

**BOARD OF GOVERNORS OF THE  
COLORADO STATE UNIVERSITY SYSTEM  
AUDIT AND FINANCE COMMITTEE  
JUNE 7, 2024**

**AUDIT**

1. FY 2023 External Audit Results – CliftonLarsonAllen Wealth Advisors
2. Internal Audit Dashboard and Status of FY 23-24
3. Review of Audit Reports Issued
4. Past Due Audit Recommendations
5. Global Internal Auditing Standards
6. Action on Proposed Internal Audit Charter Policy Amendment
7. Action on Proposed FY 2025 Internal Audit Plan

**FINANCE**

8. Annual Composite Financial Index Report



# Colorado State University System

Fiscal Year 2023

Financial Statement Audit Results & NCAA Agreed Upon Procedures

WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor

# Agenda



Introductions



Scope of Engagements



Responsibilities under GAAS



Unique Items for Fiscal Year 2023



Results of Financial Statement Audit



Required Communications



Questions



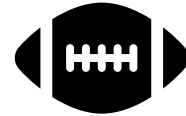
# Scope of the Engagement



**Financial Statement Audit  
of the System (Fort Collins,  
Pueblo, CSU-Global and  
System Office)**



**Single Audit - no  
major programs for  
FY2023**



**NCAA Agreed Upon  
Procedures – Fort  
Collins**



# Responsibilities under US Generally Accepted Auditing Standards (GAAS)



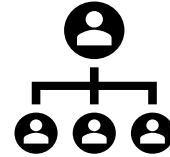
Opinion: Financial statements in conformity with U.S. GAAP in all material respects.



Reasonable assurance free from material misstatement; not absolute.



Risk-based audit: What is the risk of material error due to error, fraud, or noncompliance?



Our audit does not relieve management of its responsibilities.



Opinion is not over internal controls; opinion is over financial statements.

*Customized. Risk-based. Performed by Industry Professionals.*



# We'll Get You There

*GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements*

**Unique Audit Issues**

*GASB Statement 96, Subscription-Based Information Technology Arrangements*



# Financial Statement Audit Results

## Independent Auditors' Report

- Opinion – Unmodified
  - Basis for Opinion
- Auditors' Responsibility
- Management's Responsibility
- Required Supplementary Information and Other Information
- Government Auditing Standards Report



# Internal Control Communications





# Required Communications



Qualitative Aspects of Accounting Practices

New policy: GASB Statement No. 96  
Accounting Estimates  
Financial Disclosures



Difficulties Encountered in Performing the Audit – None



Uncorrected Misstatements:

None



Corrected Misstatements:

None



# Required Communications



Disagreements with Management

None



Management Representations



Management Consultations with other Independent Accountants

None



Significant Issues Discussed with Management Prior to Engagement

None



Other Audit Findings or Issues

None



THANK YOU!

Management and staff were very cooperative and helpful.



# Questions?



Jordan Boehm, CPA  
Principal  
Jordan.Boehm@CLAconnect.com

Bryan Heasty, CPA  
Manager  
Bryan.Heasty@CLAconnect.com



CLAconnect.com



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# Internal Audit

FY 2024





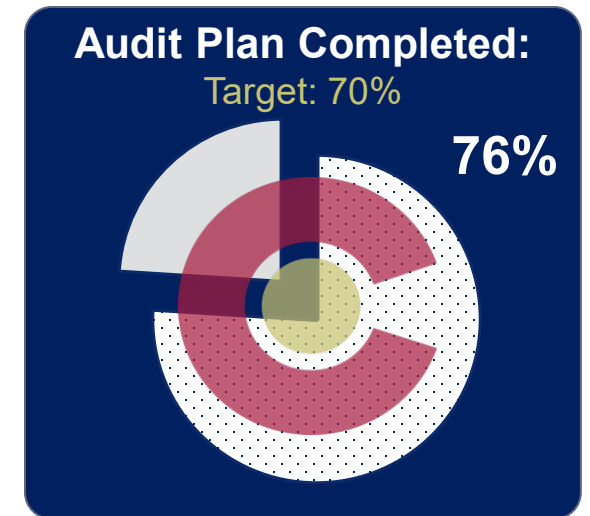
# Status Reports

- IA Key Performance Metrics Dashboard
- Reports Issued
- Audits in Progress
- Remaining Audits
- Audit Report Dashboard

# IA Key Performance Metrics Dashboard

## Key Risks Addressed in Audit Plan

- Leadership Turnover
- Enterprise Systems
- Cybersecurity
- Payroll
- Sponsored Programs
- Campus Safety
- CSU Spur
- Title IX
- Todos Santos
- Student Fees
- Accounts Payable
- Finance & Administration (Select Areas)





# Reports Issued

Institution	Audit Area	Status
CSUP	Athletics Compliance Audit	Report 23-14
CSU	CEMML Special Project	Report 24-01
CSUG	Payroll Audit	Report 24-02
CSU	Student Athlete Financial Aid	Report 24-03
CSU	CEMML Special Project Internal Controls	Report 24-04
CSUP	Auxiliary Services	Report 24-05
CSU	Housing Management System Consultation	Report 24-06
CSU	Attorney Client Privileged Institutional Biosafety Audit	Report 24-07
CSUP	CSU Pueblo Privileged Facilities Inventory Special Project	Report 24-08
CSUP	CSU Pueblo Facilities Inventory Special Project – Internal Controls	Report 24-09
CSU	Payroll Audit	Report 24-10
CSU	Colorado State Forest Service Audit	Report 24-11
CSU, CSUP	CONFIDENTIAL CSU & CSUP Data Incident Resilience and Recovery Audit	Report 24-12
CSU	CSU Effort Reporting Audit	Report 24-13
CSU, CSUP	CSU Todos Santos Audit	Report 24-14
CSU SPUR	CSU Spur Financial and Administrative Audit	Report 24-15
CSU	Confidential Attorney Client Privileged WCNR Review	Report 24-16
CSUG	Presidential Transition Audit	Report 24-17
ALL	Confidential FY 2025 Risk Assessment	Report 24-18



# Audits in Progress

Institution	Audit Area	Timeline						
		Jan	Feb	Mar	Apr	May	Jun	
CSUP	Accounts Payable Audit			■	■			■
CSUP	Student Fees Audit		■	■				■
CSU	Account Management & Deprovisioning Audit		■		■			■
CSU	Vice President of Research Transition Audit			■	■			■
CSU	CSU PCI DSS 4.0 Compliance Readiness Audit			■	■			■
CSU	Athletics Audit				■		■	
CSU, CSUP	Campus Safety Risk Management Review					■	■	
CSU, CSUP	Continuous Auditing – Ongoing Evaluation	<i>Ongoing</i>						
ALL	Hotline Report Follow-up/Investigations	<i>Ongoing</i>						
ALL	Audit Follow-up	<i>Ongoing</i>						

■	Timeline Adjusted Due to Special Project	■	Planning
		■	Fieldwork
		■	Reporting



# Remaining Audits

Institution	Audit Area	Timeline					
		Jan	Feb	Mar	Apr	May	Jun
CSUP	Title IX Controls Audit	<i>Deferred to FY 2025 due to Aug. 1 Effective Date</i>					

# Audit Report Dashboard

Recommendations Summary by Audit and Risk Level:						
Audit #:	Audit Title:	Critical Risk:	High Risk:	Medium Risk:	Low Risk:	Total:
24-17	CSU Global Presidential Transition Audit	0	0	5	0	5
Critical Risk Issues: None High Risk Issues: None						
24-18	Confidential FY 2025 Risk Assessment	Executive Session				

Risk Rating	Risk Definition
<b>Critical</b>	Critical priority - severe impact to the reputation of the institution or achievement of its goals and objectives is highly likely. Urgent action should be taken.
<b>High</b>	High priority - high likelihood and/or considerable negative impact to institutional or unit goals and objectives. Timely action should be taken.
<b>Medium</b>	Medium priority - moderate impact and/or likelihood to unit goals and objectives. Action should be taken.
<b>Low</b>	Low priority - minimal adverse impact and/or minimal likelihood of impact to unit goals and objectives. Action should be taken as resources permit.

# Executive Summary

## Report

24-17 Colorado State University Global Presidential Transition Audit  
May 6, 2024

## Background and Scope

Becky Takeda-Tinker returned to Colorado State University Global (CSU Global) and was named President in 2023. This transition audit was performed to assist CSU Global in identifying potential areas for improvement in controls and processes and to provide recommendations to the President and unit heads.

The audit covered financial and operational activities for the period of July 1, 2022, through December 31, 2023.

## Objectives and Conclusions

Objectives:	Conclusions:
1) Evaluate financial and administrative processes (including internal controls and policies and procedures).	We found that the control environment and risk management and governance processes for CSU Global were generally adequate, but we identified several opportunities for improvement in internal controls and policy compliance.
2) Evaluate risk management and governance processes.	No issues were identified related to risk management and governance.

## Audit Observations and Risk Level

Issue/Opportunity:	Risk Impact:	Risk Level:	Mgt. Response (abbreviated for brevity):
1. The Procurement Card (PCard) Policy does not address whether PCard holders should inform merchants regarding tax-exempt status for all applicable transactions.	The university is not receiving the full benefit from its tax-exempt status.	<b>Medium</b>	Agree. CSU Global Procurement Card Policy has been reviewed and updated per internal audit recommendations.  Target date: Implemented
2. PCard cycle limits (\$10,000) are significantly higher than actual PCard usage. On average, PCard limits are \$5, 619.05 higher than typical use.	Unnecessarily high PCard limits increases the financial risk to CSU Global if the PCard is used inappropriately by the cardholder or if an outside party compromises the PCard.	<b>Medium</b>	Agree. The CSU Global Controller will review PCard usage and adjust PCard limits to align with actual usage annually.  Target date: June 30, 2024
3. The employees that currently have a university-owned mobile device through CSU Global do not have written approval (which is required per CSU Global policy) to have these devices.	Lack of adherence to policy increases the risk of unauthorized mobile devices or could set the appearance that compliance is not necessary.	<b>Medium</b>	Agree. Colorado State University Global has updated the Mobile Device Policy and eliminated the university-owned device program. Current CSUG owned devices will be deactivated.  Target date: May 31, 2024
4. The current Conflict of Interest and Conflict of Commitment (COI/COC)	Incomplete COI/COC increases CSU Global's risk of undisclosed	<b>Medium</b>	Agree. Colorado State University Global has reviewed and updated COI/COC policy to reflect the current process.

process does not align with the policy.	conflicts.		Target date: Implemented
5. CSU Global's accounts receivable balances are not monitored in accordance with policy.	The accounts receivable balance may include items that should be written off per policy, increasing the risk that receivables maybe overstated on financial statements.	<b>Medium</b>	Agree. The CSU Global Controller has developed a report to track and monitor accounts receivable balances to identify the balances that meet write-off criteria in accordance with policy. The report is in the testing phase and will be fully implemented by the end of FY 24.  Target date: June 30, 2024



## All Overdue Recommendations

Audit #	Audit Name	Inst.	Rec #	Risk Ranking	Recommendation	Audit Report Response	Dept.	Target Completion Date	Revised Target Completion Date
23-06	CSU Pueblo Sustainability of High-Risk Recommendations Audit	CSU P	15		The CFO/Controller should implement a procedure to periodically ensure departments are completing account reconciliations.	Agree. The CFO/Controller and the Assistant Controller will implement a procedure to periodically ensure departments are completing account reconciliations.	BFS	9/30/2023	05/30/2024
23-06	CSU Pueblo Sustainability of High-Risk Recommendations Audit	CSU P	14		The Purchasing Director should review all construction accounts quarterly for activity and collaborate with Facilities to verify completion...	Agree. The Purchasing Director will review all constructions accounts quarterly and work with Facilities to confirm project completion...	Purchasing /BFS	10/31/2023	09/30/2024
23-06	CSU Pueblo Sustainability of High-Risk Recommendations Audit	CSU P	7		The CFO/Controller or designee should review the current overtime payment process to improve accuracy of payments. Additionally, the CFO/Controller should review these instances of unpaid overtime to ensure the students employees are eligible for overtime pay.	Agree. CFO/Controller, Payroll Staff and Assistance Controller will review and develop controls to improve the accuracy of payments. We will also review instances of unpaid overtime and pay any unpaid wages.	BFS	6/30/2023	10/31/2024

Audit #	Audit Name	Inst.	Rec #	Risk Ranking	Recommendation	Audit Report Response	Dept.	Target Completion Date	Revised Target Completion Date
23-02	CSU Facilities Management Recharge Accounts	CSU	1		We recommend the AVP for Facilities Management consider charging actual costs for RCS project management and internal RCS work. Charging actual costs would allow some or all of the work to be paid for by federal funds, allowing CSU to repurpose Education and General funds for other activities.	Agree to complete a feasibility study. Facilities uses fixed cost pricing across a variety of departments, so the study will encompass the entire business unit. Facilities accounting and RCS will work with the Financial Business Officer to analyze the financial and non-financial impacts of implementing this recommendation.	Facilities	12/31/2023	12/31/2024
22-15	ATTORNEY CLIENT PRIVILEGED CSU Student Accessibility Audit	CSU	5		Privileged Communication	Privileged Communication	Provost Office, OEO, OIE, ATCR	5/4/2023	09/15/2024



Audit #	Audit Name	Inst.	Rec #	Risk Ranking	Recommendation	Audit Report Response	Dept.	Target Completion Date	Revised Target Completion Date
21-16	Institutional Research Audit	CSU P	02		The Information Security Manager at CSU-Pueblo should adopt a data security policy.	Agree. Though it is agreed that there is a need for a data security policy, discussions have begun regarding efforts to establish a data security policy that will cover all CSU System member institutions.	IR	10/31/2021	10/03/2024
20-21	Office of Research and Sponsored Program	CSU P	12		The Director of OSP and the Controller should work with Human Resources to identify a method to better address research-related conflicts of interest.	Agree. CSU-Pueblo will continue to abide by the current COI reporting and disclosure process (managed by Human Resources) while they continue to evaluate the impact and resource need to implement the Kualu COI module annually.	OSP	12/31/2022	10/1/2024

# Global Internal Audit Standards



# What Are the Global Internal Audit Standards?

- Promulgated by the Institute of Internal Auditors (IIA)
- Guide the worldwide professional practice of internal auditing
- Apply to internal audit functions across all industries
- Serve as a basis for evaluating and elevating the quality of the internal audit function
- Not legally required for CSU System but are mandatory to maintain ongoing conformance



# Systems That Have Adopted the IIA's Standards

(Not All Inclusive)

- University of Colorado System
- Colorado Community College System
- Texas State University System\*
- Texas A&M University System\*
- Arizona Board of Regents
- University of Massachusetts
- University of Illinois System
- Houston Community College
- University of Tennessee System\*
- University of Alabama System
- University of Arkansas System
- University System of Maryland\*
- State University System of Florida
- University of Louisiana System\*
- University of South Carolina
- Texas Tech University\*

\* Mandated by state law



# What Are the Global Internal Audit Standards?



## 15 Guiding Principles and Associated Domain:

- II {
  - 1. Demonstrate Integrity
  - 2. Maintain Objectivity
  - 3. Demonstrate Competency
  - 4. Exercise Due Professional Care
- III {
  - 5. Maintain Confidentiality
  - 6. Authorized by the Board
  - 7. Positioned Independently
  - 8. Overseen by the Board
- IV {
  - 9. Plan Strategically
  - 10. Manage Resources
  - 11. Communicate Effectively
  - 12. Enhancing Quality
- V {
  - 13. Plan Engagements Effectively
  - 14. Conduct Engagement Work
  - 15. Communicate Engagement Results and Monitor Action Plans



# Why Conform to the Internal Auditing Standards?

- Serves as a framework to provide value-added services
- Promotes efficiency and effectiveness
- Ensures consistency
- Fosters quality assurance and continuous improvement
- Demonstrates independence, ethics, and professionalism
- Enhances stakeholder confidence



# Key Changes in the New Internal Audit Standards

- Requires internal audit strategy
- Emphasizes governance and oversight by BOG and Senior Management
- Enhances reporting, such as ratings/ranking considerations
- Consolidates mandatory and guidance documents
- Enhances requirements for external quality assessments
- Requires coordination across internal and external providers of assurance services



Colorado State University System  
Board of Governors Meeting – June 2024  
Action Item

MATTER FOR ACTION:

Approval of revised CSUS Policy 111: Audit Charter

RECOMMENDED ACTION:

MOVED, that the Board of Governors of the Colorado State University System (Board) hereby approves and adopts revised CSUS Policy 111: Audit Charter.

EXPLANATION PRESENTED BY: Susy Serrano, Director, Internal Auditing, Colorado State University System.

Internal Auditing Standards (Standards) require that the chief audit executive periodically review the internal audit charter and present it to senior management and the board for approval. Colorado State University System Policy 111: Audit Charter sets forth the roles, responsibilities, and authority of the Internal Auditing function within the Colorado State University System. The charter

- Establishes Internal Audit’s position within the organization to maintain organizational independence and describes the functional reporting relationship to the board.
- Authorizes access to records, personnel, and physical properties relevant to the performance of engagements.
- Defines the scope of Internal Audit activities.
- Sets expectations for ethics, professionalism, and objectivity for all Internal Auditing staff.
- Communicates Internal Auditing’s commitment to maintaining a Quality Assurance and Improvement Program.

The changes proposed in the audit charter are to update the content to align with the new Global Internal Audit Standards promulgated by the Institute of Internal Auditors. Key changes to the charter are noted in the redlined document.

\_\_\_\_\_  
Approved

\_\_\_\_\_  
Denied

\_\_\_\_\_  
Board Secretary

Board of Governors of the Colorado State University System

\_\_\_\_\_  
Date



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## COLORADO STATE UNIVERSITY SYSTEM

### Policy and Procedures Manual

SUBJECT: GOVERNANCE

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Policy 111: CSUS Board Audit Charter Policy

#### Board Policy

The Internal Auditing Department (IA) shall provide the Board, the Chancellor and the university administrations with an independent and objective evaluation of ~~the effectiveness, efficiency, and application of the accounting, financial, and other internal controls necessary~~ governance, risk management, and control processes to assist the Colorado State University System (System) in ~~accomplish~~ achieving Colorado State University System (System) objectives in compliance with policies and procedures, regulatory requirements, and sound business practices ~~its objectives~~. This Charter of Operations for the IA Department is intended to supplement Article VIII of the Bylaws relating to the Director of IA and is authorized by Article XII of the Bylaws.

#### Purpose ~~and Mission~~

The purpose of ~~the System Internal Auditing department is~~ the internal audit function is to ~~provide the Colorado State University System Board of Governors, the Chancellor, and senior management with independent, objective assurance and consulting services designed to add value and improve the System's operations~~ strengthen the CSU System's ability to create, protect, and sustain value by providing the board and management with independent, risk-based, and objective assurance, advice, insight, and foresight.

Internal Auditing supports the CSU System' mission by:

- Assisting in the successful achievement of its objectives.
- Independently evaluating governance, risk management, and control processes.
- Providing value-added insights to assist with decision-making and oversight.
- Enhancing the System's reputation and credibility with stakeholders.
- Assisting in its ability to serve the public interest.

The CSU System's internal audit function is most effective when:

- Internal auditing is performed by competent professionals in conformance with the Institute of Internal Auditors' (IIA) Global Internal Audit Standards™, which are set in the public interest.
- The internal audit function is independently positioned with direct accountability to the board.
- Internal auditors are free from undue influence and committed to making objective assessments.

~~The mission of IA is to enhance and protect organizational value by providing risk-~~

~~based and objective assurance, advice, and insight. IA helps the System accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes. This IA Charter of Operations is intended to supplement Article VIII of the Bylaws relating to the Director of IA and is authorized by Article XII of the Bylaws.~~

~~Assurance and consulting services are defined by the Institute of Internal Auditors (IIA) as follows:~~

- ~~• Assurance services: An objective examination of evidence for the purpose of providing an independent assessment on governance, risk management, and control processes for the organization. Examples may include financial, performance, compliance, system security, and due diligence engagements.~~
- ~~• Consulting services: Advisory and related client service activities, the nature and scope of which are agreed with the client, are intended to add value and improve an organization's governance, risk management, and control processes without the internal auditor assuming management responsibility. Examples include counsel, advice, facilitation, and training.~~

### ~~Commitment to Adhering to the Global Internal Audit Standards~~ Standards for the Professional Practice of Internal Auditing

CSU System IA will take reasonable steps to adhere to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, which are the Global Internal Audit Standards and Topical Requirements (Standards). The Director will report periodically to the Board and senior management regarding the internal audit function's conformance with the Standards, which will be assessed through a quality assurance and improvement program.

~~IA will govern itself by adherence to the mandatory elements of IIA's International Professional Practices Framework, including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the International Standards for the Professional Practice of Internal Auditing (Standards), and the Definition of Internal Auditing. The Information Systems Audit and Assurance professionals will additionally take reasonable steps to adhere to the mandatory standards of the Information Technology Assurance Framework (ITAF) and the Code of Ethics of the Information Systems Audit and Control Association (ISACA). Members of the IA Department are responsible for maintaining the high standards of conduct, independence, and character necessary to provide proper and meaningful internal auditing for the CSU System.~~

### **Authority**

The CSU System's Board grants the internal audit function the mandate to provide the Board and senior management with objective assurance, advice, insight, and foresight.

IA's authority is created by its direct reporting relationship to the Board. Such authority

allows for unrestricted access to the bBoard.

The Director of IA will have unrestricted access to, and communicate and interact directly with, the Chancellor and Audit and Finance Committee, including in private meetings without management present.

The Audit and Finance CommitteeBoard authorizes the Director of IA and IA staff to:

- Have full, free, timely, and unrestricted access to all functions, data, records, physical property, information systems, consultants, contractors, and other personnel pertinent to carrying out any engagement, subject to accountability for confidentiality and safeguarding of records and information, including, but not limited to attorney-client privileged information.
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques required to accomplish audit objectives, and issue reports.
- Obtain assistance from the necessary personnel of any of the CSU System institutions, as well as other specialized services from within or outside the organization, in order to complete the engagement.

### **Independence, Organizational Position, and Objectivity Reporting Relationships**

The Director will be positioned at a level in the organization that enables internal audit services and responsibilities to be performed without interference from management, thereby establishing the independence of the internal audit function. The Director will report functionally to the Board and administratively (for example, day-to-day operations) to the Chancellor. This positioning provides the organizational authority and status to bring matters directly to senior management and escalate matters to the bBoard, when necessary, without interference and supports the internal auditors' ability to maintain objectivity.

The Director will confirm to the bBoard, at least annually, the organizational independence of the internal audit function. If the governance structure does not support organizational independence, the Director will document the characteristics of the governance structure limiting independence and any safeguards employed to achieve the principle of independence. The Director will disclose to the bBoard, through the Audit and Finance Committee Chair, any interference internal auditors encounter related to the scope, performance, or communication of internal audit work and results. The disclosure will include communicating the implications of such interference on the internal audit function's effectiveness and ability to fulfill its mandate.

### **Changes to the Internal Auditing Mandate and Charter**

Circumstances may require follow-up discussions between the Director, bBoard, and senior management on the roles and responsibilities of IA or elements of the internal audit charter. Such circumstances may include but are not limited to:

- A significant change in the Global Internal Audit Standards.
- A significant reorganization within the organization.

- Significant changes in the Director, Board, and/or senior management.
- Significant changes to the organization's strategies, objectives, risk profile, or the environment in which the organization operates.
- New laws or regulations that may affect the nature and/or scope of internal audit services.

~~The Director of IA will ensure that IA remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of audit selection, scope, procedures, frequency, timing, and report content. If the Director of IA determines that independence or objectivity may be impaired in fact or appearance, the details of impairment will be disclosed to appropriate parties.~~

### **Board Oversight**

~~In accordance with the bylaws, the Audit and Finance Committee of the Board of Governors oversees the functional reporting responsibilities for IA. The Director of IA will report functionally to the Audit and Finance Committee and administratively (i.e., day to day operations) to the Chancellor. The Director of IA is ultimately accountable to the Board and shall have a direct reporting relationship to the Board through its Audit and Finance Committee. The following activities undertaken by the Board Audit and Finance Committee are examples of functional reporting to the Board:~~

- Discuss with the Director and senior management the appropriate authority, role, responsibilities, scope, and services (assurance and/or advisory) of the internal audit function.
- Ensure the Director has unrestricted access to and communicates and interacts directly with the Board, including in private meetings without senior management present.
- Discuss with the Director and senior management other topics that should be included in the internal audit charter.
- Participate in discussions with the Director and senior management about the "essential conditions," described in the Global Internal Audit Standards, which establish the foundation that enables an effective internal audit function.
- Approve the internal audit function's charter, which includes the internal audit mandate and the scope and types of internal audit services.
- Review the internal audit charter annually with the Director to consider changes affecting the organization, such as the employment of a new Director or changes in the type, severity, and interdependencies of risks to the organization; and approve the internal audit charter periodically.
- Approve the risk-based internal audit plan.
- Approve the internal audit function's human resources administration and budgets.
- Approve the internal audit function's budget.
- Collaborate with senior management to determine the qualifications and competencies the organization expects in a Director, as described in the Global Internal Audit Standards.
- Authorize the appointment and removal of the Director.
- Approve the remuneration of the Director.

- Review the Director's performance.
- Receive communications from the Director about the internal audit function, including its performance relative to its plan.
- Ensure a quality assurance and improvement program has been established.
- Review of the results of the quality assurance and improvement program annually.
- Make appropriate inquiries of management and the Director to determine whether scope or resource limitations are inappropriate.

**Approving the IA charter.**

**Director Roles and Responsibilities**

**Ethics and Professionalism**

The Director will ensure that internal auditors:

- Conform with the Global Internal Audit Standards, including the principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, and confidentiality.
- Understand, respect, meet, and contribute to the legitimate and ethical expectations of the organization and be able to recognize conduct that is contrary to those expectations.
- Encourage and promote an ethics-based culture in the organization.
- Report organizational behavior that is inconsistent with the organization's ethical expectations, as described in applicable policies and procedures.

**Objectivity**~~Approving the risk-based internal audit plan.~~

- 
- ~~Approving IA's budget and resource plan.~~
  - ~~Receiving communications from the Director of IA on IA's performance relative to its plan and other matters.~~
  - ~~Approving decisions regarding the appointment and removal of the Director of IA.~~
  - ~~Approving the remuneration of the Director of IA.~~

~~• Making appropriate inquiries of management and the Director of IA to determine whether there is inappropriate scope or resource limitations.~~

~~Internal auditors will~~ IA will remain free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication. If the Director determines that objectivity may be impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively and in such a manner that they believe in their work product, ~~that no quality do not~~ compromises are made quality, and ~~that they~~ do not subordinate their judgment on audit matters to others, either in fact or appearance.

Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair their judgment, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing any operational duties for the CSU System, its campuses, or its affiliates.
- Initiating or approving transactions external to IA.
- Directing the activities of any CSU System employee not employed by IA, except to the extent that such employees have been appropriately assigned to auditing teams or to otherwise assist internal auditors.

Where the Director of IA has or is expected to have roles and/or responsibilities that fall outside of internal auditing, safeguards will be established to limit impairments to independence or objectivity.

The Director of IA and Internal Audit staff will:

- Disclose any impairment of independence or objectivity, in fact or appearance, to appropriate parties, such as the Director, Board, management, or others.
- Exhibit professional objectivity in gathering, evaluating, and communicating information ~~about the activity or process being examined~~.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid being unduly influenced by their own interests or by others in forming judgments.

### **Managing the Internal Audit Function**

The Director has the responsibility to:

- At least annually, develop a risk-based audit plan that considers the input of the Board and senior management. Discuss the plan with the Board and

- senior management and submit the plan to the bBoard for review and approval.
- Communicate the impact of resource limitations on the internal audit plan to the bBoard and senior management.
- Review and adjust the internal audit plan, as necessary, in response to changes in the CSU System's business, risks, operations, programs, systems, and controls.
- Communicate with the bBoard and senior management if there are significant interim changes to the internal audit plan.
- Ensure internal audit engagements are performed, documented, and communicated in accordance with the Global Internal Audit Standards.
- Follow up on engagement findings and confirm the implementation of recommendations or action plans and communicate the results of internal audit services to the bBoard and senior management at least quarterly and for each engagement as appropriate.
- Ensure the internal audit function collectively possesses or obtains the knowledge, skills, and other competencies needed to meet the requirements of the Global Internal Audit Standards and fulfill the internal audit purpose.
- Identify and consider trends and emerging issues that could impact the CSU System and communicate to the bBoard and senior management as appropriate.
- Consider emerging trends and successful practices in internal auditing.
- Establish and ensure adherence to methodologies designed to guide the internal audit function.
- Assist in the investigation of significant suspected fraudulent activities within the CSU System and notify the Chancellor and Audit and Finance Committee of the results.
- Assist in assessing and addressing reports generated through the Compliance Reporting Hotline.
- Ensure adherence to the CSU System's relevant policies and procedures unless such policies and procedures conflict with the internal audit charter or the Global Internal Audit Standards. Any such conflicts will be resolved or documented and communicated to the bBoard and senior management.
- Coordinate activities and consider relying upon the work of other internal and external providers of assurance and advisory services. If the Director cannot achieve an appropriate level of coordination, the issue must be communicated to senior management and if necessary, escalated to the bBoard.

### **Communication with the Board and Senior Management**

The Director will report periodically to the Bboard and senior management regarding:

- The internal audit function's purpose, authority, and responsibility.
- The internal audit plan and performance relative to its plan.
- The internal audit budget.
- Significant revisions to the internal audit plan and budget.
- Potential impairments to independence, including relevant disclosures as applicable.
- Results from the quality assurance and improvement program, which include the internal audit function's conformance with The IIA's Global Internal Audit

Standards and action plans to address the internal audit function's deficiencies and opportunities for improvement.

- Significant risk exposures and control issues, including fraud risks, governance issues, and other areas of focus for the Board.
- Results of assurance and advisory services.
- Resource requirements.
- Management's responses to risk that the internal audit function determines may be unacceptable or acceptance of a risk that is beyond the CSU System's risk appetite.

### **Quality Assurance and Improvement Program**

~~IA~~The Director will maintain a quality assurance and improvement program that covers all aspects of IA. The program will include develop, implement, and maintain a quality assurance and improvement program that covers all aspects of the internal audit function. The program will include external and internal assessments of the internal audit function's conformance with the Global Internal Audit Standards, as well as performance measurements to assess the internal audit function's progress toward the achievement of its objectives and promotion of continuous improvement. The program also will assess, if applicable, compliance with laws and/or regulations relevant to internal auditing. Also, if applicable, the assessment will include plans to address the internal audit function's deficiencies and opportunities for improvement.

Annually, the Director will communicate with the Board and senior management about the internal audit function's quality assurance and improvement program, including the results of internal assessments (ongoing monitoring and periodic self-assessments) and external assessments. External assessments will be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the CSU System; qualifications must include at least one assessor holding an active Certified Internal Auditor® credential.

~~an evaluation of IA's conformance with the Standards and an evaluation of whether internal auditors apply The IIA's and ISACA's Code of Ethics. The program will also assess the efficiency and effectiveness of IA and identify opportunities for improvement. The Director of IA will communicate to senior management and the Audit and Finance Committee on IA's quality assurance and improvement program, including results of internal assessments (both ongoing and periodic) and external assessments conducted at least once every five years by a qualified, independent assessor or assessment team from outside the System.~~

~~The Director of IA will confirm to the Audit and Finance Committee, at least annually, the organizational independence of IA.~~

~~The Director of IA will disclose to the Audit and Finance Committee any interference and related implications in determining the scope of internal auditing, performing work, and/or communicating results.~~

### **Scope of Internal Audit Activities**

The scope of internal audit services covers the entire breadth of the organization,



including all of the CSU System's activities, assets, and personnel. The scope of internal audit activities encompasses, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments assurance and advisory services to the Board and management, to the Audit and Finance Committee, the Chancellor, senior management, and outside parties on the adequacy and effectiveness of governance, risk management, and control processes for the CSU System.

The nature and scope of advisory services may be agreed with the party requesting the service, provided the internal audit function does not assume management responsibility. Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during advisory engagements. These opportunities will be communicated to the appropriate level of management.

IA assessments engagements may include evaluating whether:

- Risks relating to the achievement of the CSU System's strategic objectives are appropriately identified and managed.
- The actions of the System's officers, directors, employees, and contractors comply are in compliance with the System's policies, procedures, and applicable laws, regulations, and governance standards.
- The results of operations or programs are consistent with established goals and objectives.
- Operations or programs are being carried out effectively and efficiently.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact the System.
- The integrity of information and the means used to identify, measure, analyze, classify, and report such information are is reliable and have integrity.
- Resources and assets are acquired economically, used efficiently, and protected adequately.

The Director of IA will report periodically to senior management and the Audit and Finance Committee regarding:

- IA's purpose, authority, and responsibility.
- IA's plan and performance relative to its plan.
- IA's conformance with The IIA's Code of Ethics and Standards, and action plan to address any significant conformance issues.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other matters requiring the attention of, or requested by, the Audit and Finance Committee or senior management.
- Results of audit engagements or other activities.
- Resource requirements.
- Any response to risk by management that may be unacceptable to the System.
- The Director of IA considers relying upon the work of other internal and external assurance and consulting service providers as needed. IA may perform advisory and related client service activities, the nature and scope of which will be agreed with the client, provided IA does not assume management responsibility.
- Opportunities for improving the efficiency of governance, risk management, and

~~control processes may be identified during engagements. These opportunities will be communicated to the appropriate level of management.~~

### **Responsibility**

~~The Director of IA and the IA staff have the responsibility to:~~

- ~~• Submit, at least annually, to senior management and the Audit and Finance Committee a risk-based internal audit plan for review and approval.~~
- ~~• Communicate to senior management and the Audit and Finance Committee the impact of resource limitations on the internal audit plan.~~
- ~~• Review and adjust the Internal Audit plan, as necessary, in response to changes in the System's business, risks, operations, programs, systems, and controls.~~
- ~~• Communicate to senior management and the Audit and Finance Committee any significant interim changes to the Internal Audit plan.~~

- ~~Ensure each engagement of the Internal Audit plan is executed, including the establishment of objectives and scope, the assignment of appropriate and adequately supervised resources, the documentation of work programs and testing results, and the communication of engagement results with applicable conclusions and recommendations to appropriate parties.~~
- ~~Follow up on engagement findings and corrective actions, and report periodically to senior management and the Audit and Finance Committee any corrective actions not effectively implemented.~~
- ~~Ensure the principles of integrity, objectivity, confidentiality, and competency are applied and upheld.~~
- ~~Ensure IA collectively possesses or obtains the knowledge, skills, and other competencies needed to meet the requirements of the Internal Audit charter.~~
- ~~Ensure trends and emerging issues that could impact the System are considered and communicated to senior management and the Audit and Finance Committee as appropriate.~~
- ~~Ensure emerging trends and successful practices in internal auditing are considered.~~
- ~~Establish and ensure adherence to policies and procedures designed to guide IA.~~
- ~~Assist in the investigation of significant suspected fraudulent activities within the System and notify the Chancellor and Audit and Finance Committee of the results.~~
- ~~Assist in assessing and addressing reports generated through the Compliance Reporting Hotline.~~
- ~~Ensure adherence to the relevant policies and procedures of the System and its campuses, unless such policies and procedures conflict with the Internal Audit Charter. Any such conflicts will be resolved or otherwise communicated to senior management and the Audit and Finance Committee.~~
- ~~Ensure conformance of IA with the Standards, with the following qualifications:~~
- ~~If IA is prohibited by law or regulation from conformance with certain parts of the Standards, the Director of IA will ensure appropriate disclosures and will ensure conformance with all other parts of the Standards.~~
- ~~If the Standards are used in conjunction with requirements issued by other authoritative bodies, the Director of IA will ensure that IA conforms with the Standards, even if IA also conforms with the more restrictive requirements of the other authoritative bodies.~~

## **Reporting**

~~A written report will be prepared and issued by the Director of IA or designee following the conclusion of each audit. A copy of each audit report will be forwarded to the Chancellor, the Audit and Finance Committee and to other affected parties. The Director of IA or designee may include in the audit report the auditee's response and corrective action taken or to be taken in regard to the specific findings and recommendations. Management's response should include a timetable for anticipated completion of the corrective action to be taken and an explanation for any recommendations not addressed by corrective action.~~

### ~~Quality Assurance and Improvement Program~~

~~IA will maintain a quality assurance and improvement program that covers all aspects of IA. The program will include an evaluation of IA's conformance with the Standards and an evaluation of whether internal auditors apply The IIA's and ISACA's Code of Ethics. The program will also assess the efficiency and effectiveness of IA and identify opportunities for improvement. The Director of IA will communicate to senior management and the Audit and Finance Committee on IA's quality assurance and improvement program, including results of internal assessments (both ongoing and periodic) and external assessments conducted at least once every five years by a qualified, independent assessor or assessment team from outside the System.~~

History: Policy and Procedures Manual effective October 4, 2013 by Board Resolution  
Amended August 2, 2017 by Board Resolution  
Amended October 4, 2018 by Board Resolution  
[Amended June 10, 2022 by Board Resolution](#)  
[Amended June 9, 2023 by Board Resolution](#)

# **FY 2025 Internal Audit Plan**

Colorado State University System  
Board of Governors Meeting – June 2024  
Action Item

MATTER FOR ACTION:

Approval of the FY 2025 Audit Plan for the Colorado State University System

RECOMMENDED ACTION:

MOVED, that the Board of Governors approve the proposed FY 2025 Audit Plan, as presented to and approved by the Board’s Audit and Finance Committee, for the Colorado State University System.

EXPLANATION:

Presented by Susy Serrano, Director, Internal Auditing, Colorado State University System (CSUS).

Each year the Director of Internal Auditing proposes a plan for audits across the CSUS. The plan is based on an assessment of organizational risks that considers the likelihood (e.g., organizational history, susceptibility to fraud, operational complexity, etc.) and impact (financial impact, human health and safety impacts, reputational risk, etc.) of negative events. This information was gathered through interviews with executives and managers across the CSU System, evaluation of current and emerging industry risks, and ongoing assessment of risks through annual audit and consulting engagements. Audit resources that will be available to the CSUS are detailed in the proposed audit plan.

The approval of the FY 2025 Audit Plan is in accordance with Bylaw VII of the Colorado State University System Board of Governors, as supplemented by Board Policy 111, and will provide the authority for the Office of Internal Auditing to address its charge to provide the Board of Governors and the Chancellor with an independent and objective evaluation of the internal controls necessary to accomplish System objectives in compliance with policies and procedures, regulatory requirements, and sound business practices. Significant changes to the Audit Plan will be communicated to the Board of Governors in accordance with internal auditing standards.

\_\_\_\_\_  
Approved

\_\_\_\_\_  
Denied

\_\_\_\_\_  
Secretary

Board of Governors of the Colorado State University System

\_\_\_\_\_  
Date

# Background

- Assurance and consulting activities that Internal Auditing proposes undertaking in FY 2025.
- Risk-based audit plan required by the Standards to determine the priorities of the internal audit activity, consistent with the organization's goals.
- Must be based on documented risk assessment, undertaken at least annually
- Input of senior management and the board must be considered as part of this process.



# Risk Ranking Guidelines

## Consider Risk “Likelihood\*”

<b>History:</b>	<ul style="list-style-type: none"> <li>Is there a history of audit findings, significant internal control weaknesses, significant financial adjustments, negative publicity, or other events that might warrant increased diligence over the next fiscal year?</li> <li>Has this area not undergone internal or external audit in a long time that perhaps there are unidentified internal control weaknesses?</li> </ul>
<b>Susceptibility to Fraud or Theft:</b>	<ul style="list-style-type: none"> <li>Is the area highly susceptible to theft, fraud, or other manipulation that could lead to loss of resources or material misstatements of account balances or account activity?</li> <li>Could management or key personnel be “potentially” motivated to intentionally engage in inappropriate behaviors, misrepresent accounts, etc., for self-serving motives (such as notoriety, financial gain, continued grant funding, etc.), or are there any known or likely conflicts of interest, nepotism, or a lack of clear segregation of duties in this area?</li> </ul>
<b>Organizational Growth and Change:</b>	<ul style="list-style-type: none"> <li>Have there been changes in mission, key personnel or leadership, or has there been a significant change in regulations, policies, computer systems, software application, etc.? Has there been significant growth in this area where internal controls may not have kept up with growth?</li> <li>Note: if significant changes are anticipated, please indicate the nature and anticipated timing.</li> </ul>
<b>Regulatory or Compliance Implications:</b>	<ul style="list-style-type: none"> <li>Is this area/activity highly regulated by outside entities (e.g., state, federal entities), or is its mission heavily tied to compliance objectives?</li> </ul>
<b>Operational Complexity:</b>	<ul style="list-style-type: none"> <li>Are complex procedures, operations, calculations, specific expertise, or complicated multi-level computations required in this area?</li> </ul>
<b>Lines of Defense:</b>	<ul style="list-style-type: none"> <li>Does the area have strong oversight by other lines of defense (e.g., Risk Management, Compliance Office, Environmental Health and Safety, Office of General Counsel, etc.)?</li> </ul>
<b>Management Request:</b>	<ul style="list-style-type: none"> <li>Has operational management requested an audit of this area or identified specific vulnerabilities? Has the Board of Governors or senior management identified this as a high-risk area?</li> </ul>

Ranking Probability	
<b>High:</b>	The risk will become a reality frequently.
<b>Medium:</b>	The risk will become a reality infrequently.
<b>Low:</b>	The risk will rarely become a reality.

**\* Likelihood = The probability that a risk will become reality.**



# Risk Ranking Guidelines

Consider Risk “Impact*”	
<b>Human Health and Safety Impact:</b>	<ul style="list-style-type: none"> <li>Includes any type of bodily harm up to and including loss of life</li> <li>May also consider psychological harm such as bullying, discrimination or unfair practices.</li> </ul>
<b>Societal/ Environmental Impact:</b>	<ul style="list-style-type: none"> <li>Includes actual societal or environmental impacts (such as pollution or environment waste management)</li> <li>Also includes perceived societal or environmental impacts (such as deviations from society’s perceptions of the “right thing to do”).</li> </ul>
<b>Financial Impact (financial, economic or casualty):</b>	<ul style="list-style-type: none"> <li>Potential financial loss resulting from misappropriation, mishandling of assets, fines resulting from noncompliance, potential loss of future funding, monetary settlements or remediation, etc.</li> </ul>
<b>Mission Impact:</b>	<ul style="list-style-type: none"> <li>Broad category that encompasses anything that might hamper the University’s ability to continue to provide services aligned with its mission.</li> <li>Examples include physical infrastructure, key personnel retention, disaster recovery and business continuity plans, succession plans, external competition or loss of revenue stream, threats to IT tools which are used to manage the University’s various functions, threats to information such as confidential or personal information which may be exploited to benefit another party or to harm the University or its stakeholders.</li> </ul>
<b>Reputational Impact:</b>	<ul style="list-style-type: none"> <li>Anything that might cause harm to the University’s reputation locally, nationally or within the academic community.</li> <li>This impact could trigger other negative impacts, such as mission and financial impacts.</li> </ul>

Ranking Probability	
<b>High:</b>	The effect will prevent the achievement of goals and objectives.
<b>Medium:</b>	The effect will cause inefficient operations and/or require unplanned resources to meet goals and objectives.
<b>Low:</b>	There will be no measurable effect upon the achievement of goals and objectives.

*\* Impact = The effect an occurrence of that risk will have upon the achievement of goals & objectives.*

# Internal Auditing Risk Assessment Process

## Preparing the Audit Plan



# FY 2025 Internal Auditing Engagements at a Glance

Institution	FY2025 Engagements	Type of Audit
CSU & CSU Pueblo	FY 2024 Audit Projects in Progress at Year-End	Assurance
CSU	Contracting Services Audit	Assurance
CSU	Facilities Transition Audit	Assurance
CSU	College of Engineering Transition Audit	Assurance
CSU	College of Natural Sciences Audit	Assurance
CSU	General Operations (22) Accounts Audit	Assurance
CSU	Unrelated Business Income Tax Audit	Assurance
CSU	Internet of Things (IoT) Audit	IT Assurance
CSU	Active Directory Audit	IT Assurance
CSU	Data Center Audit	IT Assurance
CSU	Continuous Auditing - Financial Fraud Risk Ongoing Analysis	Assurance
CSU	Continuous Auditing - Sponsored Research Risk Ongoing Analysis	Assurance
CSU Global	Third-Party Engagement and Change Management Audit	IT Assurance
CSU Pueblo	Title IX Controls Audit (Deferred from FY24)	Assurance
CSU Pueblo	Purchasing Audit	Assurance
CSU Pueblo	Vision 2028 Performance Audit	Assurance
CSU Pueblo	Office of Research and Sponsored Programs Audit	Assurance
All	Risk Assessment	Other
All	Hotline Management & Investigations	Investigation
All	Management Requests/Informal Consultation	Consultation
All	Audit Follow-up	Assurance

# Proposed FY 2025 Internal Audit Plan (Detail)

Institution	Engagement	Type of Audit	Risk Type	Total Estimated Hours	Percent of Total	General Objective/Description
CSU & CSU Pueblo	FY 2024 Audit Projects in Progress at Year-End	Assurance	N/A	440	4.4%	Minimal hours may be needed to complete FY2024 projects that cross fiscal years. All projects on the FY 2024 Audit Plan that could have been initiated are currently complete or in progress.
CSU	Contracting Services Audit	Assurance	Operational/ Administrative	495	4.9%	Audit to evaluate the process of identifying, recording, and monitoring contracts across CSU. The process is very manual, and procedures for monitoring contracts is distributed across the campus.
CSU	Facilities Transition Audit	Assurance	Financial/ Operational/ Compliance	880	8.8%	Facilities will have a new Associate Vice President for Fiscal Year 2025. This audit would examine controls over financial and administrative procedures, including Facilities billing procedures, due to ongoing challenges and turnover in this area. In addition, this audit would examine controls over key management (issuance, tracking, inventory management, etc.) and accuracy of key records. Key controls at CSU have not been audited in many years.
CSU	College of Engineering Transition Audit	Assurance	Financial/ Administrative/ Compliance	440	4.4%	There is a new dean as of Fiscal Year 2023. Internal Auditing periodically examines internal controls within a college or division. This will be a review of college financial and administrative internal controls.



# Proposed FY 2025 Internal Audit Plan (Detail Cont'd)

Institution	Engagement	Type of Audit	Risk Type	Total Estimated Hours	Percent of Total	General Objective/Description
CSU	College of Natural Sciences Audit	Assurance	Financial/ Administrative/ Compliance	440	4.4%	This audit was originally selected for the FY2024 audit plan but was replaced by a higher risk project. The college has a significant risk portfolio and has not been audited since FY 2008. The college also experienced turnover in the business officer position and was under interim leadership while the Dean served as interim provost.
CSU	General Operations (22) Accounts Audit	Assurance	Financial/ Compliance	330	3.3%	This audit would examine compliance with university policies, procedures, and examining the interface with 21 (Recharge Accounts) tied to federal awards.
CSU	Unrelated Business Income Tax Audit	Assurance	Financial/ Compliance	330	3.3%	As a tax-exempt entity, CSU-generated income could still be considered taxable if the income is unrelated to its tax-exempt purpose. As CSU business operations are highly decentralized across the campus, there is a high risk of non-compliance if UBIT is not properly identified and disclosed. This audit would examine internal controls around UBIT, as well as compliance based on a sampling of income generated.

# Proposed FY 2025 Internal Audit Plan (Detail Cont'd)

Institution	Engagement	Type of Audit	Risk Type	Total Estimated Hours	Percent of Total	General Objective/Description
CSU	Internet of Things (IoT) Audit	IT Assurance	IT	495	4.9%	This audit would select a sampling of units at CSU and would evaluate governance (roles & responsibilities, policies & procedures, etc.); information security; vendor management; and deployment controls for non-traditional connected devices such as Internet of Things (IoT), Programmable Logic Controls (PLCs), ICS/SCADA operational devices, connected medical devices, protective monitors, cameras, message boards and other non-traditional endpoint devices.
CSU	Active Directory Audit	IT Assurance	IT	440	4.4%	This audit would evaluate Active Directory (AD) domains for consistent and effective security design. This project would require specialized expertise with evaluative tools to identify gaps, vulnerabilities and effective enterprise alignment opportunities.
CSU	Data Center Audit	IT Assurance	IT	495	4.9%	This audit would select and evaluate multiple data centers for performance, security, and environmental controls.
CSU	Continuous Auditing - Financial Fraud Risk Ongoing Analysis	Assurance	Financial	220	2.2%	Internal Auditing previously developed a script to assess financial fraud risk by college/division across the university. These hours are reserved to run the existing script on a periodic basis to consider for engagement testing, as well as for the annual risk assessment and audit planning process.



# Proposed FY 2025 Internal Audit Plan (Detail Cont'd)

Institution	Engagement	Type of Audit	Risk Type	Total Estimated Hours	Percent of Total	General Objective/Description
CSU	Continuous Auditing - Sponsored Research Risk Ongoing Analysis	Assurance	Compliance/ Financial	55	0.5%	These hours are reserved to continue to run previously developed scripts in the area of sponsored research. The results, which evaluate every active sponsored research project for risk based on "red flags," are compiled and shared with the Office of Sponsored Programs.
CSU Global	Third-Party Engagement and Change Management Audit	IT Assurance	IT	385	3.8%	This audit would evaluate governance, risk, and controls around establishment of third-party IT systems and services; change management and control; and roles and responsibilities over service delivery.
CSU Pueblo	Title IX Controls Audit (Deferred from FY24)	Assurance	Compliance	550	5.5%	Audit to evaluate the adequacy and effectiveness of internal controls around key risk areas in the Title IX Office. This project was on the audit plan for FY 2024 but was moved to Fiscal Year 2025 to allow CSU Pueblo time to implement the new Title IX regulations, which become effective on August 1, 2024.
CSU Pueblo	Purchasing Audit	Assurance	Operational/ Financial/ Administrative	495	4.9%	This audit would examine controls over the purchasing process at CSU Pueblo. There has been turnover in this position, so this will be an ideal time to examine ongoing effectiveness of controls in this area.

# Proposed FY 2025 Internal Audit Plan (Detail Cont'd)

Institution	Engagement	Type of Audit	Risk Type	Total Estimated Hours	Percent of Total	General Objective/Description
CSU Pueblo	Vision 2028 Performance Audit	Assurance	Other	550	5.5%	This audit would examine the performance metrics set forth in CSU Pueblo's strategic plan and determine whether or not these metrics have been met.
CSU Pueblo	Office of Research and Sponsored Programs Audit	Assurance	Operational/ Compliance/ Financial	495	4.9%	CSU Pueblo has a new Director of ORSP, and there is a history of challenges in this office. An audit could assist new leadership in identifying key risks and opportunities for improvement.
All	Risk Assessment	Other	Other	450	4.5%	Hours allocated to performing the annual risk assessment across the CSU System, including hours to participate on committees/ongoing risk meetings across the CSU System to stay apprised of ongoing and emerging risks.
All	Hotline Management & Investigation Hours	Investigation	Compliance/ Financial/ Other	1540	15.4%	Hours set aside for Compliance Reporting Hotline administration and to follow-up on hotline or direct reports.
All	Management Requests/Informal Consultation	Assurance	Consultation	385	3.8%	Hours reserved for management requests and informal consultation, such as preparation and delivery of training for departments, small-scope analysis, informal consultation on internal controls, etc.
All	Audit Follow-Up	Assurance	Other	110	1.1%	Hours reserved to follow up on open audit recommendations to ensure corrective actions have been implemented.



# FY 2025 Available Internal Auditing Resources

- Estimated Hours Available (including outsourced hours): **10,120**
- Total Hours for Proposed Engagements: **10,020**
- Estimated available hours were calculated based on annual work hours, less estimated indirect time such as
  - Holiday leave
  - Annual and sick leave
  - Professional development
  - Teambuilding
  - Administrative hours



# FY 2025 Available Internal Auditing Resources (Cont'd)

Relevant staff certifications for IA staff include:

- Certified Public Accountant (CPA)
- Certified Internal Auditor (CIA)
- Certified Fraud Examiner (CFE)
- Certified Information Systems Auditor (CISA)
- Certified Information Systems Security Professional (CISSP)
- In addition, IA has Master Service Agreements for internal auditing services with 10 partner firms with various areas of specialized expertise.



# Next Set of Engagements if More Resources Were Available

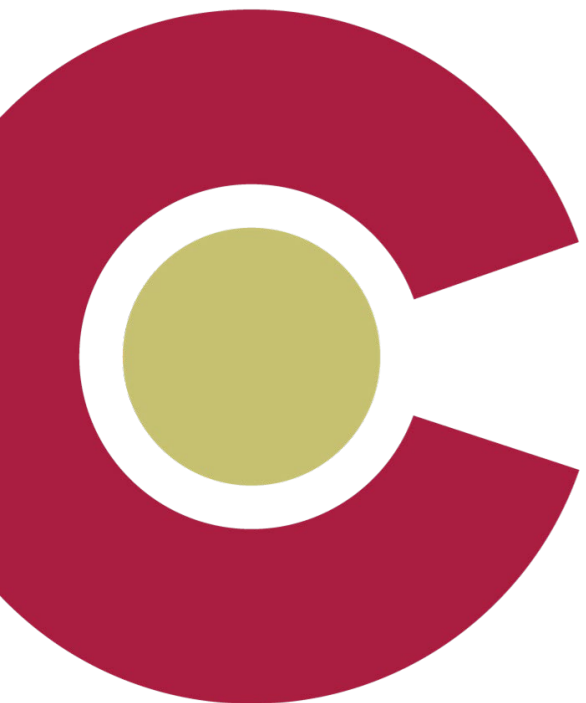
Institution	Audit/Consulting Engagement	Engagement Type	General Description	Total Hours	Additional FTE Needed	Estimated Additional Funds to Outsource
CSU	Softball/Soccer Complex Construction Audit	Assurance	Recent construction work of softball/soccer complex \$10+M in expenditures.	330	0.21	\$48,600
CSU & CSU Pueblo	Continuous Auditing - Financial Fraud Risk Development	Assurance	This project would continue to expand on the financial fraud risk script included above. These hours would be dedicated to continuing to build on the existing data analytics script by adding more criteria (i.e., risks for fraud) to the financial fraud risk analysis. This project would need to be outsourced for specialized expertise.	220	0.14	\$32,400
CSU	Parking Services Audit	Assurance	This audit would examine financial and administrative controls in this area. Parking Services collects a significant amount of revenue. Parking Services changed its fee structure during the pandemic, so this would examine internal controls (segregation of duties, revenue collection, cash count procedures, reconciliations, etc.), as well as completeness and accuracy of billing procedures and accuracy.	440	0.28	\$64,800
CSU	Provost's Office Transition Audit	Assurance	There is a new Provost for FY2024. Internal Auditing periodically examines internal controls within a college or division. This will be a review of the units financial and administrative internal controls.	330	0.21	\$48,600

# Next Set of Engagements if More Resources Were Available (Cont'd)

Institution	Audit/Consulting Engagement	Engagement Type	General Description	Total Hours	Additional FTE Needed	Estimated Additional Funds to Outsource
CSU	Athletics Audit	Assurance	The audit would evaluate compliance with university policies and procedures, as well as compliance with NCAA regulations in select areas.	440	0.28	\$64,800
CSU	Proposed vs. Actual Effort Reported Audit	Assurance	This audit would examine key personnel effort estimates in federal award proposals to actual effort reported in eCRT.	440	0.28	\$64,800
CSU	CSU Online Audit	Assurance	This audit would examine the revenue sharing model and evaluate cloud computing controls.	495	0.32	\$72,900
CSU	Bias Reporting System	Assurance or Consultation	This audit or consultation would assess governance and controls over Bias Reporting System.	330	0.21	\$48,600
CSU Pueblo	Student Employment Audit	Assurance	This audit would examine compliance with university policies and procedures and federal regulations for student employment.	440	0.28	\$64,800
CSU Pueblo	Conflict of Interest Audit	Assurance	This audit would evaluate the adequacy and effectiveness of the Conflict of Interest process at CSU Pueblo.	440	0.28	\$64,800

# Next Set of Engagements if More Resources Were Available (Cont'd)

Institution	Audit/Consulting Engagement	Engagement Type	General Description	Total Hours	Additional FTE Needed	Estimated Additional Funds to Outsource
CSU Pueblo	Athletics Audit	Assurance	This audit would examine internal controls over select camps, cash management, and student athlete insurance.	440	0.28	\$64,800
CSU Pueblo	Bookstore Audit	Assurance	This audit would examine internal controls over cash handling and inventory management, as well as other controls deemed necessary.	550	0.35	\$81,000
CSU Pueblo	Parking Services Audit	Assurance	This audit would examine key internal controls, as well as billing accuracy, timeliness, and completeness.	440	0.28	\$64,800
CSU System	CSU System Financial and Administrative Audit	Assurance	This audit would examine CSU System financial and administrative controls. The System Office has not been audited, but because IA is part of the System Office, we would likely need to enlist an external vendor to maintain independence and this relationship would be disclosed in the audit report.	330	0.21	\$48,600
CSU System IA	Global IA Standards Self-Assessment	Assurance	Internal Auditing is working to implement the new Global IA Standards to ensure conformance with the new standards. This would be a limited self-assessment to evaluate our methodologies against the new standards. Could also defer to a future year.	220	0.14	\$32,400
<b>TOTALS:</b>				<b>5,885</b>	<b>3.75</b>	<b>\$866,700</b>



# Finance Committee





# CFI

## COMPOSITE FINANCIAL INDEX



# Composite Financial Index (CFI)

- CFI helps gain an understanding of the institution's financial health, particularly if developed over time.
- Final ratio is a weighted average of four ratios:
  - Primary Reserve Ratio – 35%
  - Viability Ratio – 35%
  - Return on Net Assets Ratio – 20%
  - Net Operating Revenue Ratio – 10%
- A weighted average factor is applied to the ratios after converting to a common scale to determine the institution's final score.





# Composite Financial Index (CFI)

## Calculated scale represents:

1.0 = very little financial health;

3.0 = the 'normalized value', a relatively stronger position;

10.0 = the top score within a range for an institution

# Key Ratios: Cumulative CFI Score

Each ratio and the total CFI score can be evaluated on the following parameters :

Score	Performance Indication
8 to 10	Deploy resources to achieve a robust mission
6 to 9	Allow experimentation with new initiatives
4 to 7	Focus resources to compete in future state
2 to 5	Direct institutional resources to allow transformation
0 to 3	Re-engineer the institution
-1 to 1	Consider substantive programmatic adjustments
-2 to -1	Assess debt and Department of Education compliance and remediation
-3 to -2	Consider structured programs to conserve cash
-4 to -3	Consider whether financial exigency is appropriate



# Composite Financial Index (CFI)

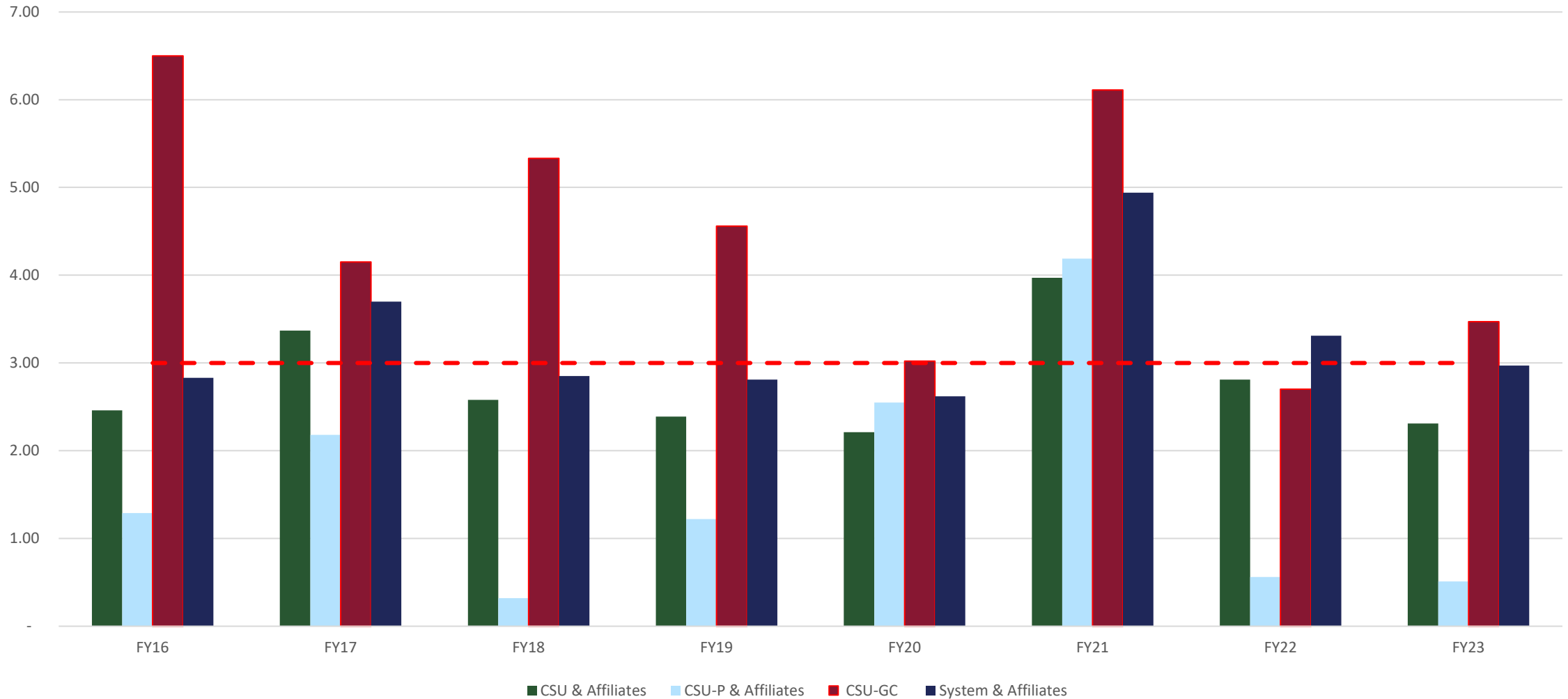
**Primary Reserve Ratio** – measures the financial strength of the institutions by comparing expendable net assets to total expenses. Expendable net assets represent those assets the institution can spend and meet its operating and capital requirements.

**Viability Ratio** – measures the availability of expendable net assets (resources) to cover debt should the institution need to settle its obligations as of the balance sheet date.

**Return on Net Asset Ratio** – determines whether the institution is financially better off than in previous years by measuring total economic return.

**Net Operating Revenue Ratio** – is a primary indicator, explaining how the surplus (net income from operating activities) affects behavior of the other three core ratios. A large surplus or deficit directly affects the amounts of funds an institution adds or subtracts from net assets, thereby affecting the other three ratios.

# CFI Index with Affiliates Excludes GASB 68/75





# Composite Financial Index (CFI)

- Excluding FY21 which experienced a better than anticipated index as a result of receiving federal funds (Higher Education Emergency Relief Funds and Coronavirus Relief Funds), CSU's index has been relatively consistent over the years as the university strategically deploys resources to meet its education, research and public service mission.



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