

## **AGENDA**

### **COMMITTEE ON AUDIT**

**Meeting: 8:30 p.m., Wednesday, January 29, 2003**  
**Glenn S. Dumke Auditorium**

Shailesh J. Mehta, Chair  
Kyriakos Tsakopoulos, Vice Chair  
William Hauck  
Dee Dee Myers  
Erene S. Thomas  
Anthony M. Vitti

#### **Consent Items**

Approval of Minutes of Meeting of November 12, 2002

#### **Discussion Items**

1. Status Report on Current and Follow-up Internal Audit Assignments, *Information*
2. Assignment of Functions to Be Reviewed by the Office of the University Auditor for Calendar Year 2003, *Action*
3. Report on Construction Auditing in the California State University–2001/2002, *Information*
4. Report of the Systemwide Audit in Accordance with Generally Accepted Accounting Principles Including the Report to Management, *Information*
5. Single Audit Report of Federal Funds, *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**

**November 12, 2002**

**Members Present**

Kyriakos Tsakopoulos, Vice Chair  
Erene S. Thomas

**Members Absent**

Shailesh J. Mehta, Chair  
William Hauck  
Dee Dee Myers  
Anthony M. Vitti

**Other Trustees Present**

Debra S. Farar, Chair of the Board  
Roberta Achtenberg  
Robert Foster  
Murray L. Galinson  
Harold Goldwhite  
M. Alexander Lopez  
Ralph R. Pesqueira  
Frederick W. Pierce, IV  
Charles B. Reed, Chancellor

**Chancellor's Office Staff**

Louis Caldera, Vice Chancellor, University Advancement  
Christine Helwick, General Counsel  
Larry Mandel, University Auditor  
Jackie R. McClain, Vice Chancellor, Human Resources  
David S. Spence, Executive Vice Chancellor and Chief Academic Officer  
Richard P. West, Executive Vice Chancellor and Chief Financial Officer

Vice Chair Tsakopoulos called the meeting to order at 3:55 p.m.

**Approval of Minutes**

The minutes of the meeting of September 17, 2002, were approved as submitted.

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

Mr. Mandel presented the item by reporting the status of the following audit assignments and follow-up reviews:

*FISMA* – Two audits have been completed, three audits await a campus response prior to finalization, report writing is being completed on one campus review, and fieldwork is currently taking place at three campuses.

*Auxiliary Organizations* – One campus/three auxiliary reviews have been completed, two campus/seven auxiliary reviews await a response prior to finalization, and report writing is being completed on two campus/nine auxiliary reviews.

*Financial Aid* – Report writing is being completed on eight campus reviews, while fieldwork is currently taking place at one campus.

*Disability Support and Accommodations* – Two campus reviews have been completed, report writing is being completed on seven campus reviews, and fieldwork is currently taking place at one campus.

*Development* – Two campus reviews have been completed, one audit awaits a campus response prior to finalization, report writing is being completed on six campus reviews, and fieldwork is currently taking place at one campus.

As per the audit plan, audits will be performed for the subject areas at about ten campuses each this year – approximately 29 auxiliary organizations and 12 FISMA areas.

*Follow-up* – Currently tracking approximately 35 prior audits (Special Investigations, FISMA, Auxiliary Organizations, Development, Contracts and Grants, and Delegations of Authority) to determine the appropriateness of the corrective action taken for each recommendation and whether additional action is required.

*Construction* – For fiscal year 2001/2002, six construction projects are being reviewed by KPMG with coordination from the Office of the University Auditor. Four projects have been completed, while two projects await a campus response prior to finalization.

Mr. Mandel stated that the current matrix indicates that two campuses have outstanding recommendations beyond the 12-month period. However, he stated that the outstanding recommendation pertaining to FISMA at California State University, Stanislaus has been completed since the printing of the matrix. He also stated that the outstanding recommendations pertaining to Development at California State University, Monterey Bay are in the process of being completed and should be closed by the next Board meeting.

Trustee Galinson requested that any changes to updated status reports be highlighted for ease of review and comparison to previous status reports.

Chancellor Reed informed the Committee that the request from Trustee Mehta to develop best practices, especially as it relates to the auxiliaries, has been completed. He commended Mr. Richard West and Mr. Larry Mandel for their efforts on this project.

The meeting was adjourned at 4 p.m.

## **COMMITTEE ON AUDIT**

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

#### **Presentation By**

Larry Mandel  
University Auditor

#### **Summary**

This item includes both a status report on the 2002 audit plan and follow-up on past assignments. For the current year, assignments have been made to conduct reviews of FISMA (financial internal controls), Auxiliary Organizations, Development, Financial Aid, Disability Support and Accommodations, Information Systems, and Construction. In addition, follow-up on past assignments (Special Investigations, FISMA, Auxiliary Organizations, Development, Contracts and Grants, and Delegations of Authority) is currently being conducted on approximately 35 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**

At the January 2002 meeting of the Committee on Audit, an audit plan calling for the review of the following subject areas was approved: FISMA (financial internal controls), Auxiliary Organizations, Development, Financial Aid, Disability Support and Accommodations, Information Systems, and Construction.

#### *FISMA*

The audit plan indicated that approximately 136 staff weeks of activity (17 percent of the plan) would be devoted to auditing financial internal controls on 12 campuses. Six audits have been completed, report writing is being completed on three campus reviews, and fieldwork is currently taking place at three campuses.

#### *Auxiliary Organizations*

The audit plan indicated that approximately 261 staff weeks of activity (32 percent of the plan) would be devoted to auditing internal compliance/internal control at 9 campuses/29 auxiliaries. Two campus/five auxiliary reviews have been completed, two campus/eight auxiliary reviews await a response prior to finalization, and report writing is being completed on two campus/nine auxiliary reviews.

### *Development*

The audit plan indicated that approximately 97 staff weeks of activity (12 percent of the plan) would be devoted to a review of 10 campuses on cash contributions and donations of property and services, controls over the analysis of development needs, identification of prospective donors, solicitation and acknowledgment of donations, valuation of nonmonetary donations, recording gifts and posting to accounting records, expending donated funds, and preparation of reports on development activity. Seven campus reviews have been completed, two audits await a campus response prior to finalization, and report writing is being completed on one campus review.

### *Financial Aid*

The audit plan indicated that approximately 97 staff weeks of activity (12 percent of the plan) would be devoted to a review of 10 campuses on identification of financial aid resources, establishing student budgets, packaging financial aid awards, coordinating financial aid benefits, managing financial aid funds, complying with federal and state program requirements, securing financial aid applicant information, and preparing financial aid reports. Three campus reviews have been completed, five audits await a campus response prior to finalization, and report writing is being completed on two campus reviews.

### *Disability Support and Accommodations*

The audit plan indicated that approximately 97 staff weeks of activity (12 percent of the audit plan) would be devoted to a review of 10 campuses on CSU programs for disabled employees, students, and visitors. This would include accessibility of facilities, provision of enabling supportive services, and use of adaptive technologies. Five campus reviews have been completed, two audits await a campus response prior to finalization, and report writing is being completed on three campus reviews.

### *Information Systems*

The audit plan indicated that approximately 43 staff weeks of activity (5 percent of the plan) would be devoted to review of systemwide projects such as: Disaster Recovery, Common Management Systems (CMS), and Web Security. In addition, support will be provided in the area of financial internal controls for both campus (FISMA) and auxiliary audits. Review and training are ongoing.

### *Follow-ups*

The audit plan indicated that approximately 26 staff weeks of activity (3 percent of the plan) would be devoted to follow-up on prior audit recommendations. The Office of the University Auditor is currently tracking approximately 35 prior audits (Special Investigations, FISMA, Auxiliary Organizations, Development, Contracts and Grants, and Delegations of Authority) to determine the appropriateness of the corrective action taken for each recommendation and whether additional action is required.

### *Consultations and Investigations*

The audit plan indicated that approximately 43 staff weeks of activity (5 percent of the plan) would be devoted to campus consultations and special requests. The Office of the University Auditor is periodically called upon to provide consultation to the campuses and/or to perform special audit requests made by the Chancellor. Typically, the special requests are investigative in nature and often are the result of alleged defalcations or conflicts of interest.

### *Construction*

The audit plan indicated that approximately 5 staff weeks of activity (1 percent of the plan) would be devoted to coordination of construction auditing. For the 2001/02 fiscal year, six construction projects were reviewed and have been completed by KPMG with coordination from the Office of the University Auditor. Areas under review included construction bid process, change orders, project management services, contractor compliance, liquidated damages, and cost verification of major equipment and construction components.

### *Training*

The audit plan indicated that approximately 6 staff weeks of activity (1 percent of the plan) would be devoted to training in control self-assessment. A Management Risk Assessment and Assurance program has been developed and is being implemented at those campuses indicating an interest in such a program during 2002. The proposed program consists of individual workshops where risk assessment/mitigation and internal control training will be provided and a targeted risk assessment profile will be developed. The program has been initiated at three campuses with two more in the planning stage.

## COMMITTEE ON AUDIT

### **Assignment of Functions to Be Reviewed by the Office of the University Auditor for Calendar Year 2003**

#### **Presentation By**

Larry Mandel  
University Auditor

#### **Summary**

At the first meeting of the new year, the Committee on Audit selects the audit assignments for the Office of the University Auditor. The following is an audit plan for calendar year 2003.

#### **FINANCIAL INTEGRITY AND STATE MANAGER'S ACCOUNTABILITY ACT OF 1983**

In 1983, the California legislature passed the Financial Integrity and State Manager's Accountability Act of 1983 (FISMA). This act requires that state agencies establish and maintain a system of internal accounting and administrative control. To ensure that the agency fully complies with requirements, the head of each agency is required to prepare and submit a report on the adequacy of the systems of internal accounting and administrative control following the end of each odd-numbered fiscal year.

These audits will review compliance with state and federal laws, Board of Trustee policies, and Office of the Chancellor policies, letters, and directives. For those audit tests which require annualized data, either the 2001/02 or 2002/03 (as appropriate) fiscal year will be the primary period reviewed. In certain instances, we are concerned with representations of the most current data. In those cases, the test period will normally be the two months prior to our arrival on campus. Specifically, we will review and test the following areas:

Cash Receipts	Payroll/Personnel
Receivables	Fixed Assets
Purchasing	Fiscal Information Technology
Revolving Fund	Investments
Cash Disbursements	Trust Funds

Twelve FISMA audits are planned for calendar year 2003. This represents 136 staff weeks of audit effort, which amounts to approximately 17 percent of the audit plan.

#### SUBJECT 1

To be determined by the Committee on Audit. If the subject matter lends itself to an audit of average length, it is estimated that 10 campus audits will take place during calendar year 2003. This represents 97 staff weeks of audit effort, which is approximately 12 percent of the audit plan.

#### SUBJECT 2

To be determined by the Committee on Audit. If the subject matter lends itself to an audit of average length, it is estimated that 10 campus audits will take place during calendar year 2003. This represents 97 staff weeks of audit effort, which is approximately 12 percent of the audit plan.

#### SUBJECT 3

To be determined by the Committee on Audit. If the subject matter lends itself to an audit of average length, it is estimated that 10 campus audits will take place during calendar year 2003. This represents 97 staff weeks of audit effort, which is approximately 12 percent of the audit plan.

### AUDITS OF AUXILIARY ORGANIZATIONS

In order to provide assurance to the Board that adequate oversight is being maintained over auxiliaries, the Office of the University Auditor administers an audit program covering internal compliance/internal controls. It is estimated that 26 auxiliary reviews will take place during calendar year 2003. This represents 234 staff weeks of audit effort, which is approximately 30 percent of the audit plan.

### INFORMATION SYSTEMS

Information Systems areas of review will include systemwide projects such as: Disaster Recovery, Common Management Systems (CMS), and Web Security. In addition, support will be provided in the area of financial internal controls for both campus (FISMA) and auxiliary organization audits. Forty-three staff weeks are planned during calendar year 2003. This represents approximately 5 percent of the audit plan.

### FOLLOW-UPS

The purpose of this category is to follow-up on prior audit recommendations. The Office of the University Auditor reviews the responsiveness of the corrective action taken for each recommendation and determines whether additional action may be required. In certain instances, it may be necessary to revisit the campus to ascertain whether the corrective action taken is achieving the desired results. All recommendations are tracked until each is satisfactorily addressed. Reports of follow-up activity are made at each meeting of the Committee on Audit. Thirty staff weeks have been set aside for this purpose, representing approximately 4 percent of

the audit plan.

#### CONSULTATION AND INVESTIGATIONS

The Office of the University Auditor is periodically called upon to provide consultation to the campuses and/or to perform special audit requests made by the Chancellor. Typically, the special requests are investigative in nature and often are the result of alleged defalcations or conflicts of interest. Forty-three staff weeks have been set aside for this purpose, representing approximately 5 percent of the audit plan.

#### CONSTRUCTION

In addition to the above, construction auditing will be a continuing focus of the Office of the University Auditor. For the 2002/03 fiscal year, six construction projects are being reviewed by KPMG with coordination from the Office of the University Auditor. Areas under review include construction bid process, change orders, project management services, contractor compliance, liquidated damages, and cost verification of major equipment and construction components. Five staff weeks have been set aside for this purpose, representing approximately 1 percent of the audit plan.

#### TRAINING

Training in control self-assessment will continue in 2003. The program consists of a two-day workshop where risk assessment/mitigation and internal control training will be provided and a targeted risk assessment profile will be developed. In addition, the Office of the University Auditor is planning two, one-day workshops on various aspects of audit coordination and process. Ten staff weeks have been set aside for this purpose, representing approximately 1 percent of the audit plan.

The following resolution is recommended for approval:

**RESOLVED**, By the Committee on Audit of the Board of Trustees of The California State University, that the 2003 internal audit plan, including FISMA, Information Systems, Auxiliary Organizations, Construction, \_\_\_\_\_, \_\_\_\_\_ and \_\_\_\_\_ (to be determined by the committee) be approved.

**OFFICE OF THE UNIVERSITY AUDITOR  
 RESULTS OF 2002 RISK ASSESSMENT**

PROSPECTIVE AUDIT TOPICS (TOP 50% OF RISK)

	TOPIC	TIME SINCE LAST AUDIT BY THE OUA
1	Employee Relations/Collective Bargaining	Never Audited
2	Financial Aid	Less Than 2 Yrs
3	Contracts and Grants	Less Than 2 Yrs
4	Procurement	FISMA*
5	Payroll Services	FISMA*
6	Financial Reporting	Never Audited
7	Admissions and Evaluations	More Than 5 Yrs
8	Development/Fund-Raising	Less Than 2 Yrs
9	Continuing Education/Extended Learning	2 Yrs - 5 Yrs
10	Disaster/Contingency Plng/Emergency Prep	2 Yrs - 5 Yrs
11	Environmental Management	Never Audited
12	Treasury Functions	FISMA*
13	Cashiering and Ticket Sales	FISMA*
14	Risk Management and Insurance	2 Yrs - 5 Yrs
15	Human Relations/Personnel Services	Never Audited
16	Intercollegiate Athletics	Never Audited
17	Accounts Receivable	FISMA*
18	Public Safety	Less Than 2 Yrs
19	Accounts Payable	FISMA*
20	Hazardous Materials Management	Less Than 2 Yrs
21	Student Records and Registration	2 Yrs - 5 Yrs
22	Student Activities/Organizations	More Than 5 Yrs
23	Occupational Health and Safety	2 Yrs - 5 Yrs
24	Housing/Residential Services	More Than 5 Yrs
25	Disability Support and Accommodations	Less Than 2 Yrs
26	Parking	More Than 5 Yrs
27	Trust Funds	FISMA*
28	Child Care Centers	Less Than 2 Yrs
29	Student Health Centers	Less Than 2 Yrs

\*FISMA = Financial Integrity and State Manager's Accountability Act of 1983 which requires financial internal control reviews of all campuses once every two years. Items 4, 5, 12, 13, 17, 19, and 27 are covered within the FISMA audit cycle.

Items 2, 3, 8, 18, 20, 25, and 29 were recent audit subjects. Item 28 is covered during auxiliary organization reviews.

**OFFICE OF THE UNIVERSITY AUDITOR  
SELECTION OF AUDIT TOPICS FOR 2003**

The purpose of this attachment is to present additional information to assist the Committee on Audit in deciding the audit assignments for the Office of the University Auditor for 2003. The list below reflects the topics developed by the 2002 risk assessment process exclusive of priorities that are addressed by recent assignments and/or mandatory audits, e.g., Financial Integrity and State Manager's Accountability Act (FISMA), Delegations of Authority (Purchasing/Contracting, Leasing, Motor Vehicles - Education Code Section 89045(d)), and Auxiliary Organization Reviews.

- |  |  |
|--|--|
| 1. Employee Relations/Collective Bargaining  | 15. Human Relations/Personnel Services |
| 6. Financial Reporting                       | 16. Intercollegiate Athletics          |
| 7. Admissions and Evaluations                | 21. Student Records and Registration   |
| 9. Continuing Education/Extended Learning    | 22. Student Activities/Organizations   |
| 10. Disaster/Contingency PIng/Emergency Prep | 23. Occupational Health and Safety     |
| 11. Environmental Management                 | 24. Housing/Residential Services       |
| 14. Risk Management and Insurance            | 26. Parking                            |

The following information is not necessarily complete. A complete survey of risks, controls, and associated audit procedures can only be compiled through the audit process. Accordingly, the descriptions should be read with the understanding that they are preliminary and presented for discussion purposes, and may change after audit survey/work commences.

### **1. Employee Relations/Collective Bargaining**

Employee relations/collective bargaining includes activities involved in: negotiating and administering collective bargaining agreements with represented employees; administering the management personnel plan for nonrepresented employees; and the systems for addressing staff grievances and complaints.

Potential impacts include:

- inordinate costs;
- unfavorable contracts;
- increased exposure to litigation; and
- unfair labor practices.

Proposed audit scope would include collective bargaining and implementation of laws and regulations concerning terms and conditions of employment.

### **6. Financial Reporting**

Financial reporting includes all forms of financial reports and the systems and procedures in use to provide constituent groups with accurate, timely, and useful financial information.

Potential impacts include:

- excessive costs incurred in reporting of financial information;
- inaccurate and/or untimely financial reports;
- unauthorized access to financial data;
- reporting of financial data that does not meet user needs; and
- publication of misleading financial statements.

Proposed audit procedures would include review of existing financial reporting procedures and processes for: compliance with state law, Trustee policy and Chancellor's Office directives; establishment and maintenance of a financial reporting system commensurate with user needs; efficiency and effectiveness of operations; and attainment of objectives and goals.

### **7. Admissions and Evaluations**

Admissions and evaluations includes outreach activities to prospective students, processing of applications for admission, and evaluations of student records.

Potential impacts include:

- admission of ineligible students;
- inequity in admission decisions;
- incorrect residency determinations;

- inadequate evaluations;
- misuse/distribution of confidential admission and evaluation data;
- lack of control over application fees.

Proposed audit procedures would include review of federal and state laws, Trustee policy and Chancellor's Office directives on admissions and evaluations, testing of residency determinations, and review of controls and systems to assure appropriate use of regular and supplementary admission criteria and effective use of resources.

### **9. Continuing Education/Extended Learning**

Continuing education/extended learning includes special sessions, extension programs, and other self-supporting instructional programs and operation of the Continuing Education Revenue Fund (CERF) and related trust accounts.

Potential impacts include:

- loss of budgetary control;
- inappropriate subsidies;
- inaccurate reporting; and
- increased exposure to enforcement actions by regulatory agencies.

Proposed audit scope would include review of: the processes for administration of continuing education and extended learning operations as self-supporting entities; budgeting procedures, fee authorizations, and selection and management of courses; faculty workloads and payments to faculty and other instructors; enrollment procedures and maintenance of student records; and reporting of continuing education activity and maintenance of CERF contingency reserves.

### **10. Disaster/Contingency Png/Emergency Prep**

Disaster/contingency planning/emergency preparedness includes program and facility readiness and resource planning for actions related to natural and man-made disasters and the recovery therefrom.

Potential impacts include:

- injury of students, staff, faculty, and visitors;
- disruption of programs and services;
- financial exposures;
- damage claims from injured parties; and
- property damage.

Proposed audit scope would include review of: compliance with the bond resolutions, Trustee policy and systemwide directives; contingency and disaster recovery planning; backup communications; building safety and emergency egress including provisions for individuals with disabilities; the extent of plan testing; and relationships with state and federal emergency management agencies.

### **11. Environmental Management**

Environmental management includes activities of the CSU in complying with federal and state environmental regulations.

Potential impacts include:

- degradation of the environment;
- excessive costs;
- increased exposure to enforcement actions by regulatory agencies; and
- inability to meet program needs.

Proposed audit scope would include review of compliance with federal and state environmental laws and regulations.

### **14. Risk Management and Insurance**

Risk management and insurance includes risk evaluation and asset protection; mitigation of liabilities and claims; and administration of related programs such as workers' compensation.

Potential impacts include:

- unnecessary risk exposures;
- excessive claims and costs; and
- fraudulent losses.

Proposed audit scope would include review of: risk and liability assessments; self insurance; selection of insurance coverage and carriers; risk mitigation and loss prevention programs; claims review and processing; and operations of the California State University Risk Management Authority.

### **15. Human Relations/Personnel Services**

Human relations/personnel services include the CSU activities in recruiting, hiring, and retaining employees.

Potential impacts include:

- unnecessary costs;
- unequal employment opportunities;
- inappropriate disclosure of confidential employee data;

- inadequate benefit programs;
- excessive employee turnover; and
- inability to hire and retain best employees.

Proposed audit scope would include review of: compliance with employment laws and regulations; position classification/compensation; advertising for prospective employees; employee training; and programs for employee benefit administration.

### **16. Intercollegiate Athletics**

Intercollegiate athletics involves all activities pertaining to the sports programs administered in accordance with the rules and regulations of the National Collegiate Athletic Association.

Potential impacts include:

- admission of student athletes who do not show reasonable promise of being successful in a course of study leading to an academic degree;
- continuing eligibility of student athletes to participate in intercollegiate athletics based on academic progress that will not assure graduation within a specific time frame;
- infractions of National Collegiate Athletic Association (NCAA) rules and regulations that significantly impact the university in terms of lost revenues, adverse publicity, and NCAA sanctions;
- inequities in funding and participation opportunities between the men's and women's athletic programs;
- inappropriate use of funds raised and spent in intercollegiate athletics; and
- inappropriate use of state resources or funds budgeted for instructionally related activities in intercollegiate athletics.

#### Proposed Audit Scope

Based on a study commissioned by the Association of College and University Auditors (ACUA), 75 percent of survey respondents (196 institutions - 71 percent of which participated at the NCAA Division I level) performed annual internal audits of the athletic department in addition to whatever work was being done under the NCAA mandate with independent CPAs. In priority order, this internal audit work covered:

- compliance audits of internal controls;
- financial audits;
- audits of compliance with NCAA rules and regulations; and
- operational testing for efficient and effective use of resources.

## **21. Student Records and Registration**

Student records and registration includes database integrity, security and confidentiality, and the enrollment process.

Potential impacts include:

- adverse publicity;
- excessive costs;
- erroneous records;
- release of inappropriate information; and
- low customer service.

Proposed audit scope would include review of: database recordkeeping and registration systems, procedures for creating and changing records, and security measures protecting against unauthorized or inadvertent modification, removal, or destruction of records.

## **22. Student Activities/Organizations**

Student activities/organizations include the CSU activities relating to social and co-curricular programs, recreational sports, clubs, and organizations, and student judicial review.

Potential impacts include:

- inappropriate activities;
- personal injury;
- litigation

Proposed audit scope would include review of systems and procedures for controlling and monitoring student activities and organizations.

## **23. Occupational Health and Safety**

Occupational health includes required employee health examinations, evaluation of job and workplace conditions, safety training, and programs for complying with federal and state occupational regulations.

Potential impacts include:

- Personal injury; and
- Increased exposure to enforcement actions by regulatory agencies.

Proposed audit scope would include review of the controls which relate to employee safety and mitigation of imperiling job-related conditions or potential hazards in the workplace.

## **24. Housing/Residential Services**

Housing/residential services includes the support activities afforded students in locating suitable housing, operation of the on-campus residence halls, and programming of activities for residential students.

Potential impacts include:

- noncompliance with bond requirements;
- unaffordable, unattractive and unsafe residence halls;
- low occupancy and loss of revenue; and
- excessive costs and property damage.

Proposed audit scope would include review of Dormitory Revenue Fund operations, residence hall costs, processes for establishing housing fees, maintenance of residence halls, and activity programs.

## **26. Parking**

Parking includes activities of the CSU in providing parking facilities including establishing parking fees, issuance of parking permits, making parking arrangements for guests and visitors, operating parking facilities, collecting parking funds, and enforcing parking regulations.

Potential impacts include:

- inadequate parking accessibility and spaces;
- excessive costs;
- constituent complaints and service problems; and
- loss of parking revenue.

Proposed audit scope would include review of: compliance with rules and regulations; parking fees and the permit process; and enforcement activities.

**OFFICE OF THE UNIVERSITY AUDITOR  
FUNCTIONS AUDITED DURING PAST TEN YEARS**

**YearFunction**

- 2002 Financial Integrity and State Manager's Accountability Act (Financial Internal Controls)  
Development  
Financial Aid  
Disability Support and Accommodations  
Auxiliary Organizations  
Construction
- 2001 Financial Integrity and State Manager's Accountability Act (Financial Internal Controls)  
Delegations of Authority (Procurement, Motor Vehicles, Agreements, and Leases)  
Development  
Contracts and Grants  
Auxiliary Organizations  
Construction
- 2000 Financial Integrity and State Manager's Accountability Act (Financial Internal Controls)  
Hazardous Materials Management  
Public Safety  
Student Health Centers  
Auxiliary Organizations  
Construction
- 1999 Financial Integrity and State Manager's Accountability Act (Financial Internal Controls)  
Continuing Education/Extended Education  
Operation and Maintenance of Plant  
Student Records and Registration  
Auxiliary Organizations  
Construction
- 1998 Financial Integrity and State Manager's Accountability Act (Financial Internal Controls)  
Risk Management and Insurance  
Continuing Education/Extended Education  
Construction

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1997 Financial Integrity and State Manager's Accountability Act (Financial Internal Controls)  
Occupational Health  
Seismic Safety and Disaster Readiness  
Construction

1996 Financial Integrity and State Manager's Accountability Act (Financial Internal Controls)  
Delegations of Authority (Procurement, Motor Vehicles, Agreements, and Leases)  
Development  
Construction

1995 Financial Integrity and State Manager's Accountability Act (Financial Internal Controls)  
Development  
Hazardous Materials Management Follow-up  
Construction

1994 Financial Integrity and State Manager's Accountability Act (Financial Internal Controls)  
Construction  
Student Financial Aid

1993 Financial Integrity and State Manager's Accountability Act (Financial Internal Controls)  
Administrative Costs (Benchmarking)

**COMMITTEE ON AUDIT**

**Report on Construction Auditing in the California State University—2001/2002**

**Presentation By**

Larry Mandel  
University Auditor

Mark Thomas  
Systemwide Coordinating Partner, KPMG

**Summary**

For the 2001/02 fiscal year, construction auditing was performed for the CSU under a contract with KPMG. The contract called for six construction projects to be reviewed with coordination from the Office of the University Auditor. Areas under review included construction bid process, change orders, project management services, contractor compliance, liquidated damages, and cost verification of major equipment and construction components. Representatives from KPMG, the external audit firm hired by the California State University to conduct the audit, will make a presentation and respond to questions.

**COMMITTEE ON AUDIT**

**Report of the Systemwide Audit in Accordance with Generally Accepted Accounting Principles Including the Report to Management**

**Presentation By:**

Dennis Hordyk  
Assistant Vice Chancellor  
Financial Services

**Summary**

The systemwide audit in accordance with generally accepted accounting principles and the report to management will be presented at the meeting. Representatives from KPMG Peat Marwick, the external audit firm hired by the California State University to conduct the audit, will be available to respond to questions.

**COMMITTEE ON AUDIT**

**Single Audit Report of Federal Funds**

**Presentation By:**

Dennis Hordyk  
Assistant Vice Chancellor  
Financial Services

**Summary**

The single audit report of federal funds and the related management letter for all campuses and the Chancellor's Office will be reviewed and discussed at the meeting. Representatives from KPMG Peat Marwick, the external audit firm hired by the California State University to conduct the audit, will be available to respond to questions.