections, and real and personal property transactions. Six campuses will be reviewed. One campus report has been completed, report writing is being completed for two campuses, and fieldwork is being conducted at three campuses.

*Operational/Financial Reviews*

Academic Department Fiscal Review

The initial audit plan indicated that approximately 47 staff weeks of activity (4.7 percent of the plan) would be devoted to a review of college/department administrative and financial controls. Six campuses will be reviewed. Two campus reports have been completed, and three reports are awaiting a campus response prior to finalization.

Emergency Management

The initial audit plan indicated that approximately 50 staff weeks of activity (4.8 percent of the plan) would be devoted to a review of campus emergency management policies and procedures to ensure compliance with CSU and state and federal compliance requirements. Six campuses will be reviewed. Fieldwork is being conducted at one campus.

International Activities

The initial audit plan indicated that approximately 50 staff weeks of activity (4.8 percent of the plan) would be devoted to a review of campus international programs and activities to ensure compliance with CSU policies and other regulatory requirements. Six campuses will be reviewed.

Construction

The initial audit plan indicated that approximately 47 staff weeks of activity (4.6 percent of the plan) would be devoted to a review of design budgets and costs; the bid process; invoice processing and change orders; project management, architectural, and engineering services; contractor compliance; cost verification of major equipment and construction components; the closeout process and liquidated damages; and overall project accounting and reporting. Six projects will be reviewed. One campus report has been completed, report writing is being completed for two projects, and fieldwork is being conducted for one project.

Student Activities

Due to resource constraints, we were unable to complete three Student Activities audits in 2015. The 2016 audit plan indicated that approximately 25 staff weeks of activity (2.5 percent of the plan) would be devoted to completion of these reviews that ensure compliance with CSU policies and other regulatory requirements. Three campuses will be reviewed. Two campus reports have been completed, and report writing is being completed for one campus.

## *Information Technology Reviews and Support*

### Information Security

The initial audit plan indicated that approximately 46 staff weeks of activity (4.5 percent of the plan) would be devoted to a review of the activities and measures undertaken to protect the confidentiality, integrity, access to, and availability of information. Six campuses will be reviewed. One campus report is awaiting a campus response prior to finalization, and report writing is being completed for two campuses.

### Cloud Computing

The initial audit plan indicated that approximately 26 staff weeks of activity (2.5 percent of the plan) would be devoted to a review of activities pertaining to the use of third-party cloud computing/internet service providers, including a review of contractual provisions related to service availability, data ownership, backup and recovery, and protection of sensitive and/or proprietary information. Four campuses will be reviewed. One campus report is awaiting a campus response prior to finalization, and report writing is being completed for three campuses.

### Information Technology Disaster Recovery Planning

The initial audit plan indicated that approximately 26 staff weeks of activity (2.6 percent of the plan) would be devoted to a review of program and facility readiness and resource planning for the recovery of data processing services following a catastrophic event. Four campuses will be reviewed. Fieldwork is being conducted at one campus.

### Technology Support

The initial audit plan indicated that approximately 17 staff weeks of activity (1.6 percent of the plan) would be devoted to technology support for non-information technology specific audits and advisory services reviews. The provision of support is ongoing.

### *Advisory Services*

The initial audit plan indicated that approximately 220 staff weeks of activity (21.6 percent of the plan) would be devoted to partnering with management to identify solutions for business issues, offering opportunities to improve the efficiency and effectiveness of operating areas, and assisting with special requests, while ensuring the consideration of related internal control issues. 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 defalcations 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. Forty-three staff weeks have been set aside for this purpose, representing approximately 4.2 percent of the audit plan.

### *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. Thirty-eight weeks have been set aside for this purpose, representing approximately 3.8 percent of the audit plan.

### *Audit Support*

#### Audit Follow-up

The audit plan indicated that approximately 16 staff weeks of activity (1.6 percent of the plan) would be devoted to follow-up on prior audit recommendations. The Office of Audit and Advisory Services is currently tracking approximately 30 current/past assignments (Auxiliary Organizations, Information Security, Clery Act, Scholarships, Student Activities, Academic Departments, and Delegations of Authority) to determine the appropriateness of the corrective action taken for each recommendation and whether additional action is required.

#### 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. Eleven staff weeks have been set aside for this purpose, representing approximately 1.1 percent of the audit plan.

#### Administration

Day-to-day administration of the Office of Audit and Advisory Services represents approximately 4.3 percent of the audit plan.

**Status Report on Current and Follow-Up Internal Audit Assignments**  
(as of 7/7/2016)

2016 ASSIGNMENTS												FOLLOW-UP PAST/CURRENT ASSIGNMENTS			
Aux Orgs	Info Security	Student Activities	Cloud Comptg	Acad Dept Fiscal Review	Deleg of Auth	Emerg Mgmt	IT Dis Recov	Intl Activities	Auxiliary Organizations	Information Security	*No.	*Recs	**Mo.	*Recs	**Mo.
BAK		RW									4	35/35	-	10/10	-
CHI			RW								3	0/32	3	21/21	-
CI		AC			RW						3	32/32	-		
DH				AI		FW					3	14/36	4		
EB	RW										3	31/31	-		
FRE				AI			FW				6	36/36	-	11/11	-
FUL			AI								4	17/27	5		
HUM	FW										4			4/4	-
LB				AC							4	18/18	-	6/6	-
LA	RW										4	18/18	-		
MA					FW						2	13/13	-	7/7	-
MB											2	23/23	-		
NOR	AI										5	19/19	-		
POM	AI	AC									2				
SAC					FW						5	41/41	-		
SB											4	23/23	-	10/10	-
SD	RW										4			0/7	2
SF			RW		AC						3	17/17	-	0/9	6
SJ											5	26/26	-	17/17	-
SLO											3	11/11	-		
SM	AC		RW								4	3/17	2		
SON				AC	FW						3	4/4	-		
STA				AI							4	14/14	-	12/21	8
CO	AC				RW						2	0/1	2		
SYS															

\* 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.

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

**Status Report on Current and Follow-Up Internal Audit Assignments**  
(as of 7/7/2016)

FOLLOW-UP PAST/CURRENT ASSIGNMENTS											
	Clery Act		Scholarships		Student Activities		Academic Dept. Fiscal Review		Delegations of Authority		
	*Recs	**Mo.	*Recs	**Mo.	*Recs	**Mo.	*Recs	**Mo.	*Recs	**Mo.	
BAK			3/3	-							
CHI											
CI					0/2	3					
DH			3/3	-							
EB	6/6	-									
FRE											
FUL					1/5	4					
HUM	3/3	-									
LB							0/4	2			
LA	3/3	-	2/2	-							
MA	3/3	-									
MB											
NOR			0/3	5							
POM					0/3	2					
SAC					1/1	-					
SB											
SD	4/4	-									
SF								0/4	2		
SJ			3/3	-							
SLO	3/3	-	1/1	-							
SM					0/2	5					
SON							0/5	2			
STA											
CO											
SYS											

\* 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.



**Status Report on Current and Follow-Up Construction Audit Assignments**  
(as of 7/7/2016)

Project No.	Project	Contractor	Construction Cost	Start Date	Comp. Date	Managed By	Current	Campus Follow-Up **RECS ***MO.	CPDC Follow-Up **RECS ***MO.
2016	SJ-875	Student Health & Counseling Ctr.					*		
	EB-001	Warren Hall Replacement	\$27,243,613	3/5/2013	Apr-15	Campus	AC	0/3	1
	SD-1275	Zura Hall Renovation	\$25,940,384	3/10/2014	Oct-15	Campus	RW		
	MB-222	Academic Building II	\$38,958,025	5/15/2014	Nov-15	Campus	RW		
			\$30,287,494	1/6/2014	Dec-15	Campus	FW		
		Blach Construction Co.							
		Sundt Construction, Inc.							
		Balfour Beatty Const. Co.							
		Rudolph and Sletten							

\*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.