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April 15, 2016

Dr. Paul J. Zingg, President  
California State University, Chico  
400 West First Street  
Chico, CA 95929

Dear Dr. Zingg:

**Subject: Audit Report 15-08, Auxiliary Organizations, California State University, Chico**

We have completed an audit of *Auxiliary Organizations* as part of our 2015 Audit Plan, and the final report is attached for your reference. The audit was conducted in accordance with the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*.

I have reviewed the management response and have concluded that it appropriately addresses our recommendations. The management response has been incorporated into the final audit report, which has been posted to the Office of Audit and Advisory Services' website. We will follow-up on the implementation of corrective actions outlined in the response and determine whether additional action is required.

Any observations not included in this report were discussed with your staff at the informal exit conference and may be subject to follow-up.

I wish to express my appreciation for the cooperation extended by the campus personnel over the course of this review.

Sincerely,



Larry Mandel  
Vice Chancellor and Chief Audit Officer

c: Timothy P. White, Chancellor

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## **AUXILIARY ORGANIZATIONS**

**California State University, Chico**

Audit Report 15-08  
March 23, 2016

## EXECUTIVE SUMMARY

### OBJECTIVE

The objectives of the audit were to ascertain the effectiveness of existing policies and procedures related to fiscal, operational, and administrative controls; determine the adequacy of internal compliance/internal control; evaluate adherence to auxiliary policies and procedures and applicable Integrated California State University Administrative Manual (ICSUAM) policies, or where appropriate to an industry-accepted standard; and to ensure compliance with relevant governmental regulations, Trustee policy, Office of the Chancellor directives, and campus procedures.

### CONCLUSION

#### California State University, Chico

Based upon the results of the work performed within the scope of the audit, the fiscal, operational, and administrative controls in effect at *California State University, Chico* (CSUC) as of December 18, 2015, taken as a whole, were sufficient to meet the objectives of this audit.

There were no reportable observations revealed during the review.

#### The University Foundation

Based upon the results of the work performed within the scope of the audit, except for the effect of the observations described below, the fiscal, operational, and administrative controls at *The University Foundation (University Foundation)* as of December 18, 2015, taken as a whole, were sufficient to meet the objectives of this audit.

The audit revealed that the University Foundation performed a function not authorized by its operating agreement with the California State University (CSU) Trustees. Also, the University Foundation could not always provide written agreements for its endowments; gifts-in-kind were not always recorded timely, supported by sufficient documentation, and recorded in the financial system; some gifts-in-kind receipting locations had not developed written processes for tracking gifts-in-kind and conducting raffles; and the University Foundation did not always maintain copies of the matching gift claims, inquire with matching companies regarding differences between matched and original donor amounts, or review matching-gift eligibility. In addition, University Foundation fund-raising events were not always approved in writing by the delegated authority, a repeat observation from the prior *Auxiliary Organizations* audit; and the University Foundation did not document the approval of pledge write-offs.

#### CSU, Chico Research Foundation

Based upon the results of the work performed within the scope of the audit, the fiscal, operational, and administrative controls at the CSU, Chico Research Foundation (Research Foundation) as of December 18, 2015, taken as a whole, were not sufficient to meet the objectives of this audit.

The audit revealed that the Research Foundation University Farm had not fully established cash-receipting controls, and certain duties and responsibilities related to cash receipts were not adequately segregated. In addition, the Research Foundation did not document pre-approval of overtime; the number of overtime hours worked recorded on the time sheets did not agree with

employees' earning statements; time sheets were not submitted in a timely manner; retroactive pay adjustments were miscalculated; an employee approved his own Personnel Action Form and timecards; leave accrual rates were noncompliant with policy; separation documentation was not completed timely; and certain duties and responsibilities related to personnel and payroll were not adequately segregated. Also, effort certification reports and grant closeout procedures were not always completed timely; North State Public Radio (NSPR) underwriting receivables were not recorded in the Research Foundation accounts receivable system or accurately reflected in the aging report; collection and follow-up activity for long-outstanding underwriting receivables and write-offs were not documented; and written processes had not been established for tracking and recording NSPR trade-in-kind (TIK) and for conducting raffles.

Additionally, Research Foundation and University Foundation procurement card statements were not always submitted timely; hospitality expenditures charged to procurement cards were not always sufficiently supported and accurately recorded; and prohibited vehicle rental payments were charged to procurement cards. Further, the Research Foundation did not have a process to ensure that cash advances were properly followed up on and cleared timely, always obtain adequate documentation for travel-related expenditures, always execute certain agreements timely and include appropriate insurance and indemnification provisions, maintain supporting documentation to substantiate the establishment of a risk management program, and report to the financial aid office stipends paid to students. Lastly, the Research Foundation could not locate certain assets; had not developed policies and procedures to address the accounting and processing of agricultural and farm student club accounts, nor had it ensured that student club agreements were in place and recognized by the campus; and the Research Foundation budget was not reviewed and approved by the campus president.

#### Associated Students of California State University, Chico

Based upon the results of the work performed within the scope of the audit, except for the effect of the observations described below, the fiscal, operational, and administrative controls at Associated Students of California State University, Chico (AS) as of December 18, 2015, taken as a whole, were sufficient to meet the objectives of this audit.

The audit revealed that AS had not developed a formal process to manage cash overages and shortages; cashiering operations at the Wildcat Recreation Center (WREC), Bike Storefront, Bike Cart, and Residential Dining Office did not require the localization of transactions, accountability for pre-numbered receipts, use of manual receipts, and adequate safe access records; and AS did not maintain a documented inventory of bicycles at the Bike Storefront. In addition, AS did not have a process to provide a CalPERS Notice of Exclusion to classified employees who were not eligible for a CalPERS retirement plan. Also, a master operating agreement between the campus and AS for the administration of Child Development Lab (CDL) contracts and grants had not been established, and AS did not have a written delegation of authority from the campus president giving its management the authority to sign/approve CDL contracts and grant proposals. Further, AS catering services were not always supported by written agreements with appropriate indemnification and insurance provisions, and payments were not obtained by the date of the event.

Specific observations, recommendations, and management responses are detailed in the remainder of this report. Information security-related observations, recommendations, and management responses are detailed in Appendix A.

## OBSERVATIONS, RECOMMENDATIONS, AND RESPONSES

### The University Foundation

#### 1. CAMPUS PROGRAM ACCOUNTS

##### OBSERVATION

The University Foundation performed a function not authorized by its operating agreement with the CSU Trustees.

We found that the University Foundation did not include instructionally related programs and activities, such as agriculture, athletics, radio and television stations, newspapers, films, transportation, and printing, as a function in its operating agreement for its administration of non-gift-related campus activities and programs accounts. Title 5 §42502 states that the operating agreement should specify the function or functions that the organization is to manage, operate, or administer.

We also found that:

- The University Foundation had not developed written policies and procedures to provide specific guidance and documentation requirements for campus activities and programs as required by ICSUAM §13680, *Placement and Control of Receipts for Campus Activities and Programs*.
- The University Foundation did not ensure that campus activities and programs were properly approved. We reviewed 10 University Foundation campus activity and program accounts and found that although there was a written delegation of authority from the campus president to the campus vice president for business and finance to authorize the campus activities and programs, none of the University Foundation campus activities and programs were reviewed and approved by the delegated authority.
- Inactive campus activity and program accounts were not properly monitored. Specifically, 37 accounts carried balances from \$0.32 to \$96.43 and had either no transactions or very limited transactions during the past three years.
- Controls over overspending of funds in campus activity and program accounts were not in place. As of November 20, 2015, 20 accounts had deficit balances ranging from \$21 to \$22,031 and totaling \$74,787. We found no evidence that these accounts were sufficiently reviewed, nor were there specific plans to make up for the deficits.

Performing a function not authorized by its operating agreement and insufficient administration of campus activities and programs accounts increase the risk of noncompliance with relevant requirements, misunderstandings, and miscommunication regarding rights and responsibilities and revenue loss.

**RECOMMENDATION**

We recommend that the University Foundation:

- a. Amend its operating agreement to include the above-cited function, or re-evaluate placement of campus programs within auxiliary organizations.
- b. Develop written policies and procedures to provide specific guidance and documentation requirements for campus activity and program accounts.
- c. Ensure that all campus activities and programs are reviewed and approved by the delegated authority.
- d. Perform a periodic review of inactive campus activity and program accounts.
- e. Monitor campus activity and program accounts with deficit balances and develop specific plans to resolve the deficits.

**MANAGEMENT RESPONSE**

We concur. Placement of campus programs within the University Foundation will be reviewed, and policies and procedures will be revised or developed. Policies and procedures will ensure that program accounts are periodically reviewed for inactivity or deficit balances, and program accounts will be reviewed and approved by the delegated authority. Campus programs with current deficit balances will be cleared or will have specific plans to resolve the deficit balance.

Completion date: September 15, 2016

**2. ENDOWMENTS**

**OBSERVATION**

The University Foundation could not always provide written agreements for its endowments.

We reviewed 15 endowments dated from January 2013 to October 2015, and we found that in two instances, the agreements were not documented.

The lack of written endowment agreements increases the likelihood that funds will be misdirected and the auxiliary will be exposed to liabilities resulting from noncompliance with a donor's intent.

**RECOMMENDATION**

We recommend that the University Foundation properly document and retain its endowments with written agreements.

**MANAGEMENT RESPONSE**

We concur. The University Foundation will document and retain all endowments with written agreements. New endowments will require written agreements prior to being entered in Banner, the donor and gift database, and in IFAS, the financial system.

Completion date: August 31, 2016

**3. GIFTS-IN-KIND**

University Foundation gifts-in-kind were not always recorded timely, supported by sufficient documentation, and recorded in the Research Foundation financial system. Also, some gift-in-kind receipting locations had not developed written processes for tracking gifts-in-kind and for conducting raffles.

We reviewed 20 University Foundation gifts-in-kind dated from January 2013 to October 2015, and we found that:

- In 17 instances, gifts-in-kind were not recorded timely in the donor system. Delays from receipt of the gift to recording the gift in the donor system ranged from 32 to 375 days.
- In nine instances where the estimated value of the gifts-in-kind exceeded \$5,000, there was no documentation showing that the University Foundation Gift Acceptance Committee determined the value of the gifts-in-kind. University Foundation *In Kind Gifts* policies and procedures state that for gifts of property in excess of \$5,000, if only gift credit is desired, the Gift Acceptance Committee will make a determination of the appropriate documentation for the donated item.
- In two instances where the estimated value of the gifts-in-kind exceeded \$5,000, there were no documented independent qualified appraisals. University Foundation *In Kind Gifts* policies and procedures state that if a donor intends to claim a charitable income tax deduction, a qualified appraisal is required for gifts of property in excess of \$5,000.
- In one instance where the estimated value of the gift-in-kind was below \$5,000, supporting documentation, such as an In Kind Gift Acceptance Form, was not retained.

We also reviewed NSPR gifts-in-kind, and we found that:

- Gifts-in-kind received prior to July 2014 were not recorded in the Research Foundation financial system, and gifts-in-kind received in fiscal year (FY) 2014/15 were not recorded timely.

Additionally, three locations that received gifts-in-kind had not established written processes for tracking gifts-in-kind and for conducting raffles.

Insufficient administration of gifts-in-kind and raffles increases the risk of errors and misplaced gifts, misappropriation of funds, and non-compliance with donor terms.

**RECOMMENDATION**

We recommend that the University Foundation:

- a. Record gifts-in-kind timely in the donor system.
- b. Document the University Foundation Gift Acceptance Committee's determination of values for gifts-in-kind valued over \$5,000 when a gift credit is desired.
- c. Document independent qualified appraisals for all gifts-in-kind valued over \$5,000.
- d. Retain supporting documentation, such as an In Kind Gift Acceptance Form, for all gifts-in-kind.
- e. Establish written processes for tracking gifts-in-kind and for conducting raffles at all gift-in-kind receipting locations.

**MANAGEMENT RESPONSE**

We concur. The University Foundation will record gifts-in-kind in the donor system in a timely manner, once the document is received in our office. The University Foundation Gift Acceptance Committee will determine values for gifts-in-kind valued over \$5,000 when gift credit is desired. We will document independent qualified appraisals for all gifts-in-kind valued over \$5,000. Written processes for tracking gifts-in-kind and for conducting raffles at all gift-in-kind receipting locations will be established.

Completion date: August 31, 2016

**4. MATCHING GIFTS****OBSERVATION**

The University Foundation did not always maintain copies of matching gift claims, inquire with matching companies regarding differences between matched and original donor amounts, or review matching-gift eligibility.

We reviewed 25 matching gifts dated from January 2013 to October 2015, and we found that:

- In three instances, copies of matching gift claims were not maintained. The University Foundation *Matching Gifts* policy states that gift processing maintains copies of each matching-gift claim submitted. By completing a matching-gift claim, gift processing is attesting to the receipt of the donor gift and providing information for the matching-gift company to determine eligibility.
- In two instances, matched amounts did not correspond to the original donor amounts. According to the GiftPlus Online database, a third-party vendor database of all corporations that provide matching-gift opportunities, the matching ratios for both companies involved in these instances were 1:1. There was no additional documentation

to show that appropriate inquiries were made by the University Foundation to the matching companies regarding the differences in the matched amounts.

- In one instance, the qualifying gift made by the donor was made to an athletics program, which the matching company's gift requirements did not allow.

Insufficient administration of matching gifts increases the likelihood that funds will be misdirected and the auxiliary will be exposed to liabilities from non-compliance with corporate donor policies.

#### **RECOMMENDATION**

We recommend that the University Foundation:

- a. Maintain copies of matching-gift claims.
- b. Inquire with matching companies regarding differences between the matched and original donor amounts.
- c. Ensure that gifts are not made to ineligible programs.

#### **MANAGEMENT RESPONSE**

We concur. The University Foundation will review, revise, and adopt policies and procedures related to recording matching gifts. These policies and procedures will ensure that copies of matching gift claims are maintained, will ensure that inquiries are made with matching gift companies regarding differences between the matched and original donor amounts, and will ensure that gifts are made only to eligible programs.

Completion date: June 30, 2016

## **5. FUND-RAISING**

#### **OBSERVATION**

University Foundation fund-raising events were not always approved in writing by the delegated authority, as required by ICSUAM §15701.00, *Fundraising Events*. This is a repeat observation from the prior *Auxiliary Organizations* audit.

We reviewed five fund-raising events that took place after July 1, 2012, with gross receipts greater than \$5,000. We found that in two instances, the events were not approved in writing by the vice president of university advancement, who is the delegated authority.

The absence of required fund-raising event approval limits the auxiliary's ability to effectively allocate resources, coordinate events, and assess and mitigate any associated risks.

**RECOMMENDATION**

We recommend that the University Foundation obtain written approval from the campus vice president of university advancement for all fund-raising events with gross receipts greater than \$5,000.

**MANAGEMENT RESPONSE**

We concur. The University Foundation will obtain written approval from the campus vice president of university advancement for all fund-raising events with gross receipts greater than \$5,000.

Completion date: June 30, 2016

**6. PLEDGE WRITE-OFFS**

**OBSERVATION**

The University Foundation did not document approval of pledge write-offs.

We reviewed ten University Foundation and two NSPR pledge write-offs from the pledges receivable aging reports from January 2013 to October 2015, and we found that the director of annual giving and advancement services did not provide documented approval before the pledges receivable were written off in any of the instances. The University Foundation *Procedures Manual* states that the director of annual giving and advancement services has the authority to write off annual fund/phonathon pledges.

The absence of documented approval of pledge write-offs increases the risk that receivables will not be accurately reflected in the auxiliary financial statements.

**RECOMMENDATION**

We recommend that the University Foundation document the review and approval of pledge write-offs before writing off outstanding pledges receivable.

**MANAGEMENT RESPONSE**

We concur. The University Foundation will document the review and approval of pledge write-offs before writing off the outstanding pledge receivables.

Completion date: July 31, 2016

## **CSU, Chico Research Foundation**

### **7. UNIVERSITY FARM CASH RECEIPTS**

#### **OBSERVATION**

The Research Foundation University Farm had not fully established cash-receipting controls, and certain duties and responsibilities related to cash receipts were not adequately segregated.

We found that:

- Pre-numbered cash receipts were not issued.
- Checks were not immediately restrictively endorsed.
- Mail logs were not prepared by an independent person in a timely manner.
- Cash and cash equivalents were not secured during the day.
- Cash and cash equivalents were not counted and taken to the bank in dual custody.

Additionally, we found that one employee performed the following incompatible duties:

- Collected payments.
- Reconciled cash receipts.
- Prepared deposits and delivered them to the bank.

Inadequate administration of cash receipts increases the risk of loss or misappropriation of funds, and lack of adequate segregation of duties increases the risk that erroneous and inappropriate actions will not be detected in a timely manner.

#### **RECOMMENDATION**

We recommend that the Research Foundation establish appropriate cash-receipting controls and adequately segregate duties and responsibilities related to cash receipts at the University Farm or institute mitigating procedures approved by the campus chief financial officer (CFO).

#### **MANAGEMENT RESPONSE**

We concur. Internal control processes relating to segregation of duties and responsibilities for University Farm cash receipts will be implemented and documented.

Completion date: August 31, 2016

### **8. PERSONNEL AND PAYROLL**

#### **OBSERVATION**

The Research Foundation did not document pre-approval of overtime; the number of overtime hours worked recorded on the time sheets did not agree with employees' earning

statements; time sheets were not submitted timely; retroactive pay adjustments were miscalculated; an employee approved his own Personnel Action Form and timecards; leave accruals were noncompliant with policy; and separation documentation was not completed timely.

We reviewed ten overtime payments and ten salary change payments, and we found that:

- For all ten overtime payments, there was no documented pre-approval of overtime, as required by the Research Foundation *Overtime Policy*.
- In three instances, the number of overtime hours worked recorded on the timesheets did not agree with the employees' earning statements.
- In five instances, timesheets were not submitted timely. The delays ranged from one to six pay periods.
- In two instances, retroactive pay adjustments were miscalculated.
- In one instance, an employee approved his own Personnel Action Form and timecards.

Additionally, we reviewed five Research Foundation employee leave accrual rates and balances, and we found that in all five instances, accrual rates did not agree with the Research Foundation *Vacation and Sick Leave Policy*.

We also reviewed ten employee separations, and we found that separation documentation was not completed timely for nine employees. The delays ranged from six to 21 months after the employee's last pay date. This is a repeat finding from the prior *Auxiliary Organizations* audit.

Insufficient administration of personnel and payroll increases the risk of errors and improper payments to employees and may increase legal liability.

#### **RECOMMENDATION**

We recommend that the Research Foundation:

- a. Document proper approval of overtime.
- b. Ensure that the number of overtime hours worked recorded on employee timesheets agrees to the employees' earnings statements.
- c. Ensure that timesheets are submitted timely.
- d. Review retroactive pay adjustments for accuracy.
- e. Review Personnel Action Forms and timecards for authorized approval.
- f. Ensure that employee leave accruals are in accordance with Research Foundation policy.

- g. Complete employee separation documentation timely.

**MANAGEMENT RESPONSE**

We concur.

- a. The Research Foundation will review and revise its overtime approval processes and will ensure that supervisors are properly trained to implement revised policies.
- b. The payroll approval process will be evaluated and revised for its effectiveness in identifying errors in data entry related to overtime.
- c. The Research Foundation will remind project directors, supervisors, and employees of timesheet due dates.
- d. The payroll approval process will be evaluated and revised for its accuracy in retroactive pay adjustments.
- e. Personnel action forms and timecards will not be finalized without authorized approval. Staff will be trained on appropriate approvals of personnel action forms and timecards.
- f. The Research Foundation will review leave accruals and ensure the system complies with the leave policy. In addition, staff will be trained on the leave accrual policy.
- g. The Research Foundation will review and revise its separation processes and will ensure that supervisors are properly trained to implement revised policies.

Completion date: August 31, 2016

**9. SEGREGATION OF DUTIES**

**OBSERVATION**

Certain duties and responsibilities related to personnel and payroll were not adequately segregated at the Research Foundation.

We found that individuals who processed payroll could also make pay rate changes, and there were no mitigating controls, such as an independent management review of the personnel change reports.

Inadequate segregation of duties increases the risk that erroneous and inappropriate actions will not be detected in a timely manner.

**RECOMMENDATION**

We recommend that the Research Foundation adequately segregate duties and responsibilities related to personnel and payroll or institute mitigating procedures approved by the campus CFO.

**MANAGEMENT RESPONSE**

We concur. Internal controls involving segregation of duties related to payroll will be documented and implemented. Permissions within the financial and payroll systems will be adjusted to enhance internal controls.

Completion date: June 30, 2016

**10. CONTRACTS AND GRANTS**

**OBSERVATION**

Effort certification reports and grant closeout procedures were not always completed timely.

We reviewed effort certification reports for five grants, and we found that none of the effort certifications were completed.

Additionally, we reviewed seven grants that expired between April 30, 2014, and September 30, 2015, and we found that in three instances, closeout procedures had not been completed. The three grants had expiration dates from September 30, 2014, to June 30, 2015.

Inadequate administration of contracts and grants increases the risk of non-compliance with relevant requirements and exposes the auxiliary organization to penalties and disallowances for non-compliance with contracts and grants terms.

**RECOMMENDATION**

We recommend that the Research Foundation:

- a. Ensure that effort certification reports are completed and submitted timely.
- b. Perform grant closeout procedures timely.

**MANAGEMENT RESPONSE**

We concur. Biannual reviews of effort certification reports and grant status will be conducted by the associate vice president of research and sponsored programs to ensure timely completion. Procedures to complete and submit effort certification reports and grant closeouts will be revised.

Completion date: September 1, 2016

**11. UNDERWRITING RECEIVABLES****OBSERVATION**

NSPR underwriting receivables were not recorded in the Research Foundation accounts receivable system or accurately reflected in the aging report, and collection and follow-up activity for long-outstanding underwriting receivables and write-offs were not documented.

We found that NSPR underwriting receivables were tracked in NSPR QuickBooks and were not communicated to the Research Foundation to be recorded in the accounts receivable financial system.

We reviewed six NSPR accounts receivable, and we found that:

- In one instance, a payment was made, but the corresponding receivable was not removed from the aging report.
- In one instance, a duplicate invoice outstanding for 452 days was not removed from the aging report.
- In two instances, collection and follow-up activity was not performed and documented to facilitate collection or support account write-offs.

Additionally, uncollectible underwriting receivables were voided and written off from the NSPR QuickBooks without documented collection efforts and account write-offs.

Inadequate control over underwriting receivables increases the risk that receivables will not be properly controlled and accurately reflected in auxiliary financial statements, reduces the likelihood of collection, and negatively impacts cash flow.

**RECOMMENDATION**

We recommend that the Research Foundation:

- a. Work with NSPR to record NSPR underwriting receivables in the accounts receivable financial system.
- b. Accurately reflect underwriting receivables in the aging report.
- c. Perform and document collection and follow-up activity for delinquent underwriting receivables to facilitate collection or support account write-off.

**MANAGEMENT RESPONSE**

We concur. The Research Foundation administration office will record NSPR underwriting receivables in the financial system and will provide NSPR a receivable aging report monthly. Procedures relating to delinquent underwriting receivables will be developed, which will include quarterly review of delinquent accounts.

Completion date: July 31, 2016

## 12. TRADES-IN-KIND

### OBSERVATION

The Research Foundation had not established written processes for tracking and recording NSPR TIK and for conducting raffles. NSPR TIK is an exchange between underwriting fees and items such as wine, gift baskets, or restaurant vouchers. NSPR uses these gifts as raffle prizes during a fund-raising event.

We found that NSPR TIK that were received in the last three years could not be tracked because information such as the name of the donor, date received, and date and method of distribution was not documented. Additionally, none of the NSPR TIK received in the last three years were recorded in the Research Foundation accounting system.

Insufficient administration of TIK increases the risk of errors and misplaced gifts, misappropriation of funds, and non-compliance with donor terms.

### RECOMMENDATION

We recommend that the Research Foundation establish written processes for tracking NSPR TIK and conducting raffles, and record all NSPR TIK in the Research Foundation accounting system.

### MANAGEMENT RESPONSE

We concur. The Research Foundation will develop written processes for tracking these items and will record all TIK in the financial system.

Completion date: July 31, 2016

## 13. PROCUREMENT CARDS

### OBSERVATION

Research Foundation and University Foundation procurement card statements with supporting receipts were not always submitted timely, hospitality expenditures charged to procurement cards were not always sufficiently supported and accurately recorded, and prohibited vehicle rental payments were charged to procurement cards.

We reviewed ten Research Foundation and ten University Foundation procurement cardholders' reconciliations for August, September, and October 2015, and we found that:

- In six instances, procurement card statements with supporting receipts were not submitted to the Research Foundation by the 5th of each month, as required by the

Research Foundation *Procurement Card Program Policies and Procedures*. The delays ranged from four to 20 days.

- In three instances, hospitality expenditures were not sufficiently supported by lists of attendees, along with their business relationship to the Research Foundation, as required by ICSUAM §1301.00.
- In two instances, hospitality expenditures were inaccurately recorded to the operating supplies account.
- In two instances, prohibited vehicle rental payments were charged to the procurement cards.

Inadequate administration of procurement cards increases the risk that errors, irregularities, misunderstandings, and misappropriation of funds will occur.

**RECOMMENDATION**

We recommend that the Research Foundation:

- a. Remind cardholders to submit procurement card statements and supporting receipts by the 5th of each month.
- b. Instruct cardholders to provide a list of attendees, along with their business relationship to the Research Foundation, for all hospitality-related expenditures.
- c. Accurately record hospitality expenditures.
- d. Remind cardholders about prohibited charges.

**MANAGEMENT RESPONSE**

We concur. The Research Foundation will regularly remind cardholders of due dates for card statements and supporting receipts. Cardholders will be reminded of required documentation for hospitality expenses and will also be reminded about prohibited charges. Research Foundation staff will be trained to review card statements and supporting receipts for accuracy and completeness and will be trained to accurately record transactions to proper account codes.

Completion date: August 31, 2016

**14. CASH ADVANCES**

**OBSERVATION**

The Research Foundation did not have a process to ensure that both Research Foundation and University Foundation cash advances were properly followed up on and cleared timely.

We reviewed ten Research Foundation cash advances, and we found that in three instances, the Research Foundation did not perform collection or follow-up activity. The total amount of the cash advances was \$3,832, and they were outstanding from 156 to 807 days.

We also reviewed ten University Foundation cash advances, and we found that in four instances, the Research Foundation did not perform collection or follow-up activity. The total amount of the cash advances was \$7,541, and they were outstanding from 108 to 303 days.

Inadequate administration of cash advances increases the risk that advances will not be properly controlled, reduces the likelihood of collection, and negatively impacts cash flow.

#### **RECOMMENDATION**

We recommend that the Research Foundation develop a process to ensure that cash advances are properly followed up on and cleared timely.

#### **MANAGEMENT RESPONSE**

We concur. A process will be developed to ensure that cash advances are followed up on and cleared timely.

Completion date: June 30, 2016

## **15. TRAVEL ADMINISTRATION**

#### **OBSERVATION**

The Research Foundation did not always obtain adequate documentation for Research Foundation travel-related expenditures, travel advances were not cleared timely, one travel advance was issued twice, and one supply expense was miscoded to the travel expenditure account.

We reviewed ten Research Foundation travel expenditures, and we found that:

- In three instances, Foreign Travel Requests and Questionnaires were not submitted at least 45 days before the planned departure date, as required by the Research Foundation *Travel Policy and Guidelines*.
- In two instances, travel advances were not cleared within 60 days, as required by the Research Foundation *Travel Policy and Guidelines*. The travel advances were cleared 72 and 80 days after the travelers returned from their trips.
- In one instance, the Research Foundation and the University Foundation each issued a travel advance to the same traveler for the same trip. The traveler only cleared the Research Foundation advance upon his return, and the Research Foundation did not perform collection or follow-up activity on the University Foundation travel advance, which totaled \$1,077 and was outstanding for 259 days.

- In one instance, a supply expense was miscoded to the travel expenditure account.

Insufficient administration of travel advances and expenses increases the risk of errors, irregularities, and misappropriation of funds.

**RECOMMENDATION**

We recommend that the Research Foundation:

- a. Remind travelers to complete required Foreign Travel Requests and Questionnaires at least 45 days before their planned departure date.
- b. Remind travelers that travel advances are to be cleared within 60 days of the trip return date.
- c. Accurately record supply expenses.

**MANAGEMENT RESPONSE**

We concur. The Research Foundation will remind travelers of travel policies and will send notifications to all travelers receiving an advance that their advance must be cleared according to the policy. Research Foundation staff will be trained to properly record expenses to proper account codes.

Completion date: August 31, 2016

**16. PROPERTY AND EQUIPMENT**

**OBSERVATION**

Research Foundation and University Foundation assets could not always be located.

We selected 20 Research Foundation and 20 University Foundation property and equipment items for physical verification, and we found that 12 of the items could not be located.

Insufficient administration of property and equipment increases the risk that property may be lost or stolen or misrepresented in the financial statements.

**RECOMMENDATION**

We recommend that the Research Foundation promptly locate the missing assets and adjust the property and equipment listing as necessary.

**MANAGEMENT RESPONSE**

We concur. The Foundation will locate the missing assets and revise the property and equipment listing accordingly.

Completion date: July 31, 2016

## 17. AGREEMENTS

### OBSERVATION

Certain agreements between the Research Foundation, the University Foundation, and third parties did not always include appropriate insurance and indemnification provisions and were not always executed timely.

We reviewed 12 Research Foundation and 12 University Foundation agreements, and we found that:

- Two agreements between the Research Foundation and third parties did not include insurance provisions and did not specifically indemnify the Research Foundation, the University Foundation, the state of California, the CSU Trustees, the campus, and the officers, employees, volunteers, and agents of each of them. In addition, execution delays for the two agreements ranged from 48 and 128 days after the effective date.
- Five agreements between the University Foundation and third parties did not include insurance provisions and did not specifically indemnify the Research Foundation, the University Foundation, the state of California, the CSU Trustees, the campus, and the officers, employees, volunteers, and agents of each of them. In addition, execution delays for the five agreements ranged from three to 107 days.

The absence of fully executed written agreements and appropriate indemnification and insurance provisions increases the risk of misunderstandings and miscommunication regarding rights and responsibilities and subjects the auxiliaries and the CSU to potential liability.

### RECOMMENDATION

We recommend that the Research Foundation ensure that all future agreements:

- a. Include appropriate insurance and indemnification provisions.
- b. Are executed timely.

### MANAGEMENT RESPONSE

We concur. The Research Foundation will review and revise its independent contractor templates to include proper indemnification language and will require an addendum for all agreements missing the required indemnification language. Research Foundation project directors will be reminded to execute agreements in advance of services or events.

Completion date: June 30, 2016

## 18. RISK MANAGEMENT

### OBSERVATION

The Research Foundation did not have supporting documentation to substantiate the establishment of a risk management program to identify, evaluate, monitor, and manage risks, as specified in the Research Foundation *Insurance and Risk Management Policy*.

The absence of a documented risk management program increases the likelihood that risk-related activities may not be adequately evaluated.

### RECOMMENDATION

We recommend that the Research Foundation maintain documentation related to its risk management program.

### MANAGEMENT RESPONSE

We concur. The Research Foundation will document its risk management program.

Completion date: September 15, 2016

## 19. STIPENDS

### OBSERVATION

The Research Foundation did not report stipends paid to students to the financial aid office, as required by Title 5 §42500(d).

We reviewed three Research Foundation and three University Foundation stipends paid to students and found that in all instances, stipend payments made to the students were not reported to the financial aid office. Title 5 §42500(d) states that a record of financial assistance, such as student loans, scholarships, stipends, and grants-in-aid, shall be forwarded on a timely basis to the campus financial aid office and shall be documented on student financial aid recipient records in that office. This is a repeat finding from the prior *Auxiliary Organizations* audit.

The lack of appropriate reporting of student stipends to the campus financial aid office may result in an overpayment of financial aid funds and increases the risk of fines and penalties.

### RECOMMENDATION

We recommend that the Research Foundation report all stipends paid to students to the financial aid office.

### MANAGEMENT RESPONSE

We concur. Stipends will be reported to the financial aid office.

Completion date: April 30, 2016

## 20. STUDENT CLUB ACCOUNTS

### OBSERVATION

The Research Foundation had not developed policies and procedures to address the accounting and processing of agricultural and farm student club accounts, nor had it ensured that student club agreements were in place and recognized by the campus.

Specifically, we found that the Research Foundation had not developed policies and procedures to address the following:

- New accounts
- Negative account balances
- Dissolution of inactive accounts

Additionally, we reviewed five agriculture and farm student club accounts, and we found that in four instances, student club agreements were not in place. Furthermore, in one instance, a student club was not recognized by the campus.

Insufficient control over student club accounts increases the risk that errors, inconsistencies, misunderstandings, or misappropriation will occur.

### RECOMMENDATION

We recommend that the Research Foundation:

- a. Develop policies and procedures for student club accounts that address new accounts, negative account balances, and dissolution of inactive accounts.
- b. Ensure that student club agreements are in place and all student clubs are recognized by the campus.

### MANAGEMENT RESPONSE

We concur. Placement of student club accounts within the University Foundation will be evaluated. Policies and procedures for student clubs regarding establishment, maintenance of funds, dissolution of accounts, and verification that student clubs are recognized by campus will be revised or established.

Completion date: September 15, 2016

## 21. BUDGET REVIEW

### **OBSERVATION**

The Research Foundation was unable to provide evidence that the campus president reviewed and approved its FY 2014/15 and 2015/16 budgets, as required by Title 5 §42402.

The lack of adequate budget review and approval by the campus president increases the risk that auxiliary programs and appropriations planned by the auxiliary will be inconsistent with Board of Trustees and campus policy.

### **RECOMMENDATION**

We recommend that the Research Foundation ensure that its annual budget is reviewed and approved by the campus president.

### **MANAGEMENT RESPONSE**

We concur. The Research Foundation will certify each year that the president has reviewed and approved its annual budget.

Completion date: June 30, 2016

## **Associated Students of California State University, Chico**

### **22. CASH OVERAGES AND SHORTAGES**

#### **OBSERVATION**

AS had not developed a formal process to manage cash overages and shortages.

We reviewed the cash overages and shortages from December 2012 to October 2015, and we found that there were 1,159 instances of cash overages and shortages greater than \$5.

Inadequate administration of cash overages and shortages increases the risk of loss or misappropriation of funds.

#### **RECOMMENDATION**

We recommend that AS develop a formal process to manage cash overages and shortages.

#### **MANAGEMENT RESPONSE**

We concur. AS will develop and document a formal process to manage cash overages and shortages.

Completion date: September 1, 2016

### **23. CASH RECEIPTS AND HANDLING**

#### **OBSERVATION**

AS cashiering operations at the WREC, Bike Storefront, Bike Cart, and Residential Dining Office needed improvement, as they did not require the localization of transactions, accountability for pre-numbered receipts, use of manual receipts, or adequate safe access records.

We found that:

- Multiple employees at the WREC processed transactions without unique user IDs for a single point-of-sale system, and there were no mitigating controls, such as an end of shift reconciliation. Additionally, safe access records did not reflect the date the safe combination was last changed.
- At the Bike Storefront and Bike Cart, pre-numbered receipts were not accounted for or used in sequential order. Additionally, missing receipts were not tracked, and safe access records did not reflect the date the safe combination was last changed.
- At the Residential Dining Office, receipts were not used to account for transactions made with Red Dollar, which is used like a debit card for campus dining purchases.

Inadequate administration of cashiering operations increases the risk of loss or misappropriation of funds.

**RECOMMENDATION**

We recommend that AS:

- a. Assign unique login IDs to cashiers, or complete an end-of-shift reconciliation to help localize cashiering sessions, and update safe access records to reflect the date the safe combination was last changed, at the WREC.
- b. Account for pre-numbered receipts and ensure that they are used in sequential order, and update safe access records to reflect the date the safe combination was last changed, at the Bike Cart and Bike Storefront.
- c. Use pre-numbered receipts for Red Dollar transactions at the Residential Dining Office.

**MANAGEMENT RESPONSE**

We concur.

- a. The WREC will add unique cashier IDs to tag sales transactions in the point-of-sale software and update reconciliation procedures. The WREC will update safe access records to reflect the date the safe combination was last changed.
- b. The Bike Cart will account for pre-numbered receipts and ensure that receipts are used sequentially by tracking during daily reconciliation. The Bike Cart will discontinue use of the safe at the storefront, and a process to deposit those cash bags at the WREC will be developed.
- c. The Residential Dining office will begin using pre-numbered receipts for Red Dollar transactions.

Completion date: September 1, 2016

**24. PROPERTY AND EQUIPMENT**

**OBSERVATION**

AS did not maintain a documented inventory of bicycles at the Bike Storefront.

We found that confiscated/unclaimed bikes received from the university police department were subsequently repaired and sold at auction or used for parts. We conducted a physical inventory of bikes on hand and counted approximately 47 bikes and/or frames that had not been inventoried at the Bike Storefront.

The lack of documented inventory counts increases the risk that property may be lost or stolen.

**RECOMMENDATION**

We recommend that AS maintain a documented inventory of bicycles at the Bike Storefront.

**MANAGEMENT RESPONSE**

We concur. All bikes will be entered into inventory upon receipt and status updated throughout the refurbishing and sale process. Bike Cart procedures will be updated to include the inventory process.

Completion date: September 1, 2016

**25. NOTICE OF EXCLUSION**

**OBSERVATION**

AS did not have a process to provide a CalPERS Notice of Exclusion to classified employees who were not eligible for the CalPERS retirement plan.

CalPERS requires the Notice of Exclusion to be completed and given to the employee to inform the employee of the specific reason for their exclusion and fulfill the employer's responsibility of notification.

Failure to provide the CalPERS Notice of Exclusion increases the risk that misunderstandings of employee retirement benefits may occur.

**RECOMMENDATION**

We recommend that AS provide the CalPERS Notice of Exclusion to classified employees who are not eligible for CalPERS retirement plan.

**MANAGEMENT RESPONSE**

We concur. AS human resources (HR) will update processes to provide the Notice of Exclusion to all applicable employees during the new hire process.

Completion date: September 1, 2016

**26. CHILDREN'S CENTER GRANTS**

**OBSERVATION**

A master operating agreement between the campus and AS for the administration of CDL contracts and grants had not been established, and AS did not have a written delegation of authority from the campus president giving its management the authority to sign/approve CDL contracts and grant proposals, as required by Executive Order (EO) 890.

The absence of a master operating agreement and formal delegation of authority to sign/approve contracts and grants increases the risk of misunderstandings, unauthorized activities/actions, and inconsistencies.

**RECOMMENDATION**

We recommend that AS:

- a. Establish a master operating agreement with the campus for administration of CDL contracts and grants.
- b. Obtain written delegation of authority from the president for AS management to sign/approve CDL contracts and grant proposals.

**MANAGEMENT RESPONSE**

We concur. An internal agreement between AS and the campus will be developed that will document AS's ability to accept specific contracts and grants, related to CDL, as well as establish the proper delegation of authority from the campus president to AS management.

Completion date: September 1, 2016

**27. CATERING**

**OBSERVATION**

AS catering services were not always supported by written agreements with appropriate indemnification and insurance provisions, and payments were not obtained by the date of the event.

We reviewed ten catering events held from October 2012 to December 2015, and we found that:

- In four instances, catering confirmations and/or signed catering contracts were not on file.
- In two instances, payments were not received by the date of the event. Final payments were received 48 and 82 days after the event date. According to *AS Catering Order Procedures*, payment is due at least one day prior to providing the service for catering orders for student organizations/clubs, and the balance is due by the date of the event for off-campus groups/individuals.

Insufficient administration of catering services increases the risk of misunderstandings and miscommunication regarding rights and responsibilities, as well as revenue loss, and subjects the auxiliary and CSU to potential liability.

**RECOMMENDATION**

We recommend that AS:

- a. Support all catering arrangements with written agreements that include appropriate indemnification and insurance provisions.
- b. Obtain payments for all catering services by the date of the event.

**MANAGEMENT RESPONSE**

We concur. Catering procedures will be updated to ensure that catering arrangements are supported by a signed Banquet Event Order and appropriate contract based on client booking, including indemnification and insurance provisions where applicable. An electronic signature for clients not present will be added. In addition, catering procedures will be modified for off-campus groups to ensure that customer payments are collected in full in advance of the event date.

Completion date: September 1, 2016

## GENERAL INFORMATION

### BACKGROUND

Education Code §89900 states, in part, that the operation of auxiliary organizations shall be conducted in conformity with regulations established by the Trustees.

Education Code §89904 states, in part, that the Trustees of the CSU and the governing boards of the various auxiliary organizations shall:

- Institute a standard systemwide accounting and reporting system for businesslike management of the operation of such auxiliary organizations.
- Implement financial standards that will assure the fiscal viability of such various auxiliary organizations. Such standards shall include proper provision for professional management, adequate working capital, adequate reserve funds for current operations and capital replacements, and adequate provisions for new business requirements.
- Institute procedures to assure that transactions of the auxiliary organizations are within the educational mission of the state colleges.
- Develop policies for the appropriation of funds derived from indirect cost payments.

The Board of Trustee policy concerning auxiliary organizations was originally adopted in July 1981 in the Resolution of the Committee on Finance (RFIN) 7-81-4. EO 698, *Board of Trustees Policy for The California State University Auxiliary Organizations*, dated March 3, 1999, represents policy of the Trustees addressing CSU auxiliary organization activity and governing the internal management of the system. CSU auxiliary organizations are required to comply with Board of Trustee policy (California Code of Regulations (CCR), Title 5, Section 42402 and Education Code, Section 89900). Campus management is responsible for establishing and maintaining an adequate system of internal compliance/internal control and assuring that each of its auxiliary organizations similarly establishes such a system. This EO requires that the Office of Audit and Advisory Services perform an internal compliance/internal control review of auxiliary organizations. The review will be used to determine compliance with the law, including statutes in the Education Code and rules and regulations of CCR, Title 5, and compliance with policy of the Board of Trustees and of the campus, including appropriate separation of duties, safeguarding of assets, and reliability and integrity of information. According to Board of Trustee instruction, each auxiliary organization shall be examined on a triennial basis pursuant to procedures established by the chancellor.

EO 1059, *Utilization of Campus Auxiliary Organizations*, dated June 6, 2011, also represents policy of the Trustees addressing appropriate use of CSU auxiliary organizations. CSU auxiliary organizations are required to comply with Board of Trustee policy (CCR, Title 5, §42401 and §42500 and Education Code §89720, §89756, and §89900). This EO requires CSU auxiliary organizations to operate within the regulations and oversight of the campus. The campus president is responsible for ensuring the fiscal viability of auxiliary organizations and compliance with applicable CSU policies. The campus chief financial officer is responsible for administrative compliance and fiscal oversight of auxiliary organizations. The campus, with the approval of the chancellor (or designees), may assign certain functions to auxiliary organizations pursuant to the CCR, Title 5, §42500. A written operating agreement is

established detailing the functions that auxiliary organizations can perform. The campus may assign responsibility for an activity or program to auxiliary organizations, and the acceptance of the responsibility requires the assumption of the associated legal obligation and liabilities, fiscal liabilities, and fiduciary responsibilities by auxiliary organizations. Auxiliary organizations shall ensure that fiscal procedures and management systems are in place, consistent with CCR, Title 5, §42401.

ICSUAM §13680.00, *Placement and Control of Receipts for Campus Activities and Programs*, dated September 29, 2011, states that accountability and responsibility for campus activities and programs should be clearly established, and that related receipts should be appropriately placed and controlled in university or auxiliary organization accounts. This policy guides campuses as to the administration of such receipts and instructs as to their proper placement in accordance with legal and regulatory requirements.

#### The University Foundation

The University Foundation was established in 1940 as a non-profit public benefit corporation to support CSUC projects and programs for which state funding is insufficient or unavailable. In 1997, the University Foundation became solely philanthropic, and as such, administers the university's gift programs, including bequests, charitable trusts, special gifts, charitable gift annuities, scholarships, endowments, and donor-advised funds. The University Foundation is governed by a board of directors composed of representatives from the community, university administration, faculty, and student body. The University Foundation does not have employees and relies on campus university advancement for gift administration services and the Research Foundation for accounting and administrative support services.

#### CSU, Chico Research Foundation

The Research Foundation was established in 1997 as a non-profit public benefit corporation following a reorganization of the responsibilities of the University Foundation. The Research Foundation assumed responsibility for post-award administration of sponsored programs, as well as entrepreneurial activities, including a local radio station, the University Farm, and rental properties. It also acts as a fiscal agent for numerous campus programs and offers expertise and resources to communities in the university's regional service area by enabling such programs as the Center for Economic Development, the Geographical Information Center, the Satellite Education Network, and an adult resources center. The Research Foundation is governed by a board of directors composed of representatives from the university administration, faculty, community, and student body.

#### Associated Students of California State University, Chico

AS was established in 1942 as a non-profit public benefit corporation to provide for student self-government; to provide essential activities closely related to but not normally included as a part of CSUC regular instructional programs; and to promote the educational effectiveness, academic excellence, and general welfare of the campus. AS is a comprehensive campus auxiliary serving thousands of students, faculty, staff, and community members and is a unique auxiliary in the CSU system because it operates dining services, as well as the student union, recreation, and aquatic centers; an early childhood teaching/learning laboratory; a community legal information center; and student government. AS is governed by a board of directors composed of six annually elected representatives from the student body and three designated directors from the university administration and faculty.

## SCOPE

We visited the CSUC campus and its auxiliary organizations from November 16, 2015, through December 18, 2015. Our audit and evaluation included the audit tests we considered necessary in determining whether fiscal, operational, and administrative controls are in place and operative at each auxiliary and may not have included examination of all fiscal and operational areas. The audit focused on procedures in effect from July 1, 2014, to December 18, 2015.

Specifically, we reviewed and tested:

- Timely and proper execution of agreements, contracts, and memoranda of understanding.
- Corporate governance, including compliance with education, government, and corporation codes.
- Fiscal, operational, and program compliance, such as review of cost reimbursement, reserves, conflict of interest, risk management, and trust accounts.
- Segregation of duties and administration of key fiscal and operational areas.
- Administration of sponsored programs.
- Management of gifts and endowments.
- Commercial operations (bookstore, dining services, etc.).
- Auxiliary programs (radio station, housing, children's center, etc.).
- Information technology.
- Campus oversight and support services provided to auxiliaries.

As a result of changing conditions and the degree of compliance with procedures, the effectiveness of controls changes over time. Specific limitations that may hinder the effectiveness of an otherwise adequate system of controls include, but are not limited to, resource constraints, faulty judgments, unintentional errors, circumvention by collusion, and management overrides. Establishing controls that would prevent all these limitations would not be cost-effective; moreover, an audit may not always detect these limitations.

## CRITERIA

Our audit was based upon standards as set forth in CSU Board of Trustee policies; Office of the Chancellor policies, letters, and directives; campus procedures; and other sound administrative practices. This audit was conducted in conformance with the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*.

This review emphasized, but was not limited to, compliance with:

- Education Code §89720
- Education Code §89756
- Education Code §89900
- Education Code §89904

- CCR, Title 5 §42401, *Declaration of Policy*
- CCR, Title 5 §42402, *Authority of Campus President*
- CCR, Title 5 §42500, *Functions of Auxiliary Organizations*
- RFIN 7-81-4
- 2 Code of Federal Regulations 200, Uniform Guidance §200.303, *Internal Controls*
- 2 Code of Federal Regulations 200, Uniform Guidance §200.343, *Closeout*
- CalPERS Public Agency and Schools Reference Guide
- EO 698, *Board of Trustees Policy for the California State University Auxiliary Organizations*
- EO 890, *Administration of Grants and Contracts in Support of Sponsored Programs*
- EO 1041, *California State University Student Travel Policy*
- EO 1059, *Utilization of Campus Auxiliary Organizations*
- EO 1068, *Student Activities*
- *CSU Auxiliary Organizations Compliance Guide*
- *CSU Auxiliary Organizations Sound Business Practices Guidelines*
- *Compilation of Policies and Procedures for CSU Auxiliary Organizations*
- ICSUAM §1301, *Hospitality, Payment, or Reimbursement of Expenses*
- ICSUAM §3102.02, *Segregation of Cash Handling Duties*
- ICSUAM §3102.03, *Acceptance of Cash and Cash Equivalents*
- ICSUAM §3102.04, *Physical Protection of Cash and Cash Equivalents*
- ICSUAM §3151, *Equipment*
- ICSUAM §8000, *Information Security*
- ICSUAM §8065, *Information Asset Management*
- ICSUAM §11003.06, *Effort Reporting*
- ICSUAM §13680, *Placement and Control of Receipts for Campus Activities and Programs*
- ICSUAM §15701.00, *Fundraising Events*
- CSU Risk Management Authority/Auxiliary Organizations Risk Management Authority Policy and Procedure L-5
- University Foundation *Endowment Policy*
- University Foundation *In Kind Gifts*
- University Foundation *Matching Gifts*
- University Foundation *Procedures Manual*
- Research Foundation *Insurance and Risk Management Policy*
- Research Foundation *Overtime Policy*
- Research Foundation *Travel Policy and Guidelines*
- Research Foundation *Procurement Card Program Policies and Procedures*
- Research Foundation *Vacation and Sick Leave Policy*
- AS *Catering Order Procedures*

## AUDIT TEAM

Senior Director: Janice Mirza  
Audit Manager: Caroline Lee  
IT Audit Manager: Greg Dove  
Senior Auditors: Sean Lee, Dominick Owens, and Dave White  
Internal Auditor: May Flores and Samer Harb

## **APPENDIX A – INFORMATION SECURITY**

Information security-related observations are not publically posted as they may contain information exempt from disclosure under the California Public Records Act (PRA), California Government Code §6254.19. To make a PRA request, please contact [itaudits@calstate.edu](mailto:itaudits@calstate.edu).