



UNIVERSITY INTERNAL AUDIT

Building Effectiveness, Efficiency, and Balance

Newsletter Issue No. 3, July 2019

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 with "Newsletter" as the subject.

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- New CSU reporting requirement
- What to do if you suspect fiscal improprieties
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New CSU reporting requirement relating to fiscal improprieties

On May 22, 2019, the CSU Board of Trustees passed a resolution, effective immediately, to amend CSU Executive Order (EO) 1104 titled *Campus Reporting of Fiscal Improprieties* requiring that campus presidents (or their designees) report fiscal improprieties to the appropriate prosecuting authority resulting in a loss to the campus or its auxiliary greater than \$20,000. Regardless of the amount of the loss, discipline shall be evaluated and imposed, as warranted. In addition, on an annual basis, campus presidents are required to submit a certification to the CSU chief auditor that they have disclosed all known actual or suspected fiscal improprieties of \$5,000 or more.

What to do if you suspect fiscal improprieties

EO 1104, *Campus Reporting of Fiscal Improprieties*, requires that campus presidents notify the Office (CO) and other state officials of certain cases of actual or suspected fiscal improprieties of the campus and its auxiliaries. When the issue is first brought to management attention, the inquiry process should be conducted within thirty (30) calendar days. The notification to the CO and other state officials should be made not less than five (5) business days following the determination that an issue is reportable. Internal Audit facilitates the reporting of the fiscal improprieties for Cal State LA. If you suspect a fiscal impropriety, please contact University Internal Auditor to determine whether the actual or suspected fiscal impropriety needs to be reported, what the notifications should include, and the reporting timelines.

In the News

- CSU Humboldt State University Special Investigation reported internal controls need improvement for procurement card usage and hospitality expenditures. The CSU investigation reported some hospitality expenditures were incomplete, inaccurate, or unclear information related to an investigation of a CSU employee. Hospitality expenditures reviewed by the CSU investigation included the purchase of gift cards. —September 14, 2018

<https://www2.calstate.edu/csu-system/transparency-accountability/audit-reports/Documents/special-investigation/2018/18200SpecialInvestigationHumboldt.pdf>

- A former assistant athletics director was sentenced on May 6, 2019 to 21 months in prison for stealing \$361,336 from the University of Minnesota over five years. From April 2012 through January 2017, the former assistant athletics director would cancel ticket sales to games after they'd taken place and deposit the refunded money into his own accounts. —May 6, 2019

<https://collegepostnews.com/minnesota-university-athletics-fraud/>

- St. Louis Community College says a longtime employee embezzled at least \$5.4 million in state money that was supposed to be used for a job-training program. —May 2, 2019

<https://www.stltoday.com/news/local/crime-and-courts/st-louis-community-college-alleges-employee-stole-million/article—c121ed45-ad50-5e83-9ca1-9ecd935cf34f.html>

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