



Administrative Procedure

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Subject: EXTERNAL AUDITS AND COMPLIANCE REVIEWS

1.0. PURPOSE:

To establish the procedures to be followed when audits of University units are conducted by external agencies.

2.0. ORGANIZATIONS AFFECTED:

All organizational units of the University, including Auxiliary organizations.

3.0. REFERENCES:

N/A

4.0. POLICY:

With the exception of the annual financial audit coordinated by Business Financial Services, all audits performed by external agencies shall be centrally coordinated by the University Internal Auditor.

5.0. DEFINITIONS:

- 5.1. University Administrator - The person responsible for the organizational unit or program to be audited.
- 5.2. Chief External Auditor - The person conducting the audit on behalf of the external agency.
- 5.3. Compliance Review - An internal review of operations to determine adherence to applicable policies, laws and regulations, and to ascertain the status of efforts to institute the auditor's recommendations. A review typically consists of requests for documents and procedures and an examination of pertinent records.
- 5.4. External Agency - Any organization or branch of an organization which will conduct an audit of an organizational unit or of a program of an organizational unit. This may include the California State University (CSU) Office of the University Auditor, an independent certified public accounting firm, local, state, and federal auditors, and other organizations with audit authority.
- 5.5. Organizational Unit - An academic department or administrative office of the University or its auxiliaries.

Approved: _____

Date: _____

6.0. RESPONSIBILITIES:

6.1. The Vice President for Administration and Chief Financial Officer is expected by the President to:

- 6.1.1. Be present or represented at all entrance and exit conferences with external audit agencies.
- 6.1.2. Resolve problems with the Chief External Auditor that arise during the course of an audit and are unresolvable by the program administrator.
- 6.1.3. Assign to the University Internal Auditor the responsibility for preparing the University response to audit findings and recommendations.
- 6.1.4. In consultation with the President, review all audit responses and compliance status reports prior to their filing with the external auditing agency.
- 6.1.5. Assign responsibility for monitoring the implementation of audit recommendations to the University Internal Auditor.

6.2. The University Internal Auditor will:

- 6.2.1. Schedule all entrance and exit conferences with the external audit agencies.
- 6.2.2. Represent the President at all entrance and exit conferences with external audit agencies.
- 6.2.3. Act as liaison between the external audit agency and University administrators to resolve problems that may arise during the course of the audit.
- 6.2.4. In coordination with University administrators, prepare the University's response to audit questions, findings and recommendations.
- 6.2.5. Monitor the implementation of audit recommendations.
- 6.2.6. Maintain the centralized audit files for the University.

6.3. University Administrators will:

- 6.3.1. Coordinate the audit on a day-to-day basis within the organizational unit subject to audit, provide sufficient office space and make relevant files and records available to the Chief External Auditor.
- 6.3.2. Refer problems arising during the course of the audit to the University Internal Auditor.
- 6.3.3. Protect the integrity of any confidential records subject to audit.
- 6.3.4. Implement audit recommendations and remediate audit findings.

6.4. The Chief External Auditor will:

6.4.1. Coordinate the audit on behalf of the external agency through the University Internal Auditor.

6.5. The Administrative Compliance Officer will:

6.5.1. Conduct post audit compliance reviews of organizational units.

7.0. PROCEDURES:

7.1. When contacted by a representative of an external agency regarding an audit, University administrators will notify the University Internal Auditor.

7.2. The University Internal Auditor will notify the Vice President for Administration and Chief Financial Officer of all pertinent details related to the nature, scope and duration of the audit and schedule the entrance and exit conferences.

7.3. University administrators will facilitate the audit within their respective units, review and approve proposed responses, and submit all documentation to the University Internal Auditor for compilation of the initial audit response.

7.4. Upon receipt of the preliminary audit report, the President will delegate responsibility for preparing the University response to the audit findings and recommendations to the University Internal Auditor.

7.5. The University Internal Auditor, in coordination with University Administrators, will prepare the draft response to the audit findings and audit recommendations and forward the draft response to the Vice President for Administration and Chief Financial Officer.

7.6. The Vice President for Administration and Chief Financial Officer will review all responses in consultation with the President, and prepare and file the University response with the external audit agency.

7.7. University administrators will implement the audit recommendations and/or remediate audit findings consistent with the University response.

7.8. The University Internal Auditor will coordinate with the University administrators to resolve the auditor's recommendations.

7.9. The President will review all compliance status reports and designate the University Internal Auditor to follow up appropriately on unsatisfactory findings until resolved.

8.0. APPENDICES:

N/A