

AGENDA

COMMITTEE ON AUDIT

Meeting: 1:35 p.m., Tuesday, January 28, 2025
Glenn S. Dumke Conference Center

Lillian Kimbell, Chair
Anna Ortiz-Morfit, Vice Chair
Jean Picker Firstenberg
Jazmin Guajardo
Yammilette Rodriguez
Christopher Steinhauser
Darlene Yee-Melichar

Consent

1. Approval of Minutes, *Action*
2. Status Report on Audit and Advisory Services Activities, *Information*

**MINUTES OF THE MEETING OF
THE 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 21, 2024

Members Present

Anna Ortiz-Morfit, Vice Chair
Jean Picker Firstenberg
Jazmin Guajardo
Christopher Steinhauser
Darlene Yee-Melichar

Jack B. Clarke, Jr., Chair of the Board

Trustee Christopher Steinhauser called the meeting to order.

Approval of the Consent Agenda

The minutes of the September 25, 2024 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 Steinhauser 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 update on the 2024-25 audit plan. Attachment A summarizes the status of audit assignments by university. Attachment B illustrates key activities and milestones for the 2024-25 audit plan year.

For the current year audit plan, assignments were made to execute individual university 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

Status of In-Process and Completed Audits

Audit and Advisory Services continues to make progress on the 2024-25 audit plan. Twelve audits have been completed and 23 audits are currently in process. Follow-up on current and past assignments is being conducted on 34 completed university reviews. Completed audit reports are posted on the California State University website at <https://www.calstate.edu/csusystem/transparency-accountability/audit-reports>.

The status of university 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.

Upcoming Audits

As detailed in the 2024-25 audit plan, Audit and Advisory Services will be performing an audit of Title IX at the CSU. This audit will start in early February and will include a review of the Title IX program reviews being performed by the chancellor's office Civil Rights Programming and Services unit as well as a review of university implementation plans developed in response to the Cozen O'Connor review. The purpose of the audit is to provide assurance and validation that corrective action has been appropriately implemented as well as to assist the system in preparing

for the next California State Auditor review which is expected to start in late 2025 or early 2026.

Audit and Advisory Services is performing three audits of Housing starting in January/February 2025. Housing was a topic selected to be reviewed at multiple universities due to a variety of factors, including the financial impact to housing programs from COVID, the importance of the housing program in supporting student persistence and engagement, and the inherent risks involved in housing operations. At the conclusion of the audits, any trends or suggestions for updates to existing policy will be communicated with systemwide management.

Annual Risk Assessment

Audit and Advisory Services is currently conducting its annual audit planning/risk assessment process, working with the 23 universities and the Chancellor's Office to formulate the audit plan for the 2025-26 fiscal year. We are wrapping up the systemwide portion of the review, which includes input from meetings with systemwide executive management, consideration and review of CSU strategic initiatives, federal and state legislative updates, and current trends and topics in higher education. The results of this systemwide review will be shared with university leadership during the next phase of the risk assessment which is conducted at the individual university level. The proposed audit plan for fiscal year 2025-26 will be presented at the May meeting of the Committee on Audit.

Implementation Process for Audit Recommendations

Both university management and audit management are responsible for tracking the implementation/completion status of audit recommendations contained in university audit reports. During the audit process, university 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 university senior leadership team (president and/or VP/CFO) to resolve any delays. In rare instances in which delays cannot be resolved during discussions between university and audit management, the chancellor and audit committee chair and/or vice chair may help resolve delays, as needed.

Corrective action is reviewed on an on-going basis, and each year we typically review follow-up documentation submitted to our office on approximately 200 recommendations from completed audits. We also conduct follow-up reviews for select prior-year audits to ensure that implemented corrective actions continue to operate effectively.

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 university 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 at the request of the Chancellor's Office Civil Rights Whistleblower program. Audit and Advisory Services also offers assistance to universities with whistleblower cases or suspected instances of fiscal improprieties. Additionally, Audit and Advisory Services assists with tracking external audits being conducted by state and federal agencies, offers assistance to universities undergoing such audits, and acts as a liaison for the California State University system throughout the audit process when appropriate.

On May 14, 2024, the Joint Legislative Audit Committee (JLAC) approved an audit regarding affordable student housing. The audit will provide information related to the University of California, the CSU, and the California Community Colleges' efforts to provide affordable student housing. The audit started on September 16, 2024. The auditors are in the fieldwork phase of the audit and have selected three CSU campuses as part of their review. The three campuses are Cal State Fullerton, Fresno State, and San Francisco State. The auditors expect the report to be released early Summer 2025. The scope and objectives of the audit are available on the State Auditor's website at: <https://www.auditor.ca.gov/wp-content/uploads/2024/05/2024-111-Scope-and-Objectives.pdf>.

The CSA audit report on community college transfers was issued on September 24, 2024. The audit directed five 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. In November 2024, the Chancellor's Office submitted its 60-day response to the audit's recommendations, outlining that the implementation of all recommendations is currently in progress. A copy of the full report can be found on the State Auditor's website (<https://www.auditor.ca.gov/reports/2023-123/>).

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, comprised of Global Internal Audit Standards, Topical Requirements, and Global Guidance, as promulgated by the Institute of Internal Auditors.

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.

The Institute of Internal Auditors updated the International Professional Practices Framework to issue new consolidated Global Internal Audit Standards effective January 9, 2025. Audit and Advisory Services is currently in the process of performing a readiness assessment to ensure alignment and adherence with the revised standards and will share additional information with the Committee on Audit in early 2025.

STATUS REPORT ON CURRENT AND PAST AUDIT ASSIGNMENTS

Campus	Category	Audit Topic	Audit Plan Year	Total # of Recommendations	*Status
Bakersfield	Audits Currently in Progress	Philanthropic Foundation	FY 24-25		
	Status of Recommendations	Parking Operations	FY 23-24	9	9
Chancellor's Office	Audits Currently in Progress	Logical Access and Security	FY 24-25		
	Status of Recommendations	Multi-Campus Centers and Institutes	FY 24-25	5	5
		Sensitive Data Management	FY 24-25	1	1
		Youth Programs Policy	FY 24-25	1	1
Channel Islands	Audits Currently in Progress	Information Security	FY 24-25		
		Site Authority	FY 24-25		
	Status of Recommendations	University Auxiliary Services	FY 23-24	9	1 8
Chico	Audits Currently in Progress	Youth Programs	FY 24-25		
Dominguez Hills	Status of Recommendations	Property and Equipment	FY 23-24	12	12
		Americans with Disabilities Act	FY 24-25	7	7
East Bay	Audits Currently in Progress	Supplier Administration and Payments	FY 24-25		
	No Reportable Recommendations	Sensitive Data Management	FY 24-25	n/a	
	Status of Recommendations	East Bay Foundation	FY 23-24	10	10
Fresno	Audits Currently in Progress	Agricultural Foundation	FY 24-25		
	Status of Recommendations	Fleet Services	FY 23-24	9	5 4
		Information Security	FY 23-24	13	1 12
Fullerton	Status of Recommendations	Americans with Disabilities Act	FY 23-24	3	2 1
		Business Continuity and IT Disaster Recovery	FY 23-24	7	5 2
		Philanthropic Foundation	FY 24-25	7	7
Humboldt	Audits Currently in Progress	Follow-Up - Human Resources	FY 24-25		
		Sensitive Data Management	FY 24-25		
		Sponsored Programs Foundation	FY 24-25		
	Status of Recommendations	International Programs	FY 23-24	5	5
Long Beach	Audits Currently in Progress	Philanthropic Foundation	FY 24-25		
	Status of Recommendations	Information Security	FY 23-24	9	8 1
		Youth Programs	FY 23-24	5	5
		Academic Personnel	FY 24-25	3	3
Los Angeles	Audits Currently in Progress	Housing	FY 24-25		
	Status of Recommendations	Accessible Technology	FY 23-24	3	3
		Construction	FY 24-25	8	8
Monterey Bay	Audits Currently in Progress	Housing	FY 24-25		
	Status of Recommendations	Financial Aid	FY 23-24	3	3
Northridge	Audits Currently in Progress	Cloud Computing	FY 24-25		
	Status of Recommendations	Youth Programs	FY 24-25	6	6
Pomona	Audits Currently in Progress	Human Resources	FY 24-25		
	Status of Recommendations	Fundraising and Gift Processing	FY 23-24	4	2 2
Sacramento	Audits Currently in Progress	Associated Students	FY 24-25		
		Information Security	FY 24-25		
	Status of Recommendations	Capital Public Radio	FY 22-23	17	1 16
		Youth Programs	FY 23-24	5	2 3

*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	Audits Currently in Progress	Construction	FY 24-25		
	Status of Recommendations	Athletics Fiscal Administration	FY 23-24	8	8
		University Enterprises Corporation	FY 23-24	18	18
		Executive Travel and Hospitality	FY 24-25	2	2
San Diego	Audits Currently in Progress	Counseling and Psychological Services	FY 24-25		
	Status of Recommendations	Information Security	FY 23-24	17	15
		Research Foundation	FY 23-24	1	1
San Francisco	Audits Currently in Progress	Supplier Administration and Payments	FY 24-25		
	No Reportable Recommendations	Police Services	FY 24-25	n/a	
	Status of Recommendations	Information Security	FY 23-24	10	4
San José	Audits Currently in Progress	Spartan Shops	FY 24-25		
	No Reportable Recommendations	Executive Travel and Hospitality	FY 24-25	n/a	
	Status of Recommendations	The Student Union of San José State University	FY 23-24	4	4
San Luis Obispo	Audits Currently in Progress	Faculty Assigned Time and Additional Employm..	FY 24-25		
	Status of Recommendations	Accessible Technology	FY 23-24	4	3
San Marcos	Audits Currently in Progress	Information Security	FY 24-25		
	Status of Recommendations	San Marcos Foundation	FY 23-24	2	2
Sonoma	No Reportable Recommendations	Admissions	FY 24-25	n/a	
	Status of Recommendations	Business Continuity and IT Disaster Recovery	FY 23-24	10	1
Stanislaus	Status of Recommendations	Professional and Continuing Education	FY 23-24	1	1

***Status**

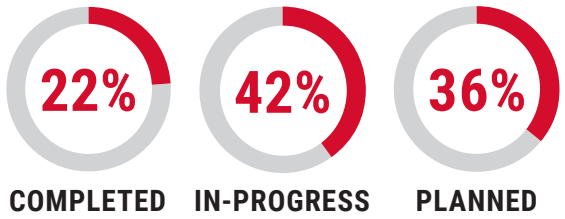
Closed (green) - Recommendations have been satisfactorily implemented

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

AUDIT HIGHLIGHTS

2024-25 ASSURANCE AUDITS



2023-24 AUDIT RECOMMENDATIONS



2022-23 AUDIT RECOMMENDATIONS



CAPITAL PUBLIC RADIO AUDIT UPDATE

Sacramento State has been working diligently to close the 17 recommendations identified in the Capital Public Radio audit report that was issued in September 2023. Sixteen of the recommendations have been fully implemented and the one remaining recommendation is on track to be completed by March 2025.

ANNUAL RISK ASSESSMENT

