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ABBREVIATIONS

ASCMA  Associated Student of California Maritime Academy
CMA    California Maritime Academy
CSU    California State University
EO     Executive Order
Foundation California Maritime Academy Foundation, Inc.
ICSUAM Integrated California State University Administrative Manual
RFIN   Resolution of Committee of Finance
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.

California Maritime Academy 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 California Maritime Academy campus and its auxiliary organizations from November 14, 2011, through December 8, 2011, and made a study and evaluation of the system of internal compliance/internal control in effect as of December 8, 2011. This report represents our triennial review.

Our study and evaluation at the California Maritime Academy campus 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 8, 2011, taken as a whole, was sufficient to meet the objectives stated above.

Our study and evaluation at the California Maritime Academy Foundation, Inc., 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 8, 2011, taken as a whole, was sufficient to meet the objectives stated above.
Our study and evaluation at the Associated Students of the California Maritime Academy did not reveal any significant internal control problems or weaknesses that would be considered pervasive in their effects on the accounting and administrative controls. There were no major findings revealed during our review. In our opinion, the accounting and administrative control in effect as of December 8, 2011, taken as 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**

**INFORMATION TECHNOLOGY [7]**

The campus had not placed the California Maritime Academy Foundation, Inc. (Foundation) server behind an internal network firewall.

**CALIFORNIA MARITIME ACADEMY FOUNDATION, INC.**

**OPERATIONAL COMPLIANCE [9]**

The Foundation had not obtained annual conflict-of-interest statements from any of its board members for fiscal year 2011/12.

**TRUSTS AND OTHER LIABILITIES [10]**

The Foundation’s administration of campus activities and program funds needed improvement. Specifically, certain funds were not authorized in writing by the campus president or his or her designee, and a clear understanding of the rights and responsibilities between the campus and the auxiliary were not documented.

**ENDOWMENT ADMINISTRATION [11]**

Administration of Foundation endowments required improvement. Specifically, endowment agreements were not signed by donors, and one scholarship was paid to a recipient who did not meet the donor’s award criteria.
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.

California Maritime Academy Foundation, Inc.

The California Maritime Academy Foundation, Inc. (Foundation) was established in 1972 as a tax-exempt, charitable and educational organization. The Foundation supports the California Maritime Academy (CMA) through fund-raising, acceptance of donor gifts, and management of endowments. The Foundation also runs the Marine Development Program, whereby donated boats are received and subsequently leased to third parties for about two years with the option for the lessee to buy at the end of the lease term. The Foundation is governed by a board of directors composed of the campus president.
and representatives from the university administration, student body, and faculty. The Foundation does not have employees and relies on campus personnel for all accounting and business administration services.

**Associated Students of the California Maritime Academy**

The Associated Students of the California Maritime Academy (ASCMA) is a non-profit corporation originally incorporated in 1966 as the California Maritime Academy Midshipman’s Fund. The ASCMA became a recognized CSU auxiliary in 1998 with the purpose of sponsoring, promoting, and conducting essential activities closely related to the CMA instructional program and operating the student body government. The ASCMA is governed by the student board of directors and runs the ACE (Adventure, Camaraderie, Entertainment) program, which plans activities such as coffee house nights, dances, ski trips, camping, and a variety of other activities for the benefit of students. The ASCMA does not have employees and relies on campus personnel for all accounting and business administration services.

**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 2009/10 and 2010/11 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, 2010, to December 8, 2011. 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:

**California Maritime Academy Foundation, Inc.**
- Operating and Administrative Agreements
- Corporate Governance
- Fiscal Compliance
- Operational Compliance
- Program Compliance
- Campus Oversight and Control
- Segregation of Duties
- Cash Disbursement
- Investments
- Purchasing and Accounts Payable
- Trusts and Other Liabilities
- Endowment Administration
- Information Technology

**Associated Students of the California Maritime Academy**
- Operating and Administrative Agreements
- Corporate Governance
- Fiscal Compliance
- Operational Compliance
Associated Students of the California Maritime Academy (cont.)

- Program Compliance
- Campus Oversight and Control
- Segregation of Duties
- Cash Disbursement
- Purchasing and Accounts Payable
- Information Technology

Campus

- Information Technology

We have not performed any auditing procedures beyond December 8, 2011. 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.
OBSERVATIONS, RECOMMENDATIONS, AND CAMPUS RESPONSES

CAMPUS

INFORMATION TECHNOLOGY

The campus had not placed the California Maritime Academy Foundation, Inc. (Foundation) server behind an internal network firewall.

Integrated California State University Administrative Manual (ICSUAM) §8045.100, Information Technology Security, states that campuses must develop and implement appropriate technical controls to minimize risks to their information technology infrastructure. Each campus must take reasonable steps to protect the confidentiality, integrity, and availability of its critical assets and protected data from threats.

ICSUAM §8045.300, Network Security, states that campuses must appropriately design their networks—based on risk, data classification, and access—in order to ensure the confidentiality, integrity, and availability of their information assets. Each campus must implement and regularly review a documented process for transmitting data over the campus network. This process must include the identification of critical information systems and protected data that is transmitted through the campus network or is stored on campus computers. Campus processes for transmitting or storing critical assets and protected data must ensure confidentiality, integrity, and availability.

Executive Order (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.

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 network segmentation to logically separate any protected data residing on internal auxiliary systems from Internet-accessible devices.

The chief information officer stated that movement of this server behind the firewall had been identified as a future project but had not yet been implemented.

Failure to separate and protect auxiliary resources from potentially harmful internal network traffic increases the risk of exposure and compromise of information assets with protected data.
Recommendation 1

We recommend that campus place the Foundation server behind an internal network firewall.

Campus Response

We concur. The Foundation server will be placed behind an internal network firewall before July 1, 2012.
OPERATIONAL COMPLIANCE

The California Maritime Academy Foundation, Inc. (Foundation) had not obtained annual conflict-of-interest statements from any of its board members for fiscal year 2011/12.

We found that none of the 28 board members had signed a conflict-of-interest statement for fiscal year 2011/12.

The Foundation Conflict of Interest Policy states that every year during the Foundation’s annual meeting (June), all members of the board of directors will be asked to provide an acknowledgment that they are not involved in any conflict-of-interest relationships as defined in California Education Code §89906 to §89909.

California State University (CSU) Conflict of Interest Handbook, §3B, dated August, 2009, states that the Political Reform Act requires CSU to adopt a formal conflict-of-interest code. The CSU’s code requires certain employees, who are most likely to be involved in university decision-making where potential conflicts may be present, to file an annual disclosure form.

The Internal Revenue Service, Governance and Related Topics 501(c)(3), dated February 4, 2008 and Return of Organization Exempt from Income Tax, Form 900, encourages a charity’s board of directors to adopt and regularly evaluate a written conflict of interest policy that requires directors and staff to act solely in the interests of the charity without regard for personal interests; includes written procedures for determining whether a relationship, financial interest, or business affiliation results in a conflict of interest; and prescribes a course of action in the event a conflict of interest is identified.

Title 5 §42401, §42402, and §42500 and Education Code §89900 establish a responsibility to operate in accordance with sound business practices in the interest of the campus. Sound business practice mandates establishing conflict-of-interest policies and procedures and complying with existing policies and procedures.

The Foundation executive director stated that the failure to obtain conflict-of-interest statements from board members for fiscal year 2011/12 was due to oversight.

Failure to obtain conflict-of-interest statements from all auxiliary board members annually increases liability for acts contrary to the code.

Recommendation 2

We recommend that the Foundation obtain annual conflict-of-interest statements from all board members.
Campus Response

We concur. The Foundation will obtain annual conflict-of-interest statements from all of its board members at or before its June 4, 2012, board meeting.

TRUSTS AND OTHER LIABILITIES

The Foundation’s administration of campus activities and program funds needed improvement.

We reviewed seven campus activity and program funds and found that:

- The Foundation had not obtained written authorization for the funds from the campus president or his or her designee.
- The Foundation had not documented specific determination of the entity to be held accountable and responsible for the funds.
- The Foundation had not documented a clear understanding of rights and responsibilities for the funds with the campus, including advantages for accepting the campus activities and programs.

ICSUAM §13680.00, dated September 29, 2011, Placement and Control of Receipts for Campus Activities and Programs, states that only campus presidents or their designees may authorize a campus activity or program. When authorized, a specific determination should be made in writing defining the entity that is accountable and responsible.

EO 1059, Utilization of Campus Auxiliary Organizations, dated June 6, 2011, states that auxiliary organizations may accept or administer campus funds as an agent of the university when specifically authorized in writing by the campus president or his/her designee. Said authorizations shall be granted judiciously and only when it is advantageous to the university and supportive of the university mission. The authorization should include the rationale for making this choice and clearly articulate the advantages to the university.

The campus controller stated his belief that the Foundation was allowed to accept and hold donor restricted gifts pursuant to its operating agreement between the Trustees and the Foundation, which states that certain functions are more effectively accomplished by the use of an auxiliary organization rather than the usual state procedures.

Inadequate administration of campus activities and program funds increases the risk of non-compliance with relevant requirements and misunderstandings and miscommunication regarding rights and responsibilities.
Recommendation 3

We recommend that the Foundation:

a. Obtain written authorization for campus activity and program funds from the campus president or his or her designee.

b. Document specific determination of the entity to be held accountable and responsible for campus activity and program funds.

c. Document a clear understanding of rights and responsibilities for campus activity and program funds with the campus, including advantages for accepting the campus activities or programs.

Campus Response

We concur. The Foundation will perform the following before July 1, 2012:

a. Obtain written authorization for campus activity and program funds from the campus president’s designee.

b. Document specific determination of the entity to be held accountable and responsible for campus activity and program funds.

c. Document a clear understanding of rights and responsibilities for campus activity and program funds with the campus, including advantages for accepting the campus activities or programs.

ENDOWMENT ADMINISTRATION

Administration of Foundation endowments required improvement.

We reviewed nine endowment accounts and found that:

- In all nine instances, endowment agreements were not signed by the donor.

- In one instance, a scholarship was paid to a recipient who did not meet the donor’s award criteria.

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 8.9.3, *Donations, Program Service Fees, Other Income*, states that the auxiliary should establish a written recordkeeping system that enables gifts to be properly received, recorded, and acknowledged in accordance with donor restrictions and other requirements.
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 endowments.

The Foundation executive director stated that donor signatures had not been obtained on the endowment agreements because the terms and conditions of the endowments had been discussed with the donors throughout the endowment process, and he did not think it was necessary to obtain the donors’ signatures. The interim director of financial aid stated that the scholarship committee selected the recipient who did not meet the donor’s award criteria due to oversight.

Insufficient administration of endowments increases the likelihood that funds will be misdirected and the campus will be exposed to liabilities from noncompliance with a donor’s intent.

**Recommendation 4**

We recommend that the Foundation ensure that:

a. Signatures are obtained from all living donors with existing endowments, and future endowment agreements are signed by the donor.

b. Scholarships are paid to recipients who meet the donor’s award criteria.

**Campus Response**

We concur. The Foundation shall obtain donor signatures from all living donors on existing endowments by June 30, 2012, and ensure that all future endowment agreements are signed by the donor. Policy and procedures will be developed to strengthen our controls to ensure that all scholarships are paid to recipients who meet the donor’s award criteria by June 30, 2012.
## APPENDIX A:
### PERSONNEL CONTACTED

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
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<tbody>
<tr>
<td><strong>CAMPUS</strong></td>
<td></td>
</tr>
<tr>
<td>William B. Eisenhardt</td>
<td>President</td>
</tr>
<tr>
<td>Maribeth Bradberry</td>
<td>Accounting Manager</td>
</tr>
<tr>
<td>Vineeta Dhillion</td>
<td>Director of Procurement and Risk Management</td>
</tr>
<tr>
<td>Thomas Dunworth</td>
<td>Vice President of University Advancement</td>
</tr>
<tr>
<td>Steve Frazier</td>
<td>Chief Information Officer</td>
</tr>
<tr>
<td>Kurt Lohide</td>
<td>Vice President, Administration and Finance</td>
</tr>
<tr>
<td>Deborrah Hebert</td>
<td>Interim Director of Financial Aid</td>
</tr>
<tr>
<td>Steve Mastro</td>
<td>Associate Vice President, Fiscal Services</td>
</tr>
<tr>
<td>Jelayn Sansone</td>
<td>Accountant</td>
</tr>
<tr>
<td>Ken Toet</td>
<td>Controller</td>
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<tr>
<td><strong>CALIFORNIA MARITIME ACADEMY FOUNDATION, INC.</strong></td>
<td></td>
</tr>
<tr>
<td>Thomas Dunworth</td>
<td>Foundation Executive Director</td>
</tr>
</tbody>
</table>
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.
May 7, 2012

Mr. Larry Mandel
University Auditor
The California State University
401 Golden Shore
Long Beach, CA 90802

Subject: Campus Responses to Recommendations: Audit Report Number 11-08, at California Maritime Academy.

Dear Mr. Mandel:

Enclosed is our response to the recommendations in Audit Report Number 11-08, Auxiliary Organizations, at the California Maritime Academy. Upon acceptance of our response, we will follow up with your office in providing supporting documentation for each recommendation by the anticipated completion dates.

Please let us know if you have any questions or need additional information.

Sincerely,

[Signature]
Kurt D. Lohide
Vice President
Administration and Finance

Enclosure

Cc: President William B. Eisenhardt
Ms. Beverly Byl, Interim Vice President Advancement
AUXILIARY ORGANIZATIONS

CALIFORNIA MARITIME ACADEMY

Audit Report 11-08

CAMPUS

INFORMATION TECHNOLOGY

Recommendation 1

We recommend that campus place the Foundation server behind an internal network firewall.

Campus Response

We concur. The Foundation server will be placed behind an internal network firewall before July 1, 2012.
OPERATIONAL COMPLIANCE

Recommendation 2

We recommend that the Foundation obtain annual conflict-of-interest statements from all board members.

Campus Response

We concur. The Foundation will obtain annual conflict-of-interest statements from all of its board members at or before its June 4, 2012 board meeting.

TRUSTS AND OTHER LIABILITIES

Recommendation 3

We recommend that the Foundation:

a. Obtain written authorization for campus activity and program funds from the campus president or his or her designee.

b. Document specific determination of the entity to be held accountable and responsible for campus activity and program funds.

c. Document a clear understanding of rights and responsibilities for campus activity and program funds with the campus, including advantages for accepting the campus activities or programs.

Campus Response

We concur. The Foundation will perform the following before July 1, 2012:

a. Obtain written authorization for campus activity and program funds from the campus president’s designee.

b. Document specific determination of the entity to be held accountable and responsible for campus activity and program funds.

c. Document a clear understanding of rights and responsibilities for campus activity and program funds with the campus, including advantages for accepting the campus activities or programs.
ENDOWMENT ADMINISTRATION

Recommendation 4

We recommend that the Foundation ensure that:

a. Signatures are obtained from all living donors with existing endowments, and future endowment agreements are signed by the donor.

b. Scholarships are paid to recipients who meet the donor’s award criteria.

Campus Response

We concur. The Foundation shall obtain donor signatures from all living donors on existing endowments by June 30, 2012 and ensure that all future endowment agreements are signed by the donor. Policy and procedures will be developed to strengthen our controls to ensure that all scholarships are paid to recipients who meet the donor’s award criteria by June 30, 2012.
May 16, 2012

MEMORANDUM

TO: Mr. Larry Mandel
    University Auditor

FROM: Charles B. Reed
      Chancellor

SUBJECT: Draft Final Report 11-08 on Auxiliary Organizations,
         California Maritime Academy

In response to your memorandum of May 16, 2012, I accept the response as submitted with the draft final report on Auxiliary Organizations, California Maritime Academy.

CBR/amd