

## **2016-122 AUDIT SCOPE AND OBJECTIVES**

### **California State University—Management, Executive Compensation and Budget Accountability**

The audit by the California State Auditor (state auditor) will provide independently developed and verified information related to the oversight and accountability of the California State University's (CSU) budget, the growth in the number of CSU management positions and the increases in management compensation, and will include, but not be limited to, the following:

1. Review and evaluate the laws, rules, and regulations significant to the audit objectives.
2. Determine what criteria CSU uses to determine staffing levels and ratios of campus and CSU Chancellor's Office management positions to support staff. Assess whether CSU's process complies with relevant rules and protocols.
3. Review and evaluate trends related to management positions and levels of compensation at six campuses and the CSU Chancellor's Office since 2007. Specifically, identify trends related to the following:
  - a. The change in management positions.
  - b. The ratio of management positions to non-faculty support staff positions.
  - c. The ratio of total compensation for management to total compensation for non-faculty support staff.
4. Evaluate CSU's justification of any changes to the number of management staff positions and the compensation levels for those positions at six selected campuses and the CSU Chancellor's Office.
5. Determine the type and amount of compensation received by CSU Chancellor's Office executives and campus presidents since 2007. In addition, assess any trends in the type and amount of compensation over that same period and the reasons behind the trends.
6. To the extent possible, assess whether the growth in the hiring of management-level staff impacted the delivery of services to CSU students.
7. To the extent possible, assess whether CSU's current budgeting model contributes to a disproportionate growth in campus and Chancellor's Office management positions.
8. Evaluate the effectiveness of the existing oversight of CSU's budget allocations and determine whether the oversight process is adequate and consistent with relevant laws, regulations, policies, and industry accounting standards.
9. Determine the status of implementation of recommendations the state auditor made to CSU in its 2007 report. For recommendations that were implemented, assess whether CSU's

processes are working as intended. For any recommendations that remain outstanding, assess the reasons why they have not been fully implemented.

10. Review CSU's process for selecting the external auditor of its systemwide financial statements and determine whether this process complies with relevant laws, rules, regulations, and best practices.
11. Review and assess any other issues that are significant to the audit.