

AGENDA

COMMITTEE ON AUDIT

Meeting: 9:30 a.m., Wednesday, January 25, 2012
Glenn S. Dumke Auditorium

Henry Mendoza, Chair
Melinda Guzman, Vice Chair
Margaret Fortune
Steven M. Glazer
William Hauck
Linda Lang

Consent Items

Approval of Minutes of Meeting of November 15, 2011

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 2012, *Action*
3. Report of the Systemwide Audit in Accordance with Generally Accepted Accounting Principles Including the Report to Management, *Information*
4. 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 15, 2011

Members Present

Henry Mendoza, Chair
Melinda Guzman, Vice Chair
Steven M. Glazer
William Hauck
Hsing Kung
Charles B. Reed, Chancellor
Herbert L. Carter, Chair of the Board

Chair Mendoza called the meeting to order.

Approval of Minutes

The minutes of the meeting of July 12, 2011, were approved as submitted.

Status Report on Current and Follow-up Internal Audit Assignments

Mr. Larry Mandel, university auditor, presented the Status Report on Current and Follow-up Internal Audit Assignments, Agenda Item 1 of the November 15-16, 2011, Board of Trustees agenda.

Mr. Mandel reminded everyone that the left-hand side of the first page of the status report indicates the progress made on the audit assignments that were approved at the January 2011 board meeting. He noted that approximately 90 percent of the audits have been completed and anticipated completion of the remaining audits by the January 2012 board meeting.

Mr. Mandel stated that updates to the status report are displayed in green numerals and indicate progress toward or completion of outstanding recommendations since the distribution of the agenda. He stated that the campuses are doing exceptionally well with the timely completion of outstanding recommendations. He indicated that there are long-outstanding recommendations pertaining to IT Disaster Recovery and Business Continuity at California State University

Bakersfield. However, he noted that there had been an agreement with the campus that these recommendations would take a longer period of time to complete, but anticipated completion by the January 2012 board meeting. Mr. Mandel also indicated that supporting documentation to close the last remaining recommendation pertaining to IT Disaster Recovery at the California Maritime Academy is currently with the Office of the Auditor for review. He then reported on the progress of the seven construction audit assignments scheduled for 2011, indicating that all would be completed by the January 2012 board meeting.

Chair Mendoza thanked and congratulated Mr. Mandel, the campus presidents, and their staffs for their continued effort in the timely completion of the audit recommendations. He stated his appreciation for the improvement on the number of months outstanding since the time he became chair of the Committee on Audit.

The meeting adjourned.

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 2011 audit plan and follow-up on past assignments. For the current year, assignments have been made to conduct reviews of Auxiliary Organizations, Delegations of Authority, high-risk areas (IT Disaster Recovery, Cashiering, Americans with Disabilities Act (ADA), Sensitive Data Security/Protection, Academic Personnel, and Financial Aid) and Construction. In addition, follow-up on past assignments (Auxiliary Organizations, Cashiering, IT Disaster Recovery, Financial Aid, Intercollegiate Athletics, Business Continuity, and Fund Raising) is currently being conducted on approximately 40 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 2011 meeting of the Committee on Audit, an audit plan calling for the review of the following subject areas was approved: Auxiliary Organizations, high-risk areas (IT Disaster Recovery, Cashiering, ADA, Sensitive Data Security/Protection, Academic Personnel, and Financial Aid) and Construction.

Auxiliary Organizations

The initial audit plan indicated that approximately 314 staff weeks of activity (31.9 percent of the plan) would be devoted to auditing internal compliance/internal control at eight campuses/30 auxiliaries. Five campuses/21 auxiliaries have been completed, two campus/seven auxiliary reports are awaiting a campus response prior to finalization, and report writing is being completed at two campuses/four auxiliaries.

Delegations of Authority

The initial audit plan indicated that approximately 89 staff weeks of activity (9.1 percent of the plan) would be devoted to a review of 10 campuses to ensure proper management of the processes for administration of purchasing and contracting activities, motor vehicle inspections, and real and personal property transactions. All reports have been completed.

High-Risk Areas

Information Technology Disaster Recovery

The initial audit plan indicated that approximately 43 staff weeks of activity (4.4 percent of the plan) would be devoted to reviewing the planned data processing recovery functions following a catastrophic event; disaster recovery plans; testing and exercising of plans; plan maintenance, communications, and training; data recovery; and necessary retention of key records. Six campuses will be reviewed. All reports have been completed except for the system summary.

Cashiering

The initial audit plan indicated that approximately 43 staff weeks of activity (4.4 percent of the plan) would be devoted to reviewing cash receipt controls; accountability for cash; safeguarding of cash; and accurate recordkeeping. Six campuses will be reviewed. All reports have been completed except for the system summary.

ADA

The initial audit plan indicated that approximately 43 staff weeks of activity (4.4 percent of the plan) would be devoted to reviewing compliance with federal, state, and local rules and regulations that relate to the ADA. Six campuses will be reviewed. All reports have been completed except for the system summary.

Sensitive Data Security/Protection

The initial audit plan indicated that approximately 43 staff weeks of activity (4.4 percent of the plan) would be devoted to reviewing policies and procedures for handling confidential information, communication and employee training; tracking and monitoring access to sensitive data; and retention practices of key records. Six campuses will be reviewed. Four reports have been completed, one report awaits a campus response prior to finalization, and report writing is being completed for one campus.

Academic Personnel

The initial audit plan indicated that approximately 43 staff weeks of activity (4.4 percent of the plan) would be devoted to reviewing recruitment and hiring practices for compliance with employment laws and regulations; evaluation of employees as required per collective bargaining agreements; administration of the family medical leave and other employee programs; and protection of sensitive and confidential information. Six campuses will be reviewed. Three reports await a campus response prior to finalization, and report writing is being completed for three campuses.

Financial Aid

The initial audit plan indicated that approximately 43 staff weeks of activity (4.4 percent of the plan) would be devoted to auditing funding arrangements; compliance with federal and state laws, trustee policy, and systemwide directives; reliability, confidentiality, and integrity of information; effectiveness, efficiency, and economy of operations; and attainment of established objectives and goals. Six campuses will be reviewed. Two reports have been completed, and four reports await a campus response prior to finalization.

Construction

The initial audit plan indicated that approximately 52 staff weeks of activity (5.3 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. Seven projects will be reviewed. Four projects are complete, one project awaits a campus response prior to finalization, and report writing is being completed for two projects.

Compliance Function

The initial audit plan indicated that approximately 86 staff weeks of activity (8.7 percent of the plan) would be devoted to an initial inventory of compliance activities and owners, and a determination of major areas of compliance risk.

Information Systems

The initial audit plan indicated that approximately 45 staff weeks of activity (4.6 percent of the plan) would be devoted to technology support for all high-risk and auxiliary audits. Reviews and training are ongoing.

Investigations

The Office of the University Auditor 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 4.3 percent of the audit plan.

Special Projects

The Office of the University Auditor is periodically called upon to provide non-investigative support to the CSU Chancellor's Office/campuses. Fifty-seven staff weeks have been set aside for this purpose, representing approximately 5.8 percent of the audit plan.

Follow-ups

The audit plan indicated that approximately 11 staff weeks of activity (1.1 percent of the plan) would be devoted to follow-up on prior audit recommendations. The Office of the University Auditor is currently tracking approximately 40 prior audits (Auxiliary Organizations, Cashiering, IT Disaster Recovery, Financial Aid, Intercollegiate Athletics, Business Continuity, and Fund Raising) to determine the appropriateness of the corrective action taken for each recommendation and whether additional action is required.

Consultations

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. Seventeen staff weeks have been set aside for this purpose, representing approximately 1.7 percent of the audit plan.

Committees

Staff of the Office of the University Auditor is periodically called upon to sit on systemwide committees to offer an audit perspective. Seven staff weeks have been set aside for this purpose, representing approximately 0.7 percent of the audit plan.

Annual Risk Assessment

The Office of the University Auditor annually conducts a risk assessment to determine the areas of highest risk to the system. Four staff weeks have been set aside for this purpose, representing approximately 0.4 percent of the audit plan.

Status Report on Current and Follow-Up Internal Audit Assignments
(as of 1/5/2012)

	2011 ASSIGNMENTS								FOLLOW-UP PAST/CURRENT ASSIGNMENTS				
	Aux Orgs	Deleg of Auth	IT Dis Recov	Cashiering	ADA	Sen Data Security/ Protection	Financial Aid	Academic Personnel	Auxiliary Organizations			Cashiering	
									•No.	*Recs	**Mo.	*Recs	**Mo.
BAK	AC			AC			AI		4	0/16	4	0/3	4
CHI		AC					AC		3	19/20	#		
CI	AC		AC		AC				3	0/15	4		
DH			AC	AC					3	22/22	-	4/4	-
EB	AI							RW	3				
FRE	AC			AC					6	17/25	5	8/8	-
FUL		AC				AC			4	31/32	#		
HUM				AC				RW	4	25/25	-	4/4	-
LB		AC			AC			RW	3	34/34	-		
LA			AC		AC	AI			4	13/13	-		
MA	RW								2				
MB	RW	AC		AC			AI		2			3/3	-
NOR		AC						AI	5	27/27	-	1/1	-
POM		AC							3	11/12	#		
SAC	AC		AC			AC	AI		6	13/36	7	3/3	-
SB		AC	AC		AC				3	30/30	-	2/2	-
SD		AC			AC	AC			4	23/24	#		
SF			AC				AC		5	29/30	#	1/1	-
SJ								AI	5	46/47	#		
SLO	AI	AC		AC		RW			4	23/24	#	2/2	-
SM					AC		AI	AI	3	13/13	-	5/5	-
SON						AC			4	12/12	-		
STA									4	18/18	-	8/8	-
CO	AC								2	0/0	-		
SYS		AC	RW	AI	AI	RW	RW	RW					

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

* The number of recommendations satisfactorily addressed followed by the number of recommendations in the original report.
** The number of months recommendations have been outstanding (since the formal campus exit conference).
• The number of auxiliary organizations reviewed.
Represents recommendations that are being held in abeyance pending the issuance of new systemwide policies.

Status Report on Current and Follow-Up Internal Audit Assignments
(as of 1/5/2012)

	FOLLOW-UP PAST/CURRENT ASSIGNMENTS									
	IT Disaster Recovery		Financial Aid		Intercollegiate Athletics		Business Continuity		Fund Raising	
	*Recs	**Mo.	*Recs	**Mo.	*Recs	**Mo.	*Recs	**Mo.	*Recs	**Mo.
BAK	4/4	-					3/3	-		
CHI			0/3	2						
CI	0/7	5					2/2	-		
DH	3/4	5								
EB	4/4	-			9/9	-				
FRE					4/4	-				
FUL			11/11	-					13/13	-
HUM			3/3	-					6/6	-
LB					5/5	-				
LA	1/1	-			2/2	-	1/1	-		
MA	5/5	-							12/13	8
MB	4/4	-								
NOR	1/1	-	4/4	-	2/2	-				
POM	7/7	-								
SAC	0/5	4								
SB	0/3	5	5/5	-						
SD			6/6	-			2/2	-		
SF	4/6	5	1/1	-						
SJ							2/2	-		
SLO										
SM					3/3	-				
SON			5/5	-					5/5	-
STA									8/8	-
CO									4/4	-
SYS					0/2	7	0/1	8	1/3	5
FW : Field Work In Progress RW Report Writing in Progress AI = Audit Incomplete (awaiting formal exit conference and/or campus response) AC = Audit Complete				* The number of recommendations satisfactorily addressed followed by the number of recommendations in the original report. ** The number of months recommendations have been outstanding (since the formal campus exit conference). • The number of auxiliary organizations reviewed. # Represents recommendations that are being held in abeyance pending the issuance of new systemwide policies.						

COMMITTEE ON AUDIT

Assignment of Functions to Be Reviewed by the Office of the University Auditor for Calendar Year 2012

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 2012.

CALIFORNIA STATE UNIVERSITY RISK MANAGEMENT AUTHORITY (CSURMA)

On January 1, 1997, the CSURMA was formed by the CSU and those qualified auxiliary organizations that opted to join with intentions to participate in the risk management programs to be offered by the CSURMA.

The CSURMA presently has several risk management programs in effect including the Pooled Liability Program, the Pooled Workers' Compensation Program, the IDL/NDI/UI Program, the Property Program, the Athletic Injury Medical Expense (AIME) Program, and the Auxiliary Group Purchase Insurance Program (AGPIP).

The first three programs are designed for participation by CSU campuses, the Property and the AIME programs are designed for both campus and auxiliary organizations participation, and the latter program was designed for participation by only the auxiliary organizations.

One of the primary goals of the CSURMA is to develop a forum for the auxiliary organizations and the CSU to develop strategies that streamline and integrate the risk management practices of the CSU system.

Of primary concern are the following: non-compliance with bylaws and other governing documents; lack of effective policies and procedures for program administration; conflicts of interest related to program administration and entity participation; insufficient funding for outstanding claims; lack of timely claims processing; excessive costs and expenses; ineffective oversight and evaluation of third-party vendors; risk management and other insurance programs not in the best interest of the CSU; and adverse public scrutiny.

An audit will be performed at the headquarters office. This represents 12 staff weeks of audit effort, which is approximately 1.2 percent of the audit plan.

HIGH RISK AREAS

The Office of the University Auditor performed a risk assessment of the CSU in the last quarter of 2011. The results of that risk assessment indicated the following five areas of highest risk to the system:

Facilities Management
Title IX
Data Center Operations
Identity Management and Common System Access
International Programs

Audits will be performed at those campuses where a greater degree of risk was perceived for each of these areas. This represents 216 staff weeks of audit effort, which is approximately 22.0 percent of the audit plan.

HIGH PROFILE AREAS

Audits are periodically performed of high profile areas in order to assure the board that appropriate policies and procedures are in place to mitigate risk to the system. This year we will address the following area:

Public Safety

Of primary concern are the following: lack of, out-of-date, or undistributed policies and procedures; non-compliance with state-mandated standards and training requirements; lack of trained and certified public safety personnel; untimely response to incidents; inappropriate use of force; lack of approval, control or poor maintenance over sensitive or special equipment; inadequate crime reporting; poor adjudication of internal investigations or personnel complaints; and unauthorized use of law enforcement data.

Audits will be performed at those campuses where a greater degree of risk was perceived for this area. This represents 43 staff weeks of audit effort, which is approximately 4.4 percent of the audit plan.

CORE FINANCIAL AREAS

Audits are periodically performed of core financial areas in order to assure the board that appropriate policies and procedures are in place to mitigate risk to the system. This year we will address the following area:

Cost Allocation Plans

Of primary concern are the following: development, approval, and maintenance of campus cost allocation plans; inadequate/excessive recovery of costs; lack of management oversight and approval of plans; indirect rate formation; direct cost capture; and billing and collection processes.

Audits will be performed at those campuses where a greater degree of risk was perceived for this area. This represents 43 staff weeks of audit effort, which is approximately 4.4 percent of the audit plan.

AUXILIARY ORGANIZATIONS

In order to provide assurance to the Board of Trustees 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 32 auxiliary reviews will take place during calendar year 2012. This represents 314 staff weeks of audit effort, which is approximately 31.9 percent of the audit plan.

CONSTRUCTION

Areas under review include 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. It is estimated that seven construction projects will be reviewed during calendar year 2012. This represents 52 staff weeks of audit effort, which is approximately 5.3 percent of the audit plan.

COMPLIANCE

In order to leverage audit resources and take a proactive approach to reduce the potential number of audit issues, the Office of the University Auditor will reallocate resources to develop a compliance function. It is anticipated that the compliance program structure, an initial inventory of compliance activities and owners, and a determination of major areas of compliance risk will

take place during calendar year 2012. Eighty-six staff weeks have been set aside for this purpose, representing approximately 8.7 percent of the audit plan.

INFORMATION SYSTEMS

Technology support will be provided in the area of financial internal controls for both campus and auxiliary organization audits, in addition to subject area reviews. Forty-five staff weeks are planned during calendar year 2012, which is approximately 4.6 percent of the audit plan.

INVESTIGATIONS

The Office of the University Auditor 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 chancellor's office. Forty-three staff weeks have been set aside for this purpose, representing approximately 4.3 percent of the audit plan.

CONSULTATIONS/COMMITTEES

The Office of the University Auditor is periodically called upon to provide consultation to the campuses and/or to participate on committees. Twenty-four staff weeks have been set aside for this purpose, representing approximately 2.4 percent of the audit plan.

SPECIAL PROJECTS

The Office of the University Auditor is periodically called upon to perform special projects. Ninety-one staff weeks have been set aside for this purpose, representing approximately 9.2 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. Eleven staff weeks have been set aside for this purpose, representing approximately 1.1 percent of the audit plan.

ANNUAL RISK ASSESSMENT

The Office of the University Auditor annually conducts a risk assessment to determine the areas of highest risk to the system. Four staff weeks have been set aside for this purpose, representing approximately 0.4 percent of the audit plan.

The following resolution is recommended for approval:

RESOLVED, By the Committee on Audit of the California State University Board of Trustees that the 2012 internal audit plan, as detailed in Agenda Item 2 of the Committee on Audit at the January 24-25, 2012 meeting, be approved.

HIGH RISK AREAS

The Office of the University Auditor performed a risk assessment of the CSU in the last quarter of 2011. The results of that risk assessment indicated that the following five areas are of highest risk to the system:

Facilities Management
Title IX
Data Center Operations
Identity Management and Common System Access
International Programs

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 may change after audit survey/work commences.

Facilities Management

Facilities management includes custodial services; grounds keeping; facility repairs, preventative maintenance and renovations; and utility distribution.

Potential impacts include:

- excessive costs;
- reduced service levels; and
- deterioration of physical plant.

Proposed audit procedures would include review of cost allocations; deferred maintenance; building and grounds conditions; sustainable building practices; materials and equipment inventory; and work order scheduling and control systems.

Title IX

Title IX includes compliance with the Educational Amendments of 1972, which states that with the exception of certain situations as defined by law, no person in the United States shall, on the basis of sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any education program or activity receiving federal financial assistance.

Potential impacts include:

- legal exposures;
- financial losses;

- unequal employment or educational opportunities;
- damage to the CSU reputation.

Proposed audit scope would include review of compliance with federal and state laws, trustee policy, systemwide directives, and campus policies and procedures; roles and responsibilities of Title IX coordinators; review of notification requirements; grievance and complaint procedures for students, faculty, staff, and third parties; testing of campus efforts to investigate and resolve complaints; processes to monitor and report gender equity in campus programs including athletics; collection, analysis, and reporting of campus statistics; and the protection of sensitive and confidential information.

Data Center Operations

Data Center Operations includes compliance with federal, state and local rules and regulations that relate to physical security of protected information and environmental protections affecting business availability and continuity. Of primary concern is appropriateness of systemwide guidance; management culture; facility specifications; security, backup and system monitoring; and problem escalation.

Potential impacts include:

- legal exposures;
- financial exposures;
- system availability and continuation; and
- inadvertent/inappropriate disclosure of sensitive data.

Proposed audit scope would include review of data center operations, including policies, physical security, environmental controls, processing and scheduling controls, backup and recovery processes, and emergency preparations.

Identity Management and Common System Access

Identity management provides a common method to access multiple disparate application systems, which includes compliance with federal, state and local rules and regulations pertaining to security of protected information and broad access to all university systems. Of primary concern is appropriateness of systemwide guidance; management culture; technical specifications; program access considerations; technical architecture; and access provisioning and deprovisioning requirements.

Potential impacts include:

- legal exposures;
- financial exposures;
- inappropriate access;

- conflicting data management and ownership; and
- damage to the CSU reputation.

Proposed audit scope would include review of authorization processes used to validate the identity of users and ensure that users are appropriate, including server security hosting the directory services, the authentication process, and procedures used to create and maintain the user credentials.

International Programs

International programs will include a review of CSU students studying abroad and international students and visitors attending the CSU.

Potential impacts include:

- injury of students, faculty, and staff;
- inability to achieve institutional objectives and goals;
- adverse publicity; and
- excessive costs and legal liabilities.

Proposed audit scope would include review of program approvals, fiscal administration and controls; risk management processes; curriculum and credit transfers; utilization of third-party providers; compliance with U.S. Department of State and other regulatory international travel requirements; and processes used to recruit international students, verify student credentials, and provide support on campus.

COMMITTEE ON AUDIT

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

Presentation By

Benjamin F. Quillian
Executive Vice Chancellor and
Chief Financial Officer

George V. Ashkar
Assistant Vice Chancellor/Controller
Financial Services

Summary

State law and Federal requirements mandate the California State University be subject to financial statement and compliance audits. During the 2010-11 audit year law required financial statement audits be performed for at least 10 of the CSU campuses on a stand-alone basis, all of the recognized auxiliary organizations, and the system as a whole. Separate audits are also performed each year on the financial statements of the CSU Risk Management Authority and the CSU Systemwide Revenue Bond Program. All of these financial statement audits are performed by approximately 30 CPA firms across the State of California.

The systemwide financial statements were issued on schedule with an unqualified (i.e., clean) opinion. There was one audit finding, which was not a material weakness, relating to the preparation of the financial statements as a result of a duplicate recording of a receivable due to exceptions to the normal process of recording state appropriations on certain capital projects that experienced delays in funding due to the state economic difficulty. The error was subsequently corrected and reflected accurately in the June 30, 2011 financial statements. Highlights of the financial statements will be presented including the impact of state appropriation shortfall, student fees increase, designated and undesignated unrestricted resources, and future uncertainties of the state budget impact on the CSU appropriations.

In summary, the fiscal year ending June 30, 2011 was a successful year from an audit perspective. All reports were completed on schedule and received clean opinions. Representatives from KPMG, the systemwide audit firm, will be present to answer questions.

COMMITTEE ON AUDIT

Single Audit Report of Federal Funds

Presentation By

Benjamin F. Quillian
Executive Vice Chancellor and
Chief Financial Officer

George V. Ashkar
Assistant Vice Chancellor/Controller
Financial Services

Summary

Federal awards received by the California State University (CSU), including student financial aid are subject to both compliance and internal control audit procedures as required by Office of Management and Budget Circular A-133.

The CSU A-133 Single Audit Reports were issued on schedule with an unqualified (i.e., clean) opinion. There were five findings (2011-02 through 2011-06) relating to the Federal awards for student financial aid programs received by the CSU. One of the findings was the need to establish formal procedures to document review and approval by someone other than the preparer knowledgeable of the process (2011-02). The rest of the findings are campus specific findings, including late reporting of the student status changes (2011-03), lack of adequate processes in place to ensure timely return of Title IV funds and accurate reporting (2011-04), lack of processes in place to ensure timely update of cost of attendance information (2011-05), and lack of internal control procedures to ensure verification of information being reported in Institutional Student Information Report (ISIR) (2011-06). None of the findings were material weaknesses. There were no specific compliance issues identified in KPMG's test work other than campus specific procedural issues as noted in the report.

In summary, the fiscal year ended June 30, 2010 was a successful year from an audit perspective. All reports received clean opinions and were completed on schedule. Representatives from KPMG, the Systemwide audit firm, will be present to answer questions.