



CALIFORNIA STATE UNIVERSITY

Single Audit Reports

Year ended June 30, 2015

CALIFORNIA STATE UNIVERSITY

Table of Contents

	Page
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1
Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133, <i>Audits of States, Local Governments, and Non-Profit Organizations</i>	3
Schedule of Expenditures of Federal Awards	6
Notes to Schedule of Expenditures of Federal Awards	17
Schedule of Findings and Questioned Costs	19



KPMG LLP
Suite 700
20 Pacifica
Irvine, CA 92618-3391

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Board of Trustees
California State University:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units of the California State University, an agency of the State of California, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise California State University's basic financial statements, and have issued our report thereon dated February 15, 2016. Our report refers to the other auditors who audited 88 of the 90 aggregate discretely presented component units, which statements reflect total assets constituting 92% and total revenues constituting 94% of the aggregate discretely presented totals. The reports of the other auditors have been furnished to us, and our opinions, insofar as they relate to the amounts included for the 88 aggregate discretely presented component units, are based solely on the reports of the other auditors. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters in accordance with *Government Auditing Standards* that are reported on separately by those auditors.

Our report included an emphasis of a matter paragraph stating that the University and its discretely presented component units adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date (amendment of GASB Statement No. 68)*.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered California State University's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of California State University's internal control. Accordingly, we do not express an opinion on the effectiveness of California State University's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether California State University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the California State University's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the California State University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Irvine, California
February 15, 2016



KPMG LLP
Suite 1500
550 South Hope Street
Los Angeles, CA 90071-2629

Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*

The Board of Trustees
California State University:

Report on Compliance for Each Major Federal Program

We have audited the California State University's (the University) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2015. The University's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

The University's basic financial statements include the operations of the University's discretely presented component units, which received federal awards totaling \$321,860,000, which is not included in the schedule of expenditures of federal awards for the year ended June 30, 2015. Our audit, described below, did not include the operations of these component units because the component units engaged other auditors to perform audits in accordance with OMB Circular A-133.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the University's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the University's compliance.



Opinion on Each Major Federal Program

In our opinion, the University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2015-001, 2015-002, 2015-003, and 2015-004. Our opinion on each major federal program is not modified with respect to these matters.

The University's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The University's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the University's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2015-001, 2015-002, 2015-003, and 2015-004, that we consider to be significant deficiencies.



The University's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The University's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of the California State University, an agency of the State of California, as of and for the year ended June 30, 2015, and have issued our report thereon dated February 15, 2016, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

KPMG LLP

Los Angeles, California
February 15, 2016

CALIFORNIA STATE UNIVERSITY
Schedule of Expenditures of Federal Awards
Year ended June 30, 2015

<u>Federal grantor/pass-through agency/program title</u>	<u>Catalog of federal domestic assistance (CFDA) number</u>	<u>Pass-through entity identifying number</u>	<u>Federal disbursements/expenditures</u>
Student Financial Assistance Cluster:			
U.S. Department of Education:			
Direct programs:			
Federal Supplemental Educational Opportunity Grant Program	84.007		\$ 12,977,202
Federal Work-Study Program	84.033		15,816,000
Federal Perkins Loan Program	84.038		104,449,516
Federal Pell Grant Program	84.063		921,224,162
Federal Direct Student Loans	84.268		1,493,343,653
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	84.379		1,109,460
Total U.S. Department of Education			<u>2,548,919,993</u>
U.S. Department of Health and Human Services:			
Direct programs:			
Nurse Faculty Loan Program	93.264		3,654
Nursing Student Loan Program	93.364		388,467
Total U.S. Department of Health and Human Services			<u>392,121</u>
Total Student Financial Assistance Cluster			<u>2,549,312,114</u>
Other program and clusters:			
U.S. Department of Agriculture:			
Child Nutrition Cluster:			
Passed through California Department of Education:			
Summer Food Service Program for Children	10.559	04050-SFSP-37	13,161
Total Child Nutrition Cluster			<u>13,161</u>
Passed through California Department of Education:			
Child and Adult Care Food Program	10.558	04346-CCSP	48,310
Direct program:			
Rural Development, Forestry, and Communities	10.672		62,365
Total U.S. Department of Agriculture			<u>123,836</u>
U.S. Department of Defense:			
Passed through Institute of International Education Incorporated:			
The Language Flagship Grants to Institutions of Higher Education	12.550	NSEP-U631073-SFSU-CHN	286,974
Total U.S. Department of Defense			<u>286,974</u>
U.S. Department of the Interior:			
Direct programs:			
Department of Interior (not classified elsewhere)	15.000		3,116
Fish and Wildlife Management Assistance	15.608		2,636
Passed through Office of Historic Preservation:			
Historic Preservation Fund Grants-in-Aid	15.904	C8955518	9,286
Historic Preservation Fund Grants-in-Aid	15.904	C8956509	6,982
Subtotal CFDA 15.904			<u>16,268</u>
Direct programs:			
Native American Graves Protection and Repatriation Act	15.922		27,802
Cultural Resources Management	15.946		107,096
National Park Service Conservation, Protection, Outreach, and Education	15.954		39,012
Total U.S. Department of the Interior			<u>195,930</u>

CALIFORNIA STATE UNIVERSITY
Schedule of Expenditures of Federal Awards
Year ended June 30, 2015

<u>Federal grantor/pass-through agency/program title</u>	<u>Catalog of federal domestic assistance (CFDA) number</u>	<u>Pass-through entity identifying number</u>	<u>Federal disbursements/expenditures</u>
U.S. Department of Labor:			
Passed through County of Imperial, State of CA - Workforce Development Board: Workforce Investment Act (WIA) Adult Program	17.258	M.O. #55	\$ 9,547
Passed through South Bay Workforce Investment Consortium, Incorporated: Workforce Investment Act (WIA) National Emergency Grants	17.277		10,930
Direct program: Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants	17.282		602,046
Passed through City and County of San Francisco: Workforce Innovation Fund	17.283		183,134
Total U.S. Department of Labor			<u>805,657</u>
U.S. Department of Transportation:			
Passed through California Department of Transportation: Department of Transportation (not classified elsewhere)	20.000	04A3889	19,021
Department of Transportation (not classified elsewhere)	20.000	04A3355	36,947
Department of Transportation (not classified elsewhere)	20.000	04A4643	2,840
Department of Transportation (not classified elsewhere)	20.000	04A4091	132,328
Department of Transportation (not classified elsewhere)	20.000	03A2168	6,299
Subtotal CFDA 20.000			<u>197,435</u>
Passed through County of San Diego Sheriff: Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	528851-3	8,449
Direct programs: State Maritime Schools	20.806		727,160
Ballast Water Treatment Technologies	20.819		112,470
Total U.S. Department of Transportation			<u>1,045,514</u>
National Aeronautics and Space Administration:			
Direct program: Science	43.001		295,328
Passed through University of California, San Diego: Science	43.001	NNX10AT93H	9,150
Science	43.001	012815	489
Passed through Stanford University: Science	43.001	PY04430-22727-C	366,784
Passed through California Institute of Technology: Science	43.001	44A-1085525	69,166
Subtotal CFDA 43.001			<u>740,917</u>
Direct Program: Education	43.008		166,630
Total National Aeronautics and Space Administration			<u>907,547</u>
National Endowment for the Arts:			
Direct program: Promotion of the Arts_Grants to Organizations and Individuals	45.024		10,227
Total National Endowment for the Arts			<u>10,227</u>
National Endowment for the Humanities:			
Passed through California Humanities: Promotion of the Humanities_Federal/State Partnership	45.129	COS12-353	1,000
Total National Endowment for the Humanities			<u>1,000</u>

CALIFORNIA STATE UNIVERSITY
Schedule of Expenditures of Federal Awards
Year ended June 30, 2015

Federal grantor/pass-through agency/program title	Catalog of federal domestic assistance (CFDA) number	Pass-through entity identifying number	Federal disbursements/expenditures
National Science Foundation:			
Passed through American Physical Society: Mathematical and Physical Sciences	47.049	APS090114	\$ 7,306
Direct programs:			
Geosciences	47.050		114,120
Education and Human Resources	47.076		623,290
Passed through University Enterprises, Incorporated California State University, Sacramento:			
Education and Human Resources	47.076	523841	17,325
Education and Human Resources	47.076	HRD-1302873	7,475
Education and Human Resources	47.076	520541A	9,026
Passed through University Enterprises Corporation at California State University, San Bernardino:			
Education and Human Resources	47.076	SA GT 10184	(906)
Passed through California State University, Sacramento: Education and Human Resources	47.076	523911	11,132
Passed through CSU Fresno Foundation: Education and Human Resources	47.076	SC340328-14-01	51,088
Passed through Missouri State University: Education and Human Resources	47.076	11052-002	43,240
Subtotal CFDA 47.076			761,670
Direct program: ARRA – Trans – NSF Recovery Act Research Support	47.082		23,568
Total National Science Foundation			906,664
Environmental Protection Agency:			
Direct program: Regional Wetland Program Development Grants	66.461		232,584
Total Environmental Protection Agency			232,584
U.S. Department of Energy:			
Direct program: Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	81.117		251,564
Total U.S. Department of Energy			251,564
U.S. Department of Education, excluding Student Financial Assistance Cluster:			
TRIO Cluster:			
Direct program: TRIO_Student Support Services	84.042		1,471,648
Passed through The California State University, Chico Research Foundation:			
TRIO_Student Support Services	84.042	P042A100584-14	32,084
Passed through San Diego State University Research Foundation: TRIO_Student Support Services	84.042	40098294	20,000
Subtotal CFDA 84.042			1,523,732
Direct programs:			
TRIO_Talent Search Program	84.044		442,938
TRIO_Upward Bound Program	84.047		1,434,149
TRIO_McNair Post-Baccalaureate Achievement Program	84.217		206,990
Total TRIO Cluster			3,607,809
Direct programs:			
International Research and Studies	84.017		146,432
Higher Education Institutional Aid	84.031		5,249,945
Higher Education Institutional Aid – Title V Computer Engineering	84.031		659,999
Higher Education Institutional Aid – Engineering Sciences	84.031		737,572

CALIFORNIA STATE UNIVERSITY
Schedule of Expenditures of Federal Awards
Year ended June 30, 2015

<u>Federal grantor/pass-through agency/program title</u>	<u>Catalog of federal domestic assistance (CFDA) number</u>	<u>Pass-through entity identifying number</u>	<u>Federal disbursements/expenditures</u>
Passed through Bakersfield College: Higher Education Institutional Aid – Stem and Articulation Program	84.031	GRA 1994	\$ 193,753
Passed through Santa Barbara City College: Higher Education Institutional Aid	84.031	12131.4070.562000.60	1,709
Passed through Ventura County Community College District: Higher Education Institutional Aid	84.031	P0083733	96,885
Passed through San Mateo County Community College District: Higher Education Institutional Aid	84.031	P031C110159	108,084
Subtotal CFDA 84.031			<u>7,047,947</u>
Direct programs:			
TRIO Staff Training Program	84.103		401,041
Fund for the Improvement of Postsecondary Education	84.116		245,926
Minority Science and Engineering Improvement – Engineering Calculus and Outreach	84.120		139,093
Passed through California Department of Rehabilitation: Rehabilitation Services – Vocational Rehabilitation Grants to States	84.126	28592	144,485
Direct program: Rehabilitation Long-Term Training	84.129		278,596
Passed through Ventura Unified School District: Magnet Schools Assistance	84.165	14-03146	76,310
Passed through Oxnard School District: Magnet Schools Assistance	84.165	13-176	68,503
Subtotal CFDA 84.165			<u>144,813</u>
Direct programs:			
English Language Acquisition National Professional Development Program	84.195		9,505
Special Education – Personnel Development to Improve Services and Results for Children with Disabilities	84.325		904,878
Passed through Salus University: Special Education – Personnel Development to Improve Services and Results for Children with Disabilities	84.325	83401-A3	22,000
Passed through Commission on Teacher Credentialing: Special Education – Personnel Development to Improve Services and Results for Children with Disabilities	84.325	14STC0035	797
Subtotal CFDA 84.325			<u>927,675</u>
Direct program:			
Special Education – Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	84.326		534,737
Child Care Access Means Parents in School	84.335		234,012
Passed through California State University Bakersfield Auxiliary for Sponsored Programs Administration: Teacher Quality Partnership Grants	84.336	SA GRA1677	12,116
Passed through The California State University, Chico Research Foundation: Teacher Quality Partnership Grants	84.336	SUB 12-034 and 12-060	13,723
Teacher Quality Partnership Grants	84.336	SUB 12-059	18,441
Subtotal CFDA 84.336			<u>44,280</u>
Passed through California State University Dominguez Hills Foundation:			
Transition to Teaching	84.350	5630	(424)
Transition to Teaching	84.350	5766	7,178
Subtotal CFDA 84.350			<u>6,754</u>

CALIFORNIA STATE UNIVERSITY
Schedule of Expenditures of Federal Awards
Year ended June 30, 2015

Federal grantor/pass-through agency/program title	Catalog of federal domestic assistance (CFDA) number	Pass-through entity identifying number	Federal disbursements/expenditures
Direct program:			
English Language Acquisition State Grants	84.365		\$ 156,276
Passed through California Department of Education:			
English Language Acquisition State Grants	84.365	CN110387	110,713
Passed through University of California, Santa Cruz:			
English Language Acquisition State Grants	84.365	S0183643	114,245
Subtotal CFDA 84.365			<u>381,234</u>
Passed through Santa Rosa City Schools:			
Mathematics and Science Partnerships	84.366	101	28,535
Passed through The Regents of the University of California:			
Improving Teacher Quality State Grants	84.367	NCLB11-CISP-SONOMA	49,606
Improving Teacher Quality State Grants	84.367	NCLB11-CMP-SONOMA	28,570
Improving Teacher Quality State Grants	84.367	NCLB11-CMP-STANISLAUS	26,952
Improving Teacher Quality State Grants	84.367	NCLB11-CWP-TURLOCK	36,531
Passed through National Writing Project:			
Improving Teacher Quality State Grants	84.367	92-CA10-SEED2012	9,803
Improving Teacher Quality State Grants	84.367	AM2A 92CA10 SEED2012	10,266
Subtotal CFDA 84.367			<u>161,728</u>
Passed through California Department of Rehabilitation:			
Promoting Readiness of Minors in Supplemental Security Income	84.418	29505	7,643
Total U.S. Department of Education, excluding Student Financial Assistance Cluster			<u>14,492,245</u>
U.S. Department of Health and Human Services:			
Child Care and Development Fund Cluster:			
Passed through California Department of Education:			
Child Care and Development Block Grant	93.575	CSPP-4097	10,490
Child Care and Development Block Grant	93.575	CCTR-4043	58,413
Subtotal CFDA 93.575			<u>68,903</u>
Passed through California Department of Education:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	CSPP-4097	19,066
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	CCTR-4043	106,375
Subtotal CFDA 93.596			<u>125,441</u>
Total Child Care and Development Fund Cluster			<u>194,344</u>
Passed through Healthcare Research and Quality:			
Research on Healthcare Costs, Quality and Outcomes	93.226	N/A	133
Direct programs:			
Mental Health Research Grants	93.242		77,095
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243		213,102
Passed through University of California, San Francisco:			
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	8300SC	18,356
Subtotal CFDA 93.243			<u>231,458</u>
Direct program:			
Mental Health National Research Service Awards for Research Training	93.282		22,191
Passed through University of California, San Francisco:			
Minority Health and Health Disparities Research	93.307	7518SC	11,351
Direct programs:			
Trans-NIH Research Support	93.310		192,393
National Center for Research Resources	93.389		35,017

CALIFORNIA STATE UNIVERSITY
Schedule of Expenditures of Federal Awards
Year ended June 30, 2015

Federal grantor/pass-through agency/program title	Catalog of federal domestic assistance (CFDA) number	Pass-through entity identifying number	Federal disbursements/expenditures
Passed through Northcoast Children's Services: Head Start (Humboldt State University)	93.600	HSUCHI	\$ 37,170
Passed through University of California, Berkeley: Foster Care Title IV-E	93.658	14-2025	1,083,626
Foster Care Title IV-E	93.658	00008510	887,338
Passed through The Regents of the University of California: Foster Care Title IV-E	93.658	00008514	1,026,906
Foster Care Title IV-E	93.658	00008301	17,479
Subtotal CFDA 93.658			<u>3,015,349</u>
Passed through County of Sonoma: PPHF: Community Transformation Grants – Small Communities Program financed solely by Public Prevention and Health Funds	93.737	2013-0159-A00	54,357
Passed through Stanford University: Health Careers Opportunity Program	93.822	266-76210-49878A	59,945
Direct program: Biomedical Research and Research Training	93.859		1,832,059
Passed through AIDS United: HIV Prevention Activities_Non-Governmental Organization Based	93.939	1U65PS004409-01	124,316
Passed through The Regents of the University of California, Los Angeles: Geriatric Education Centers	93.969	1558 G NA589	6,403
Total U.S. Department of Health and Human Services			<u>5,893,582</u>
Corporation for National and Community Service:			
Direct programs: Learn and Serve America Higher Education	94.005		60,233
AmeriCorps	94.006		67,823
Passed through Jumpstart for Young Children: AmeriCorps	94.006		17,824
Subtotal CFDA 94.006			<u>85,647</u>
Total Corporation for National and Community Service			<u>145,880</u>
U.S. Department of Homeland Security:			
Passed through Department of Parks and Recreation, Division of Boating and Waterways: Boating Safety Financial Assistance	97.012	C8956314	15,994
Passed through Marine Exchange of the San Francisco Bay Area Region: Port Security Grant Program	97.056	941115724	1,519,938
Passed through California Emergency Management Agency: Homeland Security Grant Program	97.067	2012-00123	99,429
Passed through Trustees of the CSU: Homeland Security Grant Program	97.067	X0029209-PO000	1,620
Passed through County of San Diego Sheriff: Homeland Security Grant Program	97.067	2011-1077	22,858
Subtotal CFDA 97.067			<u>123,907</u>
Total U.S. Department of Homeland Security			<u>1,659,839</u>
Agency for International Development:			
Passed through World Learning: United States Agency for International Development Foreign Assistance for Programs Overseas	98.001	SPANS-024	309
Total Agency for International Development			<u>309</u>
Research and Development Cluster:			
U.S. Department of Agriculture:			
Passed through California Department of Education: Agricultural Research Basic and Applied Research	10.001	59-6201-4-020 and 68-6201-1-039	13,422
Passed through The Regents of the University of California: Agriculture and Food Research Initiative	10.310	8103	5,447
Passed through University of California, Santa Barbara: Forestry Research	10.652	KK1339	20,327

CALIFORNIA STATE UNIVERSITY
Schedule of Expenditures of Federal Awards
Year ended June 30, 2015

<u>Federal grantor/pass-through agency/program title</u>	<u>Catalog of federal domestic assistance (CFDA) number</u>	<u>Pass-through entity identifying number</u>	<u>Federal disbursements/expenditures</u>
Direct programs:			
Cooperative Forestry Assistance	10.664		\$ 252,723
Urban and Community Forestry Program	10.675		2,500
Collaborative Forest Restoration	10.679		80
Total U.S. Department of Agriculture			294,499
U.S. Department of Commerce:			
Passed through Monterey Bay Aquarium Research Institute:			
Integrated Ocean Observing System	11.012	PO# 1111289 - A1	78,196
Integrated Ocean Observing System	11.012	NA11NOS0120032	170,987
Passed through Sonoma State University:			
Integrated Ocean Observing System	11.012	SA 110467	21,616
Subtotal CFDA 11.012			270,799
Direct program:			
Sea Grant Support	11.417		14,000
Passed through California Coastal Commission:			
Coastal Zone Management Administration Awards	11.419	RD	99,374
Passed through Point Blue Conservation Science:			
Coastal Zone Management Administration Awards	11.419	N/A	47,313
Passed through University of New Hampshire:			
Coastal Zone Management Administration Awards	11.419	111C66	29,783
Coastal Zone Management Administration Awards	11.419	12-38	256,610
Subtotal CFDA 11.419			433,080
Direct program:			
Coastal Zone Management Estuarine Research Reserves	11.420		599,085
Passed through Merkel & Associates Incorporated:			
Coastal Zone Management Estuarine Research Reserves	11.420	GS-10F-0060T/ AB-133F-14NC-1535	10,401
Subtotal CFDA 11.420			609,486
Direct program:			
Marine Sanctuary Program	11.429		45,194
Passed through Merkel & Associates Incorporated:			
Habitat Conservation	11.463	GS-10F-0060T/ AB-133F-14NC-0346	42,690
Direct program:			
Center for Sponsored Coastal Ocean Research – Coastal Ocean Program	11.478		3,143
Total U.S. Department of Commerce			1,418,391
U.S. Department of Defense:			
Direct programs:			
Flood Control Projects	12.106		25,347
Basic and Applied Scientific Research	12.300		99,959
Passed through Army Research Office:			
Basic, Applied, and Advanced Research in Science and Engineering	12.630	W911NF-15-1-0033	341,133
Direct program:			
Air Force Defense Research Sciences Program	12.800		154,969
Passed through University of Missouri:			
Air Force Defense Research Sciences Program	12.800	C00030628-1	37,198
Subtotal CFDA 12.800			192,167
Total U.S. Department of Defense			658,606
U.S. Department of the Interior:			
Direct programs:			
Fish, Wildlife and Plant Conservation Resource Management	15.231		23,902
Challenge Cost Share	15.238		10,000
Central Valley Project Improvement Act, Title XXXIV	15.512		298,088
ARRA – Fish and Wildlife Coordination Act	15.517		26,058
Fish and Wildlife Management Assistance	15.608		39,216
Cooperative Endangered Species Conservation Fund	15.615		85,144
Central Valley Project Improvement Anadromous Fish Restoration Program	15.648		18,463

CALIFORNIA STATE UNIVERSITY
Schedule of Expenditures of Federal Awards
Year ended June 30, 2015

<u>Federal grantor/pass-through agency/program title</u>	<u>Catalog of federal domestic assistance (CFDA) number</u>	<u>Pass-through entity identifying number</u>	<u>Federal disbursements/expenditures</u>
Research Grants (Generic)	15.650		\$ 44,549
Earthquake Hazards Reduction Program	15.807		49,741
U.S. Geological Survey – Research and Data Collection	15.808		174,748
Passed through California Office of Historic Preservation: Historic Preservation Fund Grants-In-Aid	15.904	C8356510	9,000
Direct program: Cooperative Research and Training Programs – Resources of the National Park System	15.945		10,729
Passed through Santa Monica Mountains Fund: National Park Service Conservation, Protection, Outreach, and Education	15.954	103114	<u>2,773</u>
Total U.S. Department of the Interior			<u>792,412</u>
National Aeronautics and Space Administration:			
Direct program: Science	43.001		164,931
Passed through Los Gatos Research: Science	43.001	SFSU-1	42,906
Passed through San Mateo County Community College District: Science	43.001	NNX10AU75G	838
Passed through Oregon State University: Science	43.001	NS251A-A	154,933
Passed through Arizona State University, Tempe: Science	43.001	15-718	1,175
Passed through Jet Propulsion Laboratory: Science	43.001	1510249	10,341
Passed through San Jose State University Research Foundation: Science	43.001	21-1614-4877-SFSU	<u>23,385</u>
Subtotal CFDA 43.001			<u>398,509</u>
Passed through San Jose State University Research Foundation: Aeronautics	43.002	21-1614-4877-SFSU	15,405
Passed through Georgia Institute of Technology: Exploration	43.003	RD224-G1	<u>163,229</u>
Total National Aeronautics and Space Administration			<u>577,143</u>
National Science Foundation:			
Direct programs: Engineering Grants	47.041		82,032
Mathematical and Physical Sciences	47.049		1,023,429
Geosciences	47.050		1,014,457
Passed through The Regents of the University of California: Geosciences	47.050	S0184227	<u>6,009</u>
Subtotal CFDA 47.050			<u>1,020,466</u>
Direct program: Computer and Information Science and Engineering	47.070		154,028
Passed through San Diego State University Research Foundation: Computer and Information Science and Engineering	47.070	SA0000426	<u>6,023</u>
Subtotal CFDA 47.070			<u>160,051</u>
Direct program: Biological Sciences	47.074		1,322,344
Passed through University of California, Berkeley: Biological Sciences	47.074	00007925	<u>93,780</u>
Subtotal CFDA 47.074			<u>1,416,124</u>
Direct programs: Social, Behavioral, and Economic Sciences	47.075		35,344
Education and Human Resources	47.076		563,144
Passed through Humboldt State University Sponsored Programs Foundation: Education and Human Resources	47.076	PO 0009730651-HMSPPF	6,978

CALIFORNIA STATE UNIVERSITY
Schedule of Expenditures of Federal Awards
Year ended June 30, 2015

<u>Federal grantor/pass-through agency/program title</u>	<u>Catalog of federal domestic assistance (CFDA) number</u>	<u>Pass-through entity identifying number</u>	<u>Federal disbursements/expenditures</u>
Passed through University Enterprises, Incorporated California State University, Sacramento:			
Education and Human Resources	47.076	523751	\$ 9,960
Education and Human Resources	47.076	523951	15,000
Passed through The University Foundation at Sacramento State:			
Education and Human Resources	47.076	802628-515451-515455	294
Education and Human Resources	47.076	MOUHRD-1302873-52396	15,000
Subtotal CFDA 47.076			<u>610,376</u>
Direct programs:			
Polar Programs	47.078		130,675
Trans – NSF Recovery Act Research Support	47.082		76,542
Total National Science Foundation			<u>4,555,039</u>
Environmental Protection Agency:			
Passed through California Coastal Conservancy:			
Congressionally Mandated Projects	66.202	CONTRACT NO. 10-030	165,671
Passed through Santa Monica Bay Restoration Foundation:			
Regional Wetland Program Development Grants	66.461	14-19	7,030
Direct program:			
TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals	66.707		35,648
Total Environmental Protection Agency			<u>208,349</u>
U.S. Department of Energy:			
Direct programs:			
Department of Energy (not classified elsewhere)	81.000		70,527
Office of Science Financial Assistance Program	81.049		156,392
Passed through Lawrence Livermore National Laboratory:			
Office of Science Financial Assistance Program	81.049	BB608315	9,721
Subtotal CFDA 81.049			<u>166,113</u>
Passed through Cornell University:			
Renewable Energy Research and Development	81.087	68579-10096	156,394
Total U.S. Department of Energy			<u>393,034</u>
U.S. Department of Education:			
Direct program:			
Investing in Innovation (i3) Fund	84.411		655,728
Total U.S. Department of Education			<u>655,728</u>
U.S. Morris K. Udall Foundation:			
Direct program:			
Morris K. Udall Scholarship Program	85.400		96,684
Total U.S. Morris K. Udall Foundation			<u>96,684</u>
U.S. Department of Health and Human Services:			
Direct programs:			
Environmental Public Health and Emergency Response	93.070		11,250
Research Related to Deafness and Communication Disorders	93.173		121,482
Mental Health Research Grants	93.242		859,464
Passed through Santa Clara University:			
Mental Health Research Grants	93.242	NIH008-01	24,074
Passed through Arizona State University:			
Mental Health Research Grants	93.242	10-262	6,721
Subtotal CFDA 93.242			<u>890,259</u>
Direct program:			
Immunization Cooperative Agreements	93.268		30,750
Passed through University of California, Berkeley:			
Alcohol Research Programs	93.273	00007430	73,883

CALIFORNIA STATE UNIVERSITY
Schedule of Expenditures of Federal Awards
Year ended June 30, 2015

<u>Federal grantor/pass-through agency/program title</u>	<u>Catalog of federal domestic assistance (CFDA) number</u>	<u>Pass-through entity identifying number</u>	<u>Federal disbursements/expenditures</u>
Direct programs:			
Mental Health Research Career/Scientist Development Awards	93.281		\$ 29,040
Centers for Disease Control and Prevention_Investigations and Technical Assistance	93.283		159,375
Passed through Stanford University:			
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286	60917381-114033	11,698
Direct programs:			
Minority Health and Health Disparities Research	93.307		14,931
Trans-NIH Research Support	93.310		1,301,764
Passed through University of California, San Francisco:			
Cancer Cause and Prevention Research	93.393	5647SC	12,012
Direct program:			
Cancer Detection and Diagnosis Research	93.394		312,197
Passed through Stanford University:			
ARRA Trans-NIH Recovery Act Research Support	93.701	24024890-12656-A	59,844
Direct programs:			
PPHF: Health Care Surveillance/Health Statistics – Surveillance Program Announcement: Behavioral Risk Factor Surveillance System Financed in Part by Prevention and Public Health Fund State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease and Stroke (PPHF)	93.745		162,805
Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	93.757		7,500
Cardiovascular Diseases Research	93.758		57,379
Cardiovascular Diseases Research	93.837		248,101
Passed through Medical College of Georgia:			
Cardiovascular Diseases Research	93.837	22411-2	7,977
Subtotal CFDA 93.837			<u>256,078</u>
Passed through University of California, San Francisco:			
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	8109 SC	59,880
Direct program:			
Allergy, Immunology and Transplantation Research	93.855		86,124
Passed through The Regents of the University of California:			
Allergy, Immunology and Transplantation Research	93.855	6125 SC	144,448
Subtotal CFDA 93.855			<u>230,572</u>
Direct program:			
Biomedical Research and Research Training	93.859		1,009,372
Passed through Stanford University:			
Biomedical Research and Research Training	93.859	26977560-30501-K	1,168
Passed through University of California, San Francisco:			
Biomedical Research and Research Training	93.859	A120112	60,631
Biomedical Research and Research Training	93.859	7284 SC	54,346
Biomedical Research and Research Training	93.859	7754 SC	48,956
Passed through University of Washington:			
Biomedical Research and Research Training	93.859	755971	20,677
Subtotal CFDA 93.859			<u>1,195,150</u>

CALIFORNIA STATE UNIVERSITY
Schedule of Expenditures of Federal Awards
Year ended June 30, 2015

<u>Federal grantor/pass-through agency/program title</u>	<u>Catalog of federal domestic assistance (CFDA) number</u>	<u>Pass-through entity identifying number</u>	<u>Federal disbursements/ expenditures</u>
Direct program:			
Child Health and Human Development Extramural Research	93.865		\$ 646,668
Passed through Research Foundation for Mental Hygiene, Incorporated:			
Child Health and Human Development Extramural Research	93.865	25999	84,431
Subtotal CFDA 93.865			<u>731,099</u>
Passed through University of Southern California:			
Aging Research	93.866	57764387	70,900
Passed through University of California, San Francisco:			
Aging Research	93.866	444986-31259	2,874
Subtotal CFDA 93.866			<u>73,774</u>
Direct programs:			
Assistance Programs for Chronic Disease Prevention and Control	93.945		48,750
Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems	93.988		90,766
Total U.S. Department of Health and Human Services			<u>5,942,238</u>
U.S. Department of Homeland Security:			
Passed through Smithsonian Institution:			
Information Analysis Infrastructure Protection (IAIP) and Critical Infrastructure Monitoring and Protection	97.080	15-SUBC-440-0000315055	96,839
Total U.S. Department of Homeland Security			<u>96,839</u>
U.S. Agency for International Development:			
Direct program:			
USAID Foreign Assistance for Programs Overseas	98.001		7,738
Total U.S. Agency for International Development			<u>7,738</u>
Total Research and Development Cluster			<u>15,696,700</u>
Total Expenditures of Federal Awards			<u>\$ 2,591,968,166</u>

See accompanying notes to schedule of expenditures of federal awards and independent auditors' report on compliance for each major federal program; report on internal control over compliance; and report on schedule of expenditures of federal awards required by OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

CALIFORNIA STATE UNIVERSITY

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2015

(1) General

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of all federal award programs of the California State University (the University). The University does not consider itself a subrecipient of federal funds when those funds are received as payments for services rendered from individual campus foundations, which are discretely presented component units in the basic financial statements of the University. Accordingly, these amounts are not reflected in the accompanying Schedule.

For purposes of the Schedule, federal awards include all grants and contracts entered into directly between the University and agencies and departments of the federal government and pass-through agencies. The awards are classified into major program categories in accordance with the provisions of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

(2) Basis of Accounting

The information in the accompanying Schedule is prepared on the accrual basis of accounting and is also presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

(3) Loan Programs

Total loans outstanding under the Federal Perkins Loan Program and the Nursing Student Loan Program are \$87,005,567 and \$1,275,163, respectively, at June 30, 2015. The amounts included in the accompanying Schedule consist of loans advanced to students and the administrative cost allowance for the year ended June 30, 2015.

(4) Administrative Cost Allowances

Administrative cost allowances included in the accompanying Schedule are summarized as follows:

Federal Perkins Loan Program	\$	1,293,403
Federal Pell Grant Program		764,520
Federal Work-Study Program		528,581
Federal Supplemental Educational Opportunity Grant Program		<u>91,517</u>
Total administrative cost allowances	\$	<u><u>2,678,021</u></u>

CALIFORNIA STATE UNIVERSITY

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2015

(5) Amounts Provided to Subrecipients

Included in the Schedule are the following amounts passed through to subrecipients:

<u>Program title</u>	<u>CFDA No.</u>	<u>Amount</u>
Rural Development, Forestry, and Communities	10.672	\$ 15,774
Education	43.008	18,000
Geosciences	47.050	29,105
Regional Wetland Program Development Grants	66.461	232,584
Higher Education Institutional Aid	84.031	448,358
Fund for the Improvement of Postsecondary Education	84.116	50,528
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	84.325	43,980
Mental Health Research Grants	93.242	45,955
Trans-NIH Research Support	93.310	18,429
United States Agency for International Development Foreign Assistance for Programs Overseas	98.001	40,291
Subtotal Non-Research and Development Cluster		<u>943,004</u>
Research and Development Cluster:		
Integrated Ocean Observing System	11.012	107,741
Coastal Zone Management Administration Awards	11.419	161,481
Air Force Defense Research Sciences Program	12.800	(9,185)
Central Valley Project Improvement Act, Title XXXIV	15.512	110,872
Cooperative Endangered Species Conservation Fund	15.615	58,262
Central Valley Project Improvement (CVPI) Anadromous Fish Restoration Program (AFRP)	15.648	12,775
Mathematical and Physical Sciences	47.049	113,554
Geosciences	47.050	25,100
Biological Sciences	47.074	54,901
Education and Human Resources	47.076	15,773
Polar Programs	47.078	534
Mental Health Research Grants	93.242	375,674
Trans-NIH Research Support	93.310	144,061
Allergy and Infectious Diseases Research	93.855	20,634
Child Health and Human Development Extramural Research	93.865	135,461
Subtotal Research and Development Cluster		<u>1,327,638</u>
Total Amounts Provided to Subrecipients		<u>\$ 2,270,642</u>

CALIFORNIA STATE UNIVERSITY
 Schedule of Findings and Questioned Costs
 Year ended June 30, 2015

(1) Summary of Auditors' Results

Financial Statements

Type of auditors' report issued on financial statements: Unmodified opinion.

Internal control over financial reporting:

- Material weakness identified? _____ Yes X No
- Significant deficiencies in internal control were disclosed by the audit of the consolidated financial statements _____ Yes X No
- Noncompliance material to the financial statements noted _____ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified _____ Yes X No
- Significant deficiencies in internal control over major programs X Yes _____ No

Type of auditors' report issued on compliance for major programs: Unmodified opinion

Any Audit Findings that are Required to be Reported in Accordance with Section 510(a) of OMB Circular A-133? X Yes _____ No

Identification of Major Programs

<u>CFDA number(s)</u>	<u>Name of federal program or cluster</u>
84.007, 84.033, 84.038, 84.063, 84.268, 84.379, 93.364, and 93.264	Student Financial Assistance Cluster
84.031	Higher Education Institutional Aid
97.056	Port Security Grant Program
93.859	Biomedical Research and Research Training

Dollar Threshold Used to Distinguish Between Type A and Type B programs: \$1,279,682

Auditee Qualified as Low-Risk Auditee? X Yes _____ No

CALIFORNIA STATE UNIVERSITY
Schedule of Findings and Questioned Costs
Year ended June 30, 2015

(2) **Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards***

None noted.

(3) **Findings and Questioned Costs Relating to Federal Awards**

2015-001

<i>Compliance requirement:</i>	Disbursements To and On Behalf of Students
<i>Campus:</i>	Dominguez Hills, East Bay, Monterey Bay, San Jose, San Luis Obispo, and San Marcos
<i>Cluster name/program:</i>	Student Financial Aid Cluster
<i>CFDA number:</i>	84.268 Federal Direct Student Loans, 84.038 Federal Perkins Loan Program
<i>Federal agency:</i>	U.S. Department of Education
<i>Passed through entity:</i>	None
<i>Award year:</i>	July 1, 2014 through June 30, 2015

Criteria or Specific Requirement

Per 34 CFR section 668.165, with respect to each disbursement of Federal Direct Loans or Federal Perkins Loans, institutions must notify the student or parent in writing to communicate the date and amount of the disbursement and of the student's or parent's right to cancel all or a portion of the loan or loan disbursement and have the loan proceeds returned to the holder of the loan. This notification must be made no earlier than 30 days before and no later than 30 days after each loan disbursement if the campus has implemented an affirmative confirmation process and no later than 7 days after disbursement if they have not implemented an affirmative confirmation process.

Condition Found and Context

During our testwork, we selected 175 samples of notifications for federal loan disbursements made to students from seven campuses and noted the following:

- We identified 75 student notifications that did not contain the specific amount of the loan disbursement.
- We identified 30 student notifications that did not contain the date the notifications were sent to the students.
- We identified 28 student notifications that were not performed in a timely manner. The notifications were sent 147 days before the date of loan disbursement and up to 112 days after the date of loan disbursement.

CALIFORNIA STATE UNIVERSITY
Schedule of Findings and Questioned Costs
Year ended June 30, 2015

Since student notifications were late or missing information at 6 of the 7 campuses sampled, we consider this to be a significant deficiency in internal control over the compliance requirement for disbursements to and on behalf of students.

Cause and Effect

The notification noncompliance at the six campuses resulted from not having a control that was properly designed to ensure that notifications sent to students or parents have met all federal requirements.

Questioned Costs

None noted.

Recommendation

We recommend that the University adopt policies that would include providing and maintaining documentation of notification sent to borrowers of their right to cancel federal loans.

Views of Responsible Officials

The University concurs with the recommendation. Campuses will review and revise procedures and processes to ensure timely and accurate student notifications related to Federal Direct and Perkins loan disbursements, including documentation that notification was sent.

CALIFORNIA STATE UNIVERSITY
Schedule of Findings and Questioned Costs
Year ended June 30, 2015

2015-002

<i>Compliance requirement:</i>	Enrollment Reporting
<i>Campus:</i>	Dominguez Hills, East Bay, Los Angeles, Monterey Bay, San Jose, San Luis Obispo, and San Marcos
<i>Cluster name/program:</i>	Student Financial Aid Cluster
<i>CFDA number:</i>	84.268 Federal Direct Student Loans
<i>Federal agency:</i>	U.S. Department of Education
<i>Passed through entity:</i>	None
<i>Award year:</i>	July 1, 2014 through June 30, 2015

Criteria or Specific Requirement

Per 34 CFR section 685.309, institutions with direct loan programs must complete and return to the National Student Loan Data System for Students (NSLDS) within 30 days the enrollment reporting roster file provided by NSLDS, unless the school expects to complete the next roster within 60 days, then they must return it within 60 days. The institution must update changes in student status, report the date the enrollment status was effective, enter the new anticipated completion date, and then submit changes electronically to the NSLDS, for the purpose of providing complete and accurate data to lenders regarding enrollment status so they may properly determine when repayment of the loans should begin.

Condition Found and Context

During our testwork, we selected 175 samples of reporting enrollment status changes to NSLDS from seven campuses and noted the following:

- We identified 78 samples which were not reported to the NSLDS within the 30/60 day reporting period.
- We identified 13 samples with student status changes which were not accurately reported to NSLDS.
- We identified 10 samples with student status changes which were not reported to NSLDS.
- We identified 4 samples which did not report the student graduation status change to NSLDS.
- We identified 4 instances related to inadequate control documentation.

Since late or inaccurate enrollment status reporting in conjunction with inadequate documentation of controls was identified at 7 of the 7 campuses sampled, we consider this to be a significant deficiency in internal control over the compliance requirement for enrollment status reporting.

CALIFORNIA STATE UNIVERSITY
Schedule of Findings and Questioned Costs
Year ended June 30, 2015

Cause and Effect

All seven campuses sampled have contracted with the National Student Clearinghouse (NSC) to assist in the reporting of enrollment status changes to NSLDS. Each of the seven campuses tested were relying on the timely filing by NSC, and as such, were not performing their own independent checks of data received by NSLDS, or properly accounting for the time lag incurred by NSLDS in the processing of changes, resulting in late and or inaccurate data submissions.

Questioned Costs

None noted.

Recommendation

We recommend that the University review its policies and procedures, as well as enhance its procedures and controls to ensure timely and accurate reporting of student enrollment status changes to NSLDS. We also recommend the University review its data submissions against the NSLDS website to ensure the information is transmitted timely and accurately.

Views of Responsible Officials

The University concurs with the recommendation. Campuses will review their policies and procedures and devise appropriate internal controls to ensure the timely and accurate reporting of student status changes, including data provided on behalf of the campus by the NSC.

CALIFORNIA STATE UNIVERSITY
Schedule of Findings and Questioned Costs
Year ended June 30, 2015

2015-003

<i>Compliance requirement:</i>	Special Tests and Provisions – Return of Title IV Funds
<i>Campus:</i>	Dominguez Hills, Los Angeles, Monterey Bay, San Jose, San Luis Obispo, and San Marcos
<i>Cluster name/program:</i>	Student Financial Aid Cluster
<i>CFDA number:</i>	84.268 Federal Direct Student Loans, 84.063 Federal Pell Grant Program, 84.038 Federal Perkins Loan Program, 84.033 Federal Work-Study Program, 84.007 Federal Supplemental Educational Opportunity Grants, 84.379 Teacher Education Assistance for College and Higher Education Grants
<i>Federal agency:</i>	U.S. Department of Education
<i>Passed through entity:</i>	None
<i>Award year:</i>	July 1, 2014 through June 30, 2015

Criteria or Specific Requirement

Per 34 CFR sections 668.22 (a)(1) through a(5), with respect to the Return of Title IV funds, the following requirements apply:

- When a student withdraws officially or unofficially, the institution must determine the withdrawal date and the amount of Title IV aid earned by the student as of the student’s withdrawal date.
- If the student’s withdrawal date is after the completion of 60% of the calendar days of the semester, no refund is generated. If it is less than 60%, a refund calculation must be performed and funds must be returned within 45 days of the withdrawal date.
- Aid must be returned in the following order: unsubsidized direct loans, subsidized direct loans, Federal Perkins loans, Federal Direct Plus, Federal Pell Grant, Federal Supplemental Educational Opportunity Grants, Teacher Education Assistance for College and Higher Education Grants and Iran and Afghanistan Service Grants.

Condition Found and Context

During our testwork, we selected 175 samples of returns of Title IV funds from seven campuses and noted the following:

- We identified 57 samples wherein the Title IV funds were incorrectly calculated, as the University used the incorrect number of holiday days for the Spring semester and wrong end date for the Fall semester. This resulted in over awards of \$7,917 and under awards of \$61 of Title IV funds.
- We identified 19 samples in which the return of Title IV funds exceeded the 45 day limit ranging from 8 to 128 days.

CALIFORNIA STATE UNIVERSITY
Schedule of Findings and Questioned Costs
Year ended June 30, 2015

- We identified 1 sample that did not have adequate support evidencing that funds were returned to the student, or returned to the Federal agency.
- We identified 5 instances related to inadequate control documentation.

Cause and Effect

For the refunds returned after the 45 days allowed, we noted the following:

- 1) We noted management review controls are in place at two campuses to capture the completeness and accuracy of refunds. However, we also noted that the management review control of the refund calculations was not properly designed to detect the timeliness of the review and submission of the Return of Title IV calculation, as the review was performed in intervals greater than 45 days.
- 2) We noted that there were no documented controls in place at three campuses to support that a review and monitoring of accurate and timely Return of Title IV funds was occurring.
- 3) We noted that the management review control was not functioning properly during the Spring Semester at one campus.

For the refunds calculated incorrectly, we noted the following:

- 1) Fourteen refunds were computed incorrectly because the preparer utilized an incorrect semester end date. The correct date resulted in the students completing less than 60% of the semester.
- 2) There were 158 refunds that were computed incorrectly because the campuses used the incorrect number of days allowed for the Spring Break. Using the correct number of days resulted in the students completing less than 60% of the semester, thereby requiring a Return of Title IV funds.
- 3) There were 43 refunds that were computed incorrectly because the incorrect number of days allowed for the Fall Break was used in the computation. Using the correct number of days resulted in the students completing less than 60% of the semester, thereby requiring a Return of Title IV funds.

For one sample item selected, we were unable to obtain sufficient evidence that the computation of Return of Title IV funds occurred accurately and timely.

Since late or inaccurate return of Title IV funds was identified at 7 of the 7 campuses sampled, we consider this to be a significant deficiency in internal control over the compliance requirement for Return of Title IV Funds.

Questioned Costs

Under return of Title IV Funds known amounts: \$1,721 at Dominguez Hills, \$5,360 at San Marcos, \$318 at Monterey Bay, and \$454 at San Jose.

Over return of Title IV Funds known amounts: \$61 at San Jose.

CALIFORNIA STATE UNIVERSITY

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

Recommendation

We recommend that effective internal control procedures be implemented to ensure that the return of funds is processed accurately in addition to being returned to the Federal agency in a timely manner. Additionally, proper documentation needs to be retained in order to demonstrate the existence of control procedures.

Views of Responsible Officials

The University concurs with the recommendation. Campuses will implement and document internal controls to ensure the return of funds is calculated correctly and done within prescribed time frames.

CALIFORNIA STATE UNIVERSITY
Schedule of Findings and Questioned Costs
Year ended June 30, 2015

2015-004

<i>Compliance Requirement:</i>	Procurement and Suspension and Debarment
<i>Campus:</i>	Maritime Academy
<i>Cluster name/program:</i>	Port Security Grant
<i>CFDA number:</i>	97.056
<i>Federal Agency:</i>	U.S. Department of Homeland Security
<i>Passed through entity:</i>	None
<i>Award year:</i>	July 1, 2014 through June 30, 2015

Criteria or Specific Requirement

A. Procurement

Title 2 Grants and Agreements. Chapter II—Office of Management and Budget Circulars and Guidance. Part 215 Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals and other Non-Profit Organizations. Subpart C—Post-Award Requirements. Applicable to all procurements made with federal funds greater than \$100,000.

- Sec. 215.43 Competition. All procurement transactions shall be conducted in a manner to provide, to the maximum extent practical, open and free competition.
- Sec. 215.45 Cost and price analysis. Some form of cost or price analysis shall be made and documented in the procurement files in connection with every procurement action.
- Sec. 215.46 Procurement Records. Procurement records and files for purchases in excess of the small purchase threshold shall include the following at a minimum: (a) Basis for contractor selection; (b) Justification for lack of competition when competitive bids or offers are not obtained; and (c) Basis for award cost or price.

B. Suspension and Debarment

- Non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. “Covered transactions” include those procurement contracts for goods and services awarded under a nonprocurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other criteria as specified in 2 CFR section 180.220. All nonprocurement transactions entered into by a recipient (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions, unless they are exempt as provided in 2 CFR section 180.215.

CALIFORNIA STATE UNIVERSITY
Schedule of Findings and Questioned Costs
Year ended June 30, 2015

Condition Found and Context

During our testwork over procurement requirements, we selected 3 contracts for which federal funds were expended during the year ended June 30, 2015. Current year expenditures related to these contracts totaled \$83,635. We were not provided with procurement records that included the basis for contractor selection or the justification for lack of competition for two of the contracts totaling \$57,982.

During our testwork over suspension and debarment requirements, for the three sample items selected, we were not provided with documentation that the University checked the Excluded Party List System (EPLS), or performed other procedures to verify that covered transactions are not awarded to suspended or debarred parties.

Cause and Effect

The University has a written policy consistent with federal requirements for procurement and suspension and debarment. However, the policies do not appear to have been referenced by the University during the procurements described above. Consequently, it appears that the controls in place were ineffective in ensuring compliance with federal requirements. Noncompliance with procurement requirements could result in expenditures that are not responsive to a solicitation or the most advantageous to the University with respect to price, quality and other factors. Moreover, lack of compliance with suspension and debarment policies could result in disbursement of federal funds to suspended or debarred vendors.

Questioned Costs

None noted.

Recommendation

We recommend that the University strengthen its current processes and controls to ensure compliance with federal procurement and suspension and debarment requirements.

Views of Responsible Officials

The University concurs with the recommendation. The University will strengthen procurement procedures to ensure compliance with the CSU and Federal competitive bid requirements. The University has updated its general terms and conditions to include required language related to certification that the vendor or contractor is not debarred or suspended.