

**AUXILIARY ORGANIZATIONS**  
**HUMBOLDT STATE UNIVERSITY**

**Audit Report 07-49**  
**April 14, 2008**

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**BOARD OF TRUSTEES**  
**THE CALIFORNIA STATE UNIVERSITY**

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## **ABBREVIATIONS**

AF	Humboldt State University Advancement Foundation
CFO	Chief Financial Officer
CSU	California State University
EO	Executive Order
FY	Fiscal Year
Foundation	Humboldt State University Sponsored Programs Foundation
OMB	Office of Management and Budget
RFIN	Resolution of the Committee on Finance
UC	Humboldt State University Center Board of Directors

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## EXECUTIVE SUMMARY

In July 1981, the Board of Trustee policy concerning auxiliary organizations was adopted in the Resolution of the Committee on Finance (RFIN) 7-81-4. Executive Order 698, *Board of Trustees Policy for The California State University Auxiliary Organizations*, dated March 3, 1999, required that the Office of the University Auditor conduct internal compliance/internal control reviews of auxiliary organizations, and the Board of Trustees instructed that such reviews be conducted on a triennial basis pursuant to procedures established by the chancellor.

Humboldt State University 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 responsibility, in accordance with California Code of Regulations, Title 5, Section 42402 et seq. and Executive Order 698, *Board of Trustees Policy for The California State University Auxiliary Organizations et seq.*, includes requiring the documentation of internal control, communicating requirements to employees, and assuring that its system of internal compliance/internal control is functioning as prescribed. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures.

The objectives of a system of internal compliance/internal control are to provide management with reasonable, but not absolute, assurance that:

- ▶ Auxiliary operations are conducted in accordance with policies and procedures established in the State Administrative Manual, Education Code, Title 5, and Trustee policy.
- ▶ Assets are adequately safeguarded against loss from unauthorized use or disposition.
- ▶ Transactions are executed in accordance with management's authorization and recorded properly to permit the timely preparation of reliable financial statements.

We visited the Humboldt State University campus and its auxiliary organizations from November 26, 2007, through December 14, 2007, and made a study and evaluation of the system of internal compliance/internal control in effect as of December 14, 2007. This report represents our triennial review.

Our study and evaluation at *Humboldt State University Advancement Foundation* did not reveal any significant internal control problems or weaknesses that would be considered pervasive in their effects on the accounting and administrative controls. However, we did identify other reportable weaknesses that are described in the executive summary and in the body of the report. In our opinion, the accounting and administrative control in effect as of December 14, 2007, taken as a whole, was sufficient to meet the objectives stated above.

Our study and evaluation at *Humboldt State University Sponsored Programs Foundation* did not reveal any significant internal control problems or weaknesses that would be considered pervasive in their effects on the accounting and administrative controls. However, we did identify other reportable weaknesses that are described in the executive summary and in the body of the report. In our opinion, the

accounting and administrative control in effect as of December 14, 2007, taken as a whole, was sufficient to meet the objectives stated above.

Our study and evaluation at *Humboldt State University Center Board of Directors* did not reveal any significant internal control problems or weaknesses that would be considered pervasive in their effects on the accounting and administrative controls. However, we did identify other reportable weaknesses that are described in the executive summary and in the body of the report. In our opinion, the accounting and administrative control in effect as of December 14, 2007, taken as a whole, was sufficient to meet the objectives stated above.

Our study and evaluation at *Associated Students of Humboldt State University* did not reveal any major findings or significant internal control problems or weaknesses that would be considered pervasive in their effects on the accounting and administrative controls. In our opinion, the accounting and administrative control in effect as of December 14, 2007, taken as a whole, was sufficient to meet the objectives stated above.

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.

The following summary provides management with an overview of conditions requiring their attention. Areas of review not mentioned in this section were found to be satisfactory. Numbers in brackets [ ] refer to page numbers in the report.

## **CAMPUS**

### **FISCAL COMPLIANCE [10]**

Certain agreements between the campus and two auxiliary organizations had not been executed for fiscal year 2007/08, resulting in either untimely or no reimbursement for certain direct and indirect costs. A business management service agreement and a space rental agreement between the campus and the Humboldt State University Sponsored Programs Foundation had not been executed. In another instance, the Humboldt State University Advancement Foundation reimbursed the campus based upon its budget document without a written agreement with the campus.

## **HUMBOLDT STATE UNIVERSITY ADVANCEMENT FOUNDATION**

### **FACILITIES AGREEMENTS [12]**

A ground lease agreement between the Humboldt State University Advancement Foundation (AF) and the Humboldt State University Sponsored Programs Foundation (Foundation) for the building located on the Schatz Tree Farm property had not been established.

### **CORPORATE GOVERNANCE [13]**

The AF Articles of Incorporation included an improper dissolution clause; it allowed the board of directors to select a successor.

## **HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION**

### **OPERATING AND ADMINISTRATIVE AGREEMENTS [14]**

The Humboldt State University Sponsored Programs Foundation (Foundation) performed a function not authorized by the operating agreement with the campus, specifically the administration of scholarship and stipend payments.

### **SEGREGATION OF DUTIES [14]**

Duties and responsibilities over certain accounting functions for personnel and payroll were not appropriately segregated at the Foundation. The payroll supervisor had full access to the payroll system, reconciled and reviewed payroll summary reports, and had full access to personnel files.

### **FEES, REVENUES, AND RECEIVABLES [15]**

The Foundation had not completed a bank account reconciliation since July 2007.

### **PERSONNEL AND PAYROLL [16]**

Separation documentation was not always completed at the Foundation. A review of seven recent employee separations disclosed that required separation documentation was not on file in five instances.

### **PROPERTY AND EQUIPMENT [17]**

Foundation capitalized equipment was not always tagged. A review of 17 equipment items disclosed that five items lacked identification tags. These assets ranged in acquisition cost from \$5,233 to \$30,419.

## **AUXILIARY PROGRAMS [18]**

The Foundation's effort certification process and documentation of technical report submission required improvement. The effort reporting policy had not been fully implemented for campus faculty members because timesheet information received was not compared to other campus work assignments to determine the overall level of effort. Further, one of five contracts and grants files reviewed did not contain evidence that the final report had been submitted to the contracting agency.

## **HUMBOLDT STATE UNIVERSITY CENTER BOARD OF DIRECTORS**

### **SEGREGATION OF DUTIES [20]**

Duties and responsibilities over management functions within dining services were not appropriately segregated at the Humboldt State University Center Board of Directors (UC). One employee ordered and received inventory, performed the physical inventory, processed inventory adjustments, operated the cash register, and counted and balanced daily receipts.

### **CASH RECEIPTS AND HANDLING [21]**

UC administration of cash receipts and handling for commercial operations required improvement. Specifically, a policy had not been established to address cash shortages and/or overages, and procedures to mitigate, investigate, and recover cash shortages had not been documented.

### **PETTY CASH AND CHANGE FUNDS [22]**

The UC had not performed annual independent cash counts of its petty cash and change funds during the three fiscal years reviewed. The last petty cash and change funds count was performed in October 2004. Although management stated that a count was performed in October 2007, supporting documentation could not be provided.

### **PURCHASING AND ACCOUNTS PAYABLE [23]**

UC procurement policies and procedures required improvement. Specifically, bookstore acquisitions under \$5,000 did not receive one-up review prior to purchase order submission or invoice payment, and the approval process for sole source justification related to purchases above \$5,000 had not been documented.

### **TRUSTS AND OTHER LIABILITIES [24]**

UC financial statements as of June 30, 2007, showed \$79,991 of state funds maintained within its custodial trust accounts.

## **INFORMATION TECHNOLOGY [25]**

The UC had not enhanced its security settings through the use of a shadow password file.

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## INTRODUCTION

### **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 California State University (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. Executive Order 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, Title 5, Section 42402 and Education Code, Section 89900).

This executive order requires that the Office of the University Auditor will perform an internal compliance/internal control review of auxiliary organizations. The review will be used to determine compliance with law, including statutes in the Education Code and rules and regulations of 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.

## **PURPOSE**

The principal audit objectives were to determine compliance with the Education Code, Title 5, and directives of the Board of Trustees and the Office of the Chancellor and to assess the adequacy of controls and systems. Specifically, we sought assurances that:

- ▶ Legal and regulatory requirements are complied with.
- ▶ Accounting data is provided in an accurate, timely, complete, or otherwise reliable manner.
- ▶ Assets are adequately safeguarded from loss, damage, or misappropriation.
- ▶ Duties are appropriately segregated consistent with appropriate control objectives.
- ▶ Transactions, accounting entries, or systems output is reviewed and approved.
- ▶ Management does not intentionally override internal controls to the detriment of control objectives.
- ▶ Accounting and fiscal tasks, such as reconciliations, are prepared properly and completed timely.
- ▶ Deficiencies in internal controls previously identified were corrected satisfactorily and timely.
- ▶ Management seeks to prevent or detect erroneous recordkeeping, inappropriate accounting, fraudulent financial reporting, financial loss, and exposure.

## **SCOPE AND METHODOLOGY**

Our study and evaluation were conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* issued by the Institute of Internal Auditors, and included the audit tests we considered necessary in determining that accounting and administrative controls are in place and operative. The management review emphasized, but was not limited to, compliance with state and federal laws, Board of Trustee policies, and Office of the Chancellor policies, letters, and directives. For those audit tests that required annualized data, fiscal years 2005/06 and 2006/07 were the primary periods reviewed. In certain instances, we were concerned with representations of the most current data; in such cases, the test period was July 1, 2006, to December 14, 2007. Our primary focus was on internal compliance/internal control.

Specifically, we reviewed and tested:

- ▶ Formation of the auxiliary.
- ▶ Functions the auxiliary performs on the campus.
- ▶ Creation and operation of the auxiliary's board.
- ▶ Establishment of policies and procedures based upon sound business practices.
- ▶ Maintenance of "arms-length" in business transactions between the auxiliary and the campus.
- ▶ Campus oversight of auxiliary operations.

Additionally, for the period reviewed, we examined other aspects of compliance of the campus and each auxiliary with the Education Code and Title 5 as they relate to the operation of CSU auxiliary organizations. Individual codes and regulations added to the scope of our review were identified through an assessment of risk. Similarly, internal controls were included within our scope based upon risk. Therefore, the scope of our review varied from auxiliary to auxiliary.

A preliminary survey of CSU auxiliaries at each campus was used to identify risks. Risk was defined as the probability that an event or action would adversely affect the auxiliary and/or the campus. Our assessment of risk was based upon a systematic process, using professional judgments on probable adverse conditions and/or events that became the basis for development of our final scope. We sought to assign higher review priorities to activities with higher risks. As a result, not all risks identified were included within the scope of our review.

Based upon this assessment of risks, we specifically included within the scope of our review the following:

Humboldt State University Advancement Foundation

- ▶ Operating and Administrative Agreements
- ▶ Facilities Agreements
- ▶ Corporate Governance
- ▶ Fiscal Compliance
- ▶ Operational Compliance
- ▶ Program Compliance
- ▶ Campus Oversight and Control
- ▶ Segregation of Duties
- ▶ Cash Receipts and Handling
- ▶ Investments
- ▶ Fees, Revenues, and Receivables
- ▶ Purchasing and Accounts Payable
- ▶ Trusts and Other Liabilities
- ▶ Auxiliary Programs

Humboldt State University Sponsored Programs Foundation

- ▶ Operating and Administrative Agreements
- ▶ Facilities Agreements
- ▶ Corporate Governance
- ▶ Fiscal Compliance
- ▶ Operational Compliance
- ▶ Program Compliance
- ▶ Campus Oversight and Control
- ▶ Segregation of Duties
- ▶ Cash Receipts and Handling
- ▶ Petty Cash and Change Funds
- ▶ Investments
- ▶ Fees, Revenues, and Receivables
- ▶ Purchasing and Accounts Payable
- ▶ Personnel and Payroll
- ▶ Property and Equipment
- ▶ Auxiliary Programs
- ▶ Information Technology

Humboldt State University Center Board of Directors

- ▶ Operating and Administrative Agreements
- ▶ Facilities Agreements
- ▶ Corporate Governance
- ▶ Fiscal Compliance
- ▶ Operational Compliance
- ▶ Program Compliance
- ▶ Campus Oversight and Control
- ▶ Segregation of Duties
- ▶ Cash Receipts and Handling
- ▶ Petty Cash and Change Funds
- ▶ Investments
- ▶ Fees, Revenues, and Receivables
- ▶ Purchasing and Accounts Payable
- ▶ Personnel and Payroll
- ▶ Property and Equipment
- ▶ Trusts and Other Liabilities
- ▶ Auxiliary Programs
- ▶ Information Technology

Associated Students of Humboldt State University

- ▶ Operating and Administrative Agreements
- ▶ Facilities Agreements
- ▶ Corporate Governance
- ▶ Fiscal Compliance
- ▶ Operational Compliance
- ▶ Program Compliance
- ▶ Campus Oversight and Control
- ▶ Segregation of Duties
- ▶ Investments
- ▶ Fees, Revenues, and Receivables
- ▶ Purchasing and Accounts Payable
- ▶ Property and Equipment
- ▶ Trusts and Other Liabilities

Campus

- ▶ Operating and Administrative Agreements
- ▶ Facilities Agreements
- ▶ Campus Oversight and Control

We have not performed any auditing procedures beyond December 14, 2007. Accordingly, our comments are based on our knowledge as of that date. Since the purpose of our comments is to suggest areas for improvement, comments on favorable matters are not addressed.

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## **OBSERVATIONS, RECOMMENDATIONS, AND CAMPUS RESPONSES**

### **CAMPUS**

#### **FISCAL COMPLIANCE**

Certain agreements between the campus and two auxiliary organizations had not been executed for fiscal year (FY) 2007/08, resulting in either untimely or no reimbursement for certain direct and indirect costs.

We found that:

- ▶ A business management service agreement between the campus and the Humboldt State University Sponsored Programs Foundation (Foundation) had not been executed for FY 2007/08. The prior agreement was for FY 2006/07 and required quarterly installments. Consequently, the campus had neither billed nor received any reimbursements for the current FY for goods and services provided to the Foundation.
- ▶ A space rental agreement between the campus and the Foundation had not been executed for FY 2007/08. The prior agreement was for FY 2006/07. Consequently, the campus had neither billed nor received reimbursement for the current FY provision of office and storage space, custodial services, and utilities to the Foundation.
- ▶ A business management service agreement had not been executed between the campus and the Humboldt State University Advancement Foundation (AF) for reimbursement of certain salary and benefits. Instead, the AF had reimbursed the campus based upon its budget document.

Executive Order (EO) 753, *Allocation of Costs to Auxiliary Enterprises*, dated July 28, 2000, established the responsibility for auxiliaries to pay allowable direct costs plus an allocable portion of indirect costs associated with facilities, goods, and services provided by the campus and funded by the operating fund.

Title 5 §42401 and §42402 indicate that the campus president shall require that auxiliary organizations operate in conformity with policy of the Board of Trustees and the campus. One of the objectives of the auxiliary organizations is to provide fiscal procedures and management systems that allow effective coordination of the auxiliary activities with the campus in accordance with sound business practices. Sound business practice mandates that business arrangements be supported by current agreements.

The director of financial services stated that failure to timely execute business management service and space rental agreements and ensure reimbursement were due to oversight.

Failure to execute current agreements and seek reimbursement of costs associated with state facilities, goods, and services provided to auxiliary organizations increases the risk that the operating fund will not be reimbursed.

**Recommendation 1**

We recommend that the campus:

- a. Execute current business management service and space rental agreements with the Foundation and AF.
- b. Ensure timely reimbursement for direct and indirect costs associated with provided facilities, goods, and services.

**Campus Response**

We concur.

- a. The campus will execute annual business management and space rental agreements with the Foundation and AF.
- b. The campus will recover reimbursement from the Foundation and AF in a timely manner as stipulated in the annual business management and space rental agreements.

Corrective action plan has been fully implemented.

## **HUMBOLDT STATE UNIVERSITY ADVANCEMENT FOUNDATION**

### **FACILITIES AGREEMENTS**

A ground lease agreement between the Humboldt State University Advancement Foundation (AF) and the Humboldt State University Sponsored Programs Foundation (Foundation) for the building located on the Schatz Tree Farm property had not been established.

The Foundation transferred ownership of the Schatz Tree Farm property to the AF in 2005 but retained ownership of the building. Although a use agreement was executed with the Foundation whereby the AF would allow research and classroom use at the Schatz Tree Farm, a ground lease was never established.

Title 5 §42401 and §42402 indicate that the campus president shall require that auxiliary organizations operate in conformity with policy of the Board of Trustees and the campus. One of the objectives of the auxiliary organizations is to provide fiscal procedures and management systems that allow effective coordination of the auxiliary activities with the campus in accordance with sound business practices. Sound business practice mandates that business arrangements be supported by current agreements.

The AF executive director stated that although the AF had received the land in the Schatz Tree Farm transfer from the Foundation, the building rights resided with the Foundation. He further stated that the AF had intended to establish an operating agreement to address the legal aspects of this transaction, and the failure to address the ground lease was due to oversight.

Operating in the absence of a written agreement increases the risk of misunderstandings and miscommunication regarding rights and responsibilities.

#### **Recommendation 2**

We recommend that the AF establish a ground lease agreement with the Foundation for the building located on the Schatz Tree Farm property.

#### **Campus Response**

We concur. The AF will execute a ground lease agreement with the Foundation for the building located on the Schatz Tree Farm.

Corrective action plan will be fully implemented by May 31, 2008.

## **CORPORATE GOVERNANCE**

The AF Articles of Incorporation included an improper dissolution clause; it allowed the AF board of directors to select a successor.

Title 5 §42600(b) states that upon dissolution of the organization, net assets, other than trust funds, shall be distributed to a successor approved by the president of the campus and by the Board of Trustees.

The AF executive director stated that failure to include a proper dissolution clause was due to their reliance on outside legal counsel to ensure appropriate legal verbiage.

Failure to include a proper dissolution clause in accordance with Title 5 increases the risk that net assets will not be properly distributed in the event the corporation is dissolved.

### **Recommendation 3**

We recommend that the AF update its Articles of Incorporation to reflect a proper dissolution clause.

### **Campus Response**

We concur. The AF will update its Articles of Incorporation to reflect a proper dissolution clause.

Corrective action plan will be implemented by May 31, 2008.

## **HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION**

### **OPERATING AND ADMINISTRATIVE AGREEMENTS**

The Humboldt State University Sponsored Programs Foundation (Foundation) performed a function not authorized by the operating agreement with the campus, specifically the administration of scholarship and stipend payments.

Title 5 §42502 states that the operating agreement should specify the function or functions which the organization is to manage, operate, or administer.

The Foundation director of business and compliance systems stated that the failure to include scholarship and stipend payment activities in its operating agreement was due to oversight.

The absence of a complete operating agreement increases the risk of misunderstandings and miscommunication regarding rights and responsibilities.

#### **Recommendation 4**

We recommend that the Foundation amend its operating agreement to include the administration of scholarship and stipend payments as an authorized activity.

#### **Campus Response**

We concur. The Foundation has amended its operating agreement to include the administration of scholarship and stipend payments as authorized activities.

Corrective action plan has been fully implemented.

### **SEGREGATION OF DUTIES**

Duties and responsibilities over certain accounting functions for personnel and payroll were not appropriately segregated at the Foundation.

We found that the payroll supervisor:

- ▶ Had full access to the payroll system.
- ▶ Reconciled and reviewed payroll summary reports.
- ▶ Had full access to personnel files.

EO 698, *Board of Trustees Policy for The California State University Auxiliary Organizations*, dated March 3, 1999, states that the review of auxiliary organizations will be used to determine appropriate separation of duties, safeguarding of assets, and reliability and integrity of information.

The *Compilation of Policies and Procedures for California State University Auxiliary Organizations* sets sound business practice guidelines for auxiliary organizations operating within the California State University (CSU) system. Section 8.9.6, *Payroll*, states that the auxiliary should establish a written internal control system that ensures payroll preparation is segregated from the general ledger function and other payroll functions such as hiring authorization, timekeeping, and distribution of checks.

The Foundation director of business and compliance systems stated that resource constraints did not allow for an appropriate segregation of duties between the human resources and payroll functions.

Inadequate segregation of duties increases the risk that errors and irregularities will not be detected in a timely manner.

### **Recommendation 5**

We recommend that the Foundation properly segregate certain payroll and personnel functions or institute mitigating procedures approved by the campus chief financial officer (CFO).

### **Campus Response**

We concur. Resource constraints preclude the Foundation from operating with adequate segregation of duties. To mitigate the risk of errors and irregularities between the human resources and payroll functions, the Foundation will develop review and oversight procedures.

Corrective action plan will be implemented by May 31, 2008.

## **FEES, REVENUES, AND RECEIVABLES**

The Foundation had not completed a bank account reconciliation since July 2007.

The *Compilation of Policies and Procedures for California State University Auxiliary Organizations* sets sound business practice guidelines for auxiliary organizations operating within the CSU system. Section 8.9.1, *Cash*, states that the auxiliary should receive cash in a consistent manner utilizing systems that ensure integrity of existing internal controls. The compilation further states that the auxiliary should reconcile bank accounts on a timely basis with independent management review.

The Foundation director of business and compliance systems stated that transition in Foundation staff led to this oversight.

Untimely bank account reconciliations limit the auxiliary's ability to detect errors and irregularities, increase the likelihood of loss of funds, and compromise accountability.

**Recommendation 6**

We recommend that the Foundation ensure that bank account reconciliations are prepared in a timely manner.

**Campus Response**

We concur. The Foundation will prepare bank reconciliations monthly. Timely reconciliations will be prepared within 30 days of the close of a given month.

Corrective action plan will be implemented by May 31, 2008

**PERSONNEL AND PAYROLL**

Separation documentation was not always completed at the Foundation.

Our review of seven recent employee separations disclosed that required separation documentation was not on file in five instances.

Title 5 §42401 and §42402 indicate that the campus president shall require that auxiliary organizations operate in conformity with policy of the Board of Trustees and the campus. One of the objectives of the auxiliary organizations is to provide fiscal procedures and management systems that allow effective coordination of the auxiliary activities with the campus in accordance with sound business practices. Sound business practice mandates sufficient administration of employee separations.

The Foundation director of business and compliance systems stated that the lack of sufficient documentation for employee separations was due to oversight.

Insufficient control over employee separations increases the risk of loss of auxiliary funds and inappropriate use of auxiliary resources.

**Recommendation 7**

We recommend that the Foundation ensure the completion of required separation documentation.

**Campus Response**

We concur. The Foundation will reiterate to staff, supervisors, and employees the need to follow established policies and procedures to ensure proper documentation for separations.

Corrective action plan will be implemented by May 31, 2008.

## PROPERTY AND EQUIPMENT

Foundation capitalized equipment was not always tagged.

Our review disclosed that 5 of the 17 equipment items reviewed lacked an identification tag. These assets ranged in acquisition cost from \$5,233 to \$30,419.

Title 5 §42401 and §42402 indicate that the campus president shall require that auxiliary organizations operate in conformity with policy of the Board of Trustees and the campus. One of the objectives of the auxiliary organizations is to provide fiscal procedures and management systems that allow effective coordination of the auxiliary activities with the campus in accordance with sound business practices. Sound business practice mandates sufficient administration of property and equipment.

The *Compilation of Policies and Procedures for California State University Auxiliary Organizations* sets sound business practice guidelines for auxiliary organizations operating within the CSU system. Section 8.9.7, *Property and Equipment*, states that the auxiliary should establish a written system that ensures proper recording of property and equipment when received and for labeling of equipment.

The Foundation director of business and compliance systems stated that the Foundation outsourced its property management function to the campus. She further stated that a transition in campus property management staff and the current implementation of the PeopleSoft asset management system resulted in these oversights.

Failure to properly tag capitalized equipment increases the risk of theft or loss.

### **Recommendation 8**

We recommend that the Foundation ensure that all property and equipment is tagged.

### **Campus Response**

We concur. Foundation staff will work with the campus asset manager to ensure that all property and equipment are properly tagged.

Corrective action plan will be implemented by May 31, 2008.

## AUXILIARY PROGRAMS

The Foundation's effort certification process and documentation of technical report submission required improvement.

We found that:

- ▶ The effort reporting policy had not been fully implemented for campus faculty members. The policy required that the certifications be prepared for each academic term. The Foundation currently reviewed timesheets prepared by the faculty members; however, this information was not compared to other campus work assignments. This additional information would be needed to determine the overall level of effort provided to the sponsored project and whether it met the amount of effort promised in the project proposal.
- ▶ One of five contracts and grants files reviewed did not contain evidence that the final report had been submitted to the contracting agency.

Office of Management and Budget (OMB) Circular A-21, *Cost Principles for Educational Institutions*, §.J.10.b.(2)(b), states that the method of documenting the distribution of charges for personal services must recognize the principle of after-the-fact confirmation or determination so that costs distributed represent actual costs, unless a mutually satisfactory alternative agreement is reached. Direct cost activities and facilities and administration cost activities may be confirmed by responsible persons with suitable means of verification that the work was performed.

OMB Circular A-110, *Uniform Administrative Requirements for Grants and Agreements With Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations Financial Reporting*, §.71(a), states that recipients shall submit, within 90 calendar days after the date of completion of the award, all financial, performance, and other reports as required by the terms and conditions of the award.

The Foundation director of business and compliance systems stated that not fully implementing the effort reporting policy was due to a lack of faculty workload information from the campus to compile accurate effort certification. She further stated that the lack of technical report submission was due to oversight.

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

### **Recommendation 9**

We recommend that the Foundation:

- a. Request faculty members' campus work assignments, calculate the level of effort provided to their sponsored projects, and determine if this level of effort matched or exceeded the level indicated in the project proposals.
- b. Ensure that evidence of technical report submission is included in all contracts and grants files.

### **Campus Response**

We concur. Foundation staff and campus staff are working together to determine the best method to provide timely faculty workload information to be used in the compilation of effort certification. Additionally, the Foundation staff is developing policies and procedures to ensure that participating faculty understand the technical reporting requirements and deadlines for participation.

Corrective action will be implemented by May 31, 2008.

## **HUMBOLDT STATE UNIVERSITY CENTER BOARD OF DIRECTORS**

### **SEGREGATION OF DUTIES**

Duties and responsibilities over management functions within dining services were not appropriately segregated at the Humboldt State University Center Board of Directors (UC).

We found that one employee:

- ▶ Ordered and received inventory items.
- ▶ Performed the physical inventory.
- ▶ Processed inventory adjustments.
- ▶ Operated the cash register.
- ▶ Counted and balanced daily receipts.

EO 698, *Board of Trustees Policy for The California State University Auxiliary Organizations*, dated March 3, 1999, states that the review of auxiliary organizations will be used to determine appropriate separation of duties, safeguarding of assets, and reliability and integrity of information.

The *Compilation of Policies and Procedures for California State University Auxiliary Organizations* sets sound business practice guidelines for auxiliary organizations operating within the CSU system. Section 8.9.5, *Procurement*, states, in part, that the auxiliary should establish a written internal controls system that provides purchase orders and service contracts are prepared separately from both receiving and shipping, and payables and disbursements.

The *Compilation of Policies and Procedures for California State University Auxiliary Organizations* sets sound business practice guidelines for auxiliary organizations operating within the CSU system. Section 8.9.1, *Cash*, states that the auxiliary should establish a written internal control system that ensures cash receipts and disbursements are conducted with appropriate segregation of duties.

The UC associate executive director stated that the lack of proper segregation of duties was due to staffing constraints.

Inadequate segregation of duties increases the risk that errors and irregularities will not be detected in a timely manner.

#### **Recommendation 10**

We recommend that the UC properly segregate certain management functions within dining services or institute mitigating procedures approved by the campus CFO.

### **Campus Response**

We concur. The UC will design and implement mitigating procedures to ensure proper segregation of duties relating to certain management functions within dining services. Additionally, the mitigating procedures will be approved by the campus CFO.

Corrective action plan will be implemented by May 31, 2008.

## **CASH RECEIPTS AND HANDLING**

UC administration of cash receipts and handling for commercial operations required improvement.

We found that:

- ▶ A policy had not been established to address cash shortages and/or overages.
- ▶ Procedures to mitigate, investigate, and recover cash shortages had not been documented.

Title 5 §42401 and §42402 indicate that the campus president shall require that auxiliary organizations operate in conformity with policy of the Board of Trustees and the campus. One of the objectives of the auxiliary organizations is to provide fiscal procedures and management systems that allow effective coordination of the auxiliary activities with the campus in accordance with sound business practices. Sound business practice mandates proper administration of cash receipts and handling.

The *Compilation of Policies and Procedures for California State University Auxiliary Organizations* sets sound business practice guidelines for auxiliary organizations operating within the CSU system. Section §8.9.1, *Cash*, states that the auxiliary should receive cash in a consistent manner utilizing systems that ensure integrity of existing internal controls.

The UC associate executive director stated that practices were in place to vigorously investigate all cash variances on a daily basis; however, a policy dictating acceptable levels of cash shortages and/or overages and the procedures to mitigate, investigative, and recover cash shortages were not formalized.

Inadequate administration of cash receipts and handling increases the risk of loss or misappropriation of funds.

### **Recommendation 11**

We recommend that the UC:

- a. Establish a policy to address cash shortages and/or overages.
- b. Develop written procedures to mitigate, investigate, and/or recover cash shortages.

**Campus Response**

We concur. The UC will implement a policy to address cash shortages and/or overages. Additionally, the UC will develop written procedures to mitigate, investigate, and/or recover cash shortages.

Corrective action plan will be implemented by May 31, 2008.

**PETTY CASH AND CHANGE FUNDS**

The UC had not performed annual independent cash counts of its petty cash and change funds during the three fiscal years reviewed.

We noted that the last petty cash and change funds count was performed in October 2004. Although management stated that a count was performed in October 2007, supporting documentation could not be provided.

Title 5 §42401 and §42402 indicate that the campus president shall require that auxiliary organizations operate in conformity with policy of the Board of Trustees and the campus. One of the objectives of the auxiliary organizations is to provide fiscal procedures and management systems that allow effective coordination of the auxiliary activities with the campus in accordance with sound business practices. Sound business practice mandates sufficient administration of petty cash and change funds.

The UC associate executive director stated that required annual independent cash counts were not performed due to staffing constraints resulting from new accounting responsibilities for other campus auxiliaries and programs.

Inadequate administration of petty cash and change funds increases the risk of loss or misappropriation those funds.

**Recommendation 12**

We recommend that the UC ensure that annual independent cash counts are performed.

**Campus Response**

We concur. The UC will develop procedures to ensure that annual independent cash counts are performed.

Corrective action plan will be fully implemented by May 31, 2008.

## PURCHASING AND ACCOUNTS PAYABLE

UC procurement policies and procedures required improvement.

We noted that:

- ▶ Bookstore inventory acquisitions under \$5,000 did not receive one-up review prior to purchase order submission or invoice payment.
- ▶ The required approval process had not been documented for sole source justification related to purchases above \$5,000, which required competitive bids.

Title 5 §42401 and §42402 indicate that the campus president shall require that auxiliary organizations operate in conformity with policy of the Board of Trustees and the campus. One of the objectives of the auxiliary organizations is to provide fiscal procedures and management systems that allow effective coordination of the auxiliary activities with the campus in accordance with sound business practices. Sound business practice mandates sufficient administration of bookstore inventory acquisitions and supporting significant procurement processes with written policies and procedures.

The *Compilation of Policies and Procedures for California State University Auxiliary Organizations* sets sound business practice guidelines for auxiliary organizations operating within the CSU system. Section 8.9.5, *Procurement*, states that the auxiliary should establish written system that ensures purchases and service contracts coding, classification, recording, and competitive bidding requirements are applied in a consistent manner.

The UC associate executive director stated that inventory acquisitions under \$5,000 did not receive one-up review due to the consolidation of staff functions in the bookstore. She further stated that the UC executive director reviewed sole source purchases as required by policy; however, the policy was not formally documented.

Insufficient procurement policies and procedures increase the risk of errors, irregularities, and misappropriation of funds.

### **Recommendation 13**

We recommend that the UC:

- a. Establish procedures for one-up review of bookstore inventory acquisitions under \$5,000.
- b. Document its approval process for sole source justifications.

**Campus Response**

We concur.

- a. The UC will develop procedures for management review of bookstore inventory acquisitions under \$5,000.
- b. The UC will document its approval process for sole source justifications.

Corrective action plan will be implemented by May 31, 2008.

**TRUSTS AND OTHER LIABILITIES**

UC financial statements as of June 30, 2007, showed \$79,991 of state funds maintained within its custodial trust accounts.

EO 919, *Policy Governing Non-General Fund Receipts*, dated October 15, 2004, states that each CSU campus shall administer their non-General Fund receipts to ensure that the funds are held in proper accounts.

The UC associate executive director stated that the UC was holding these funds under the direction of the campus.

The campus' required oversight of state funds is limited when funds are deposited outside the custody of the campus CFO.

**Recommendation 14**

We recommend that the UC ensure:

- a. State trust funds be retained in campus trust accounts to enable the campus CFO to strengthen his custodianship over such funds.
- b. The amount of state trust funds currently residing in UC custodial trust accounts be immediately transferred to campus trust accounts.

**Campus Response**

We concur. The UC will work with the campus accounting staff to move state funds to the campus to enable the campus CFO to strengthen his custodianship over such funds.

Corrective action plan will be implemented by May 31, 2008.

## INFORMATION TECHNOLOGY

The UC had not enhanced its security settings through the use of a shadow password file.

Title 5 §42401 and §42402 indicate that the campus president shall require that auxiliary organizations operate in conformity with policy of the Board of Trustees and the campus. One of the objectives of the auxiliary organizations is to provide fiscal procedures and management systems that allow effective coordination of the auxiliary activities with the campus in accordance with sound business practices. Sound business practice mandates proper system security settings.

EO 698, *Board of Trustees Policy for The California State University Auxiliary Organizations*, dated March 3, 1999, states that the review of auxiliary organizations will be used to determine appropriate separation of duties, safeguarding of assets, and reliability and integrity of information.

The UC associate executive director stated that the failure to use a shadow password file was due to oversight.

Failure to encrypt passwords through a shadow password file could render the accounts more vulnerable to compromise.

### **Recommendation 15**

We recommend that the UC implement a shadow password file as part of its system security settings.

### **Campus Response**

We concur. The UC will implement a shadow password file as part of its system security settings.

Corrective action plan has been fully implemented.

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## **APPENDIX A: PERSONNEL CONTACTED**

### **Name**

### **Title**

#### **CAMPUS**

Rollin C. Richmond	President
Carl Coffey	Vice President, Administrative Affairs
Wendy Howard	Asset Manager
Lynne Sandstrom	Director, Financial Services
Carol Terry	Associate Vice President, Administrative Affairs

#### **HUMBOLDT STATE UNIVERSITY ADVANCEMENT FOUNDATION**

Robin Bailie	Programs Specialist
Rob Gunsalus	Executive Director
Janna Sheridan	Development Officer, College of Natural Resources and Sciences

#### **HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION**

Lyssa Black	Trust Accounting Technician
Joe Bonino	Payroll Supervisor
Jean Crockett	Accounts Receivable Accounting Technician
Julie Davy	Interim Director
Chris Hopper	Interim Executive Director
Joanie Hubbard	Administrative Assistant
Anthony Johnson	Purchasing Technician
Dixie Johnson	Director of Business and Compliance Systems
Patty Qualls	Accounting Technician - Cashier
Debra Thompson	Grant Analyst
Keelye Wilson	Accounts Payable Accounting Technician

#### **HUMBOLDT STATE UNIVERSITY CENTER BOARD OF DIRECTORS**

Heidi Chien	Associate Executive Director
John Erickson	Operations Manager
Scott Gerving	Information Technology Coordinator
Dianne Lonn	Bookstore Cash Office Supervisor
Ronnie Morton	Assistant Manager, Dining Services
Dave Nakamura	Director, Center Services
Burt Nordstrom	Executive Director
Linda Pereira	Administrative Support Coordinator
Ron Rudebock	Director, Humboldt State University Dining Services
Wendy Sotomayor	Accountant
Jennifer Swift	Cashier
Linda Thompson	Bookstore Manager
Anita Trigeiro	Business Office Coordinator
Clarinda Van Horn	Textbook Manager

#### **ASSOCIATED STUDENTS OF HUMBOLDT STATE UNIVERSITY**

Joan Tyson	General Manager
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## **STATEMENT OF INTERNAL CONTROLS**

### **A. INTRODUCTION**

Internal accounting and related operational controls established by the State of California, the California State University Board of Trustees, and the Office of the Chancellor are evaluated by the University Auditor, in compliance with professional standards for the conduct of internal audits, to determine if an adequate system of internal control exists and is effective for the purposes intended. Any deficiencies observed are brought to the attention of appropriate management for corrective action.

### **B. INTERNAL CONTROL DEFINITION**

Internal control, in the broad sense, includes controls that may be characterized as either accounting or operational as follows:

#### **1. Internal Accounting Controls**

Internal accounting controls comprise the plan of organization and all methods and procedures that are concerned mainly with, and relate directly to, the safeguarding of assets and the reliability of financial records. They generally include such controls as the systems of authorization and approval, separation of duties concerned with recordkeeping and accounting reports from those concerned with operations or asset custody, physical controls over assets, and personnel of a quality commensurate with responsibilities.

#### **2. Operational Controls**

Operational controls comprise the plan of organization and all methods and procedures that are concerned mainly with operational efficiency and adherence to managerial policies and usually relate only indirectly to the financial records.

### **C. INTERNAL CONTROL OBJECTIVES**

The objective of internal accounting and related operational control is to provide reasonable, but not absolute, assurance as to the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a system of internal accounting and operational control should not exceed the benefits derived and also recognizes that the evaluation of these factors necessarily requires estimates and judgment by management.

#### **D. INTERNAL CONTROL SYSTEMS LIMITATIONS**

There are inherent limitations that should be recognized in considering the potential effectiveness of any system of internal accounting and related operational control. In the performance of most control procedures, errors can result from misunderstanding of instruction, mistakes of judgment, carelessness, or other personal factors. Control procedures whose effectiveness depends upon segregation of duties can be circumvented by collusion. Similarly, control procedures can be circumvented intentionally by management with respect to the executing and recording of transactions. Moreover, projection of any evaluation of internal accounting and operational control to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions and that the degree of compliance with the procedures may deteriorate. It is with these understandings that internal audit reports are presented to management for review and use.

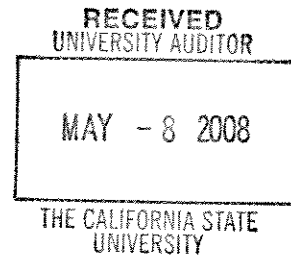


**HUMBOLDT STATE UNIVERSITY**

**Vice President for Administrative Affairs**

May 8, 2008

Larry Mandel  
University Auditor  
The California State University  
401 Golden Shore  
Long Beach, CA 90802-4210



Re: Auxiliary Organizations Audit Report 07-49, April 14, 2008.

Dear Mr. Mandel:

Please find enclosed Humboldt State University's responses to Audit Report Number 07-49, Auxiliary Organizations, Humboldt State University. As requested we have provided our campus responses within the body of your document.

We appreciate the effort you and your staff have made to indicate areas where our procedures could be strengthened. The campus is committed to addressing and resolving the issues noted in the audit report.

Please direct questions concerning the responses to Carol Terry, Associate Vice President of Business Services at 707-826-5728.

Sincerely,

*Carl Coffey / by Carol Terry, Acting VP*  
 \_\_\_\_\_  
 Carl Coffey, Vice President Administrative Affairs

cc: Dr. Rollin C. Richmond, President w/o enclosures

**AUXILIARY ORGANIZATIONS**  
**HUMBOLDT STATE UNIVERSITY**

**Audit Report 07-49**  
**April 14, 2008**

**CAMPUS**

**FISCAL COMPLIANCE**

**Recommendation 1**

We recommend that the campus:

- a. Execute current business management service and space rental agreements with the Foundation and AF.
- b. Ensure timely reimbursement for direct and indirect costs associated with provided facilities, goods, and services.

**Campus Response**

We concur.

- a. The campus will execute annual business management and space rental agreements with the Foundation and AF.
- b. The campus will recover reimbursement from the Foundation and AF in a timely manner as stipulated in the annual business management and space rental agreements.

Corrective action plan has been fully implemented.

**HUMBOLDT STATE UNIVERSITY ADVANCEMENT FOUNDATION**

**FACILITIES AGREEMENTS**

**Recommendation 2**

We recommend that the AF establish a ground lease agreement with the Foundation for the building located on the Schatz Tree Farm property.

**Campus Response**

We concur. The AF will execute a ground lease agreement with the Foundation for the building located on the Schatz Tree Farm.

Corrective action plan will be fully implemented by May 31, 2008.

**CORPORATE GOVERNANCE**

**Recommendation 3**

We recommend that the AF update its Articles of Incorporation to reflect a proper dissolution clause.

**Campus Response**

We concur. The AF will update its Articles of Incorporation to reflect a proper dissolution clause.

Corrective action plan will be implemented by May 31, 2008.

**HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION**

**OPERATING AND ADMINISTRATIVE AGREEMENTS**

**Recommendation 4**

We recommend that the Foundation amend its operating agreement to include the administration of scholarship and stipend payments as an authorized activity.

**Campus Response**

We concur. The Foundation has amended its operating agreement to include the administration of scholarship and stipend payments as authorized activities.

Corrective action plan has been fully implemented.

**SEGREGATION OF DUTIES**

**Recommendation 5**

We recommend that the Foundation properly segregate certain payroll and personnel functions or institute mitigating procedures approved by the campus chief financial officer (CFO).

**Campus Response**

We concur. Resource constraints preclude the Foundation from operating with adequate segregation of duties. To mitigate the risk of errors and irregularities between the human resources and payroll functions, the Foundation will develop review and oversight procedures.

Corrective action plan will be implemented by May 31, 2008.

**FEES, REVENUES, AND RECEIVABLES**

**Recommendation 6**

We recommend that the Foundation ensure that bank account reconciliations are prepared in a timely manner.

**Campus Response**

We concur. The Foundation will prepare bank reconciliations monthly. Timely reconciliations will be prepared within 30 days of the close of a given month.

Corrective action plan will be implemented by May 31, 2008

## PERSONNEL AND PAYROLL

### Recommendation 7

We recommend that the Foundation ensure the completion of required separation documentation.

### Campus Response

We concur. The Foundation will reiterate to staff, supervisors, and employees the need to follow established policies and procedures to ensure proper documentation for separations.

Corrective action plan will be implemented by May 31, 2008.

## PROPERTY AND EQUIPMENT

### Recommendation 8

We recommend that the Foundation ensure that all property and equipment is tagged.

### Campus Response

We concur. Foundation staff will work with the campus Asset Manager to ensure that all property and equipment are properly tagged.

Corrective action plan will be implemented by May 31, 2008.

## AUXILIARY PROGRAMS

### Recommendation 9

We recommend that the Foundation:

- a. Request faculty members' campus work assignments, calculate the level of effort provided to their sponsored projects, and determine if this level of effort matched or exceeded the level indicated in the project proposals.
- b. Ensure that evidence of technical report submission is included in all contracts and grants files.

### Campus Response

We concur. Foundation staff and campus staff are working together to determine the best method to provide timely faculty workload information to be used in the compilation of effort certification. Additionally, Foundation staff are developing policies and procedures to ensure that participating faculty understand the technical reporting requirements and deadlines for participation.

Corrective action will be implemented by May 31, 2008.

**HUMBOLDT STATE UNIVERSITY CENTER BOARD OF DIRECTORS**

**SEGREGATION OF DUTIES**

**Recommendation 10**

We recommend that the UC properly segregate certain management functions within dining services or institute mitigating procedures approved by the campus CFO.

**Campus Response**

We concur. The UC will design and implement mitigating procedures to ensure proper segregation of duties relating to certain management functions within dining services. Additionally, the mitigating procedures will be approved by the campus CFO.

Corrective action plan will be implemented by May 31, 2008.

**CASH RECEIPTS AND HANDLING**

**Recommendation 11**

We recommend that the UC:

- a. Establish a policy to address cash shortages and/or overages.
- b. Develop written procedures to mitigate, investigate, and/or recover cash shortages.

**Campus Response**

We concur. The UC will implement a policy to address cash shortages and/or overages. Additionally, the UC will develop written procedures to mitigate, investigate, and/or recover cash shortages.

Corrective action plan will be implemented by May 31, 2008.

**PETTY CASH AND CHANGE FUNDS**

**Recommendation 12**

We recommend that the UC ensure that annual independent cash counts are performed.

**Campus Response**

We concur. The UC will develop procedures to ensure that annual independent cash counts are performed.

Corrective action plan will be fully implemented by May 31, 2008.

## **PURCHASING AND ACCOUNTS PAYABLE**

### **Recommendation 13**

We recommend that the UC:

- a. Establish procedures for one-up review of bookstore inventory acquisitions under \$5,000.
- b. Document its approval process for sole source justifications.

### **Campus Response**

We concur.

- a. The UC will develop procedures for management review of bookstore inventory acquisitions under \$5,000.
- b. The UC will document its approval process for sole source justifications.

Corrective action plan will be implemented by May 31, 2008.

## **TRUSTS AND OTHER LIABILITIES**

### **Recommendation 14**

We recommend that the UC ensure:

- a. State trust funds be retained in campus trust accounts to enable the campus CFO to strengthen his custodianship over such funds.
- b. The amount of state trust funds currently residing in UC custodial trust accounts be immediately transferred to campus trust accounts.

### **Campus Response**

We concur. The UC will work with the campus accounting staff to move State funds to the campus to enable the campus CFO to strengthen his custodianship over such funds.

Corrective action plan will be implemented by May 31, 2008.

## **INFORMATION TECHNOLOGY**

### **Recommendation 15**

We recommend that the UC implement a shadow password file as part of its system security settings.

**Campus Response**

We concur. The UC will implement a shadow password file as part of its system security settings.

Corrective action plan has been fully implemented.


  
**THE CALIFORNIA STATE UNIVERSITY**  
 OFFICE OF THE CHANCELLOR

BAKERSFIELD

May 21, 2008

CHANNEL ISLANDS

CHICO

**MEMORANDUM**

DOMINGUEZ HILLS

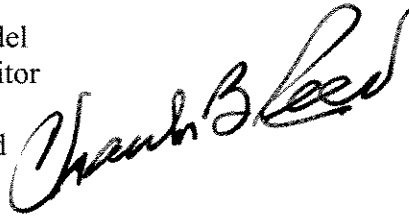
EAST BAY

FRESNO

TO: Mr. Larry Mandel  
University Auditor

FULLERTON

FROM: Charles B. Reed  
Chancellor



HUMBOLDT

LONG BEACH

SUBJECT: Draft Final Audit Report 07-49 on *Auxiliary Organizations*,  
Humboldt State University

LOS ANGELES

MARITIME ACADEMY

In response to your memorandum of May 21, 2008, I accept the response as submitted with the draft final report on *Auxiliary Organizations*, Humboldt State University.

MONTEREY BAY

NORTHRIDGE

POMONA

CBR/jt

SACRAMENTO

Enclosure

SAN BERNARDINO

cc: Mr. Carl Coffey, Vice President, Administrative Affairs  
Dr. Rollin C. Richmond, President

SAN DIEGO

SAN FRANCISCO

SAN JOSÉ

SAN LUIS OBISPO

SAN MARCOS

SONOMA

STANISLAUS