



# UNIVERSITY INTERNAL AUDIT

**Newsletter** Issue No. 4, November 2020

*This newsletter is used to communicate news and items of interest to the campus. If you have any suggestions or topics you would like us to address in future issues, please contact us at [InternalAudit@calstatela.edu](mailto:InternalAudit@calstatela.edu) with "Newsletter" as the subject.*

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## Contact Information:

University Internal Auditor  
Tanya Ho  
323-343-5102  
[tho@calstatela.edu](mailto:tho@calstatela.edu)

## CARES ACT FUNDING

The Coronavirus Aid, Relief and Economic Security (CARES) Act, signed into law by President Donald Trump on March 27, 2020, provides funding and flexibilities for higher education institutions to respond to the COVID-19 emergency. Cal State LA received an allocation of \$37,914,166, of which \$18,957,083 is earmarked for students. Thus far, \$17,116,510 has been distributed to Cal State LA students experiencing financial hardships directly due to the COVID-19 pandemic.

The Office of Internal Audit has been assisting departments in preserving documentation and maintaining an audit trail for the institution portion of the funding.

## A&AS UPDATES

- **Leadership:** Vlad Marinescu has been appointed as the California State University's (CSU) Interim Chief Audit Officer leading the division of Audit and Advisory Services (A&AS) at the Chancellor's Office (CO).
- **Fraud Prevention Education:** In response to fraud uncovered during investigations, and campuses' input, A&AS is putting together a fraud prevention presentation. The presentation will cover real examples of fraud at the CSU and discussion about Executive Order 1104 reporting.
- **Continuous Audits:** A&AS will perform data analytical review this fiscal year as part of their continuous audits for:
  - ◇ Campus credit card for all 23 campuses
  - ◇ Human Resources/Payroll for selected campuses

Data for the reviews will be obtained at the systemwide level. At the conclusion of their testing, an informational memo will be provided to campus management with the results of their analytical review.

## EXTERNAL AUDIT UPDATES

The California State Auditor (CSA) issued the audit report dated May 14, 2020 of campus-based student fees. Four campuses were reviewed: Chico, San Diego, San Jose and San Luis Obispo. The audit report can be viewed at <https://www.auditor.ca.gov/pdfs/reports/2019-114.pdf>

The CSA concluded that campuses have not sufficiently justified their needs when determining and setting the amount of proposed fees or increases to existing fees. Campuses also have not sufficiently demonstrated that they have no other way to pay for those needs.

The CSA recommended that the Legislatures ensure that students fees are subjected to the same oversight as the funding provided to the CSU to pay for core functions and that the Legislature prohibit CSU campuses from charging mandatory fees to pay for any of these core functions.

The CSA recommended that the CO: (1) revise its fee policy to require campuses to justify fee amounts by providing supporting documentation demonstrating the need for the fees, methodology, and ascertain that no other source of funding could pay for the needed services; (2) extend its responsibilities to include reviewing increases to existing mandatory fees; and (3) increase the rigor of its fee proposal review and approval process to detect campuses' violations of the fee policy.