FUND-RAISING AND GIFT PROCESSING
SONOMA STATE UNIVERSITY

Audit Report 10-64
April 12, 2011

Members, Committee on Audit

Henry Mendoza, Chair
Melinda Guzman, Vice Chair
Margaret Fortune   Steven M. Glazer
William Hauck   Hsing Kung   Linda Lang

Staff

University Auditor: Larry Mandel
Senior Director: Michelle Schlack
Audit Manager: Wendee Shinsato
Senior Auditor: Eric Wilson

BOARD OF TRUSTEES
THE CALIFORNIA STATE UNIVERSITY
## CONTENTS

Executive Summary ...................................................................................................................................... 1

Introduction ................................................................................................................................................... 3  
  Background ................................................................................................................................................ 3 
  Purpose ....................................................................................................................................................... 4 
  Scope and Methodology ........................................................................................................................... 5

### OBSERVATIONS, RECOMMENDATIONS, AND CAMPUS RESPONSES

General Environment .................................................................................................................................... 6

Fund-Raising and Event Planning ................................................................................................................ 7  
  Development Plans ..................................................................................................................................... 7 
  Fund-Raising Event Administration ........................................................................................................... 8 
  Third-Party Agreements ............................................................................................................................. 10

Cash and Non-Cash Gift Administration .................................................................................................... 11
CONTENTS

APPENDICES

APPENDIX A: Personnel Contacted
APPENDIX B: Campus Response
APPENDIX C: Chancellor’s Acceptance

ABBREVIATIONS

CSU California State University
EO Executive Order
Foundation Sonoma State University Academic Foundation
SAM State Administrative Manual
SSU Sonoma State University
EXECUTIVE SUMMARY

As a result of a systemwide risk assessment conducted by the Office of the University Auditor during the last quarter of 2009, the Board of Trustees, at its January 2010 meeting, directed that Fund-Raising and Gift Processing be reviewed. The Office of the University Auditor had previously reviewed fund-raising and gift processing activities as part of the 2001 and 2002 audits of Development and, for the majority of campuses, during the Auxiliary Organizations triennial audits.

We visited the Sonoma State University campus from October 25, 2010, through December 3, 2010, and audited the procedures in effect at that time.

Our study and evaluation did not reveal any significant internal control problems or weaknesses that would be considered pervasive in their effects on fund-raising and gift processing activities. However, we did identify other reportable weaknesses that are described in the executive summary and body of this report. In our opinion, the operational and administrative controls for fund-raising and gift processing activities in effect as of December 3, 2010, taken as a whole, were sufficient to meet the objectives stated in the “Purpose” section of this report.

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 attention. Areas of review not mentioned in this section were found to be satisfactory. Numbers in brackets [ ] refer to page numbers in the report.

GENERAL ENVIRONMENT [6]

Policies and procedures for campus and Sonoma State University Academic Foundation Inc. (Foundation) fund-raising activities needed improvement. Specifically, policies and procedures for the management and oversight of critical areas at the campus and the Foundation existed, but had not been documented in all areas.

FUND-RAISING AND EVENT PLANNING [7]

The campus did not obtain written approval of the annual development plan from the campus president. In addition, campus administration of fund-raising events needed improvement. Specifically, policies and procedures were not documented for university development approval of fund-raising events. Finally, third-party agreements associated with fund-raising events needed improvement.
EXECUTIVE SUMMARY

CASH AND NON-CASH GIFT ADMINISTRATION [11]

The campus did not have cash tracking policies and procedures for the acceptance of gifts in areas outside of the Foundation.
INTRODUCTION

BACKGROUND

In March 2005, the Board of Trustees adopted four guiding principles to measure the productivity of, and investment in, advancement operations. These principles include adequate resources to achieve stated goals, establishment and annual evaluation of performance goals, a well-rounded development program, and a culture of philanthropy.

Fund-raising, and the associated processing of the gifts received, are an integral component of advancement operations. Although the California State University (CSU) depends on state funds to support core educational functions, private support provides a significant and essential source of funding toward the CSU’s goals of access to education, enhanced educational quality, and financial stability. Over the past three years, the CSU has averaged $252 million per year in gift receipts.

With regard to fund-raising, the CSU campuses are separated into three peer groups based on the campus advancement program’s maturity, which is measured by the number of full-time professional fundraisers, the endowment’s market value, and the number of individual donors. Group I campuses have a fund-raising productivity goal of 10 percent of the state general fund allocation, Group II campuses have a goal of 10 to 15 percent of the state general fund allocation, and Group III campuses have goals that equal or exceed 15 percent of the state general fund allocation. Fund-raising productivity at the CSU is calculated based on gift commitments, including gifts that have been received, as well as pledges and support promised through testamentary provisions.

Campuses are categorized as follows:

<table>
<thead>
<tr>
<th>Group I</th>
<th>Group II</th>
<th>Group III</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bakersfield</td>
<td>Chico</td>
<td>Fresno</td>
</tr>
<tr>
<td>Channel Islands</td>
<td>Fullerton</td>
<td>Long Beach</td>
</tr>
<tr>
<td>Dominguez Hills</td>
<td>Northridge</td>
<td>San Diego</td>
</tr>
<tr>
<td>East Bay</td>
<td>Pomona</td>
<td>San Luis Obispo</td>
</tr>
<tr>
<td>Humboldt</td>
<td>Sacramento</td>
<td></td>
</tr>
<tr>
<td>Los Angeles</td>
<td>San Francisco</td>
<td></td>
</tr>
<tr>
<td>Maritime Academy</td>
<td>San Jose</td>
<td></td>
</tr>
<tr>
<td>Monterey Bay</td>
<td>Sonoma</td>
<td></td>
</tr>
<tr>
<td>San Bernardino</td>
<td></td>
<td></td>
</tr>
<tr>
<td>San Marcos</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stanislaus</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Fund-raising and gift processing activities may be administered on the state side or through auxiliary organizations. Each campus has a university advancement office and a charitable foundation that work together to solicit and manage donations. In the Office of the Chancellor, the Office of Systemwide Advancement provides support to campuses, develops systemwide policies, and consolidates campus information to produce accountability reports.
PURPOSE

Our overall audit objective was to determine the effectiveness of existing policies and procedures related to fund-raising and gift processing and to determine the adequacy of controls that ensure compliance with relevant rules and regulations, Trustee policy, Office of the Chancellor directives, industry standards, and campus procedures.

Within the overall audit objective, specific goals included determining whether:

- The structure and administration of fund-raising and gift processing provides clear lines of organizational authority and responsibility, an effective internal control environment, and policies and procedures that are current and comprehensive.
- Fund-raising planning aligns with local and systemwide standards, and monitoring processes are adequate to meet stated goals.
- Fund-raising event administration reflects appropriate internal controls and complies with state and federal regulations and local and CSU policy.
- Cash and non-cash gifts are adequately controlled, sufficiently safeguarded, and properly accounted for, and non-cash gifts are properly valued.
- Donations are properly processed and acknowledged, and the donor administrative system is reconciled to campus/foundation accounting records.
- Corporate matching gifts are eligible, properly directed and evaluated, accepted by authorized personnel, and deposited in a timely manner.
- Donor files and automated donor system information assets are adequately safeguarded.
- Reportable charitable contribution and expenditure information is complete, accurate, and supportable.
- Donor pledges are adequately controlled, properly reported, followed up on, and written off when deemed uncollectible.
- Controls over the administration of gift accounts are adequate, and gift accounts are established in accordance with state and CSU regulations and donor intent.
- Expenditures are reasonable, adequately supported, and properly authorized and comply with university policies and donor intentions.
SCOPE AND METHODOLOGY

The proposed scope of the audit as presented in Attachment A, Agenda Item 2 of the January 26 and 27, 2010, meeting of the Committee on Audit stated that fund-raising and gift processing would include a review of controls over the analysis of development needs, identification of prospective donors and donor relations, solicitation and acknowledgment of donations, valuation of non-monetary donations, recording of gifts and posting to accounting records, securing of donor information, expending of donated funds, and preparation of reports on development activity.

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 whether operational and administrative controls are in place and operative. This review emphasized, but was not limited to, compliance with state and federal laws, Board of Trustee policies, and Office of the Chancellor and campus policies, letters, and directives. The audit review focused on procedures in effect from fiscal year 2008/09 through fiscal year 2009/10.

A preliminary risk assessment of fund-raising and gift processing was used to select for our audit testing those areas or activities with highest risk. This assessment was based upon a systematic process using prior audits, management’s feedback, and professional judgments on probable adverse conditions and other pertinent information, including prior audit history in this area. 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:

- Fund-raising and event planning.
- Cash and non-cash gift administration.
- Donor information security.
- Reporting and recordkeeping.
- Gift accounts and expenditures.
OBSERVATIONS, RECOMMENDATIONS, AND CAMPUS RESPONSES

GENERAL ENVIRONMENT

Policies and procedures for campus and Sonoma State University Academic Foundation Inc. (Foundation) fund-raising activities needed improvement.

We found that:

- Areas of operation critical to fund-raising efforts at the campus and the Foundation needed further definition and documentation.
- Policies and procedures for the management and oversight of critical areas at the campus and the Foundation had not been documented.
- The Sonoma State University (SSU) Development Manual had not been updated since its creation in 2002.

State Administrative Manual (SAM) §20500 states that a major symptom of a deficient control environment is a lack of documented policies and procedures which address areas of operation which are critical to a department or organization and procedural or operational manuals that are either not currently maintained or are nonexistent.

Executive Order (EO) 698, Board of Trustees Policy for the California State University Auxiliary Organizations, dated March 4, 1999, states that campus presidents are responsible for ensuring that auxiliary organizations operate in conformity with the policies and procedures of the Board of Trustees and the campus.

Title 5 §42401 and §42402 indicate that the campus president shall require auxiliary organizations operate in conformity with policies 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 policies and procedures be documented and maintained on a current basis.

The development services manager stated that although significant improvements had been made in the past few years in regard to the strength of controls in the advancement area, the formal documenting of the critical areas of operation and associated policies and procedures had not occurred because of staffing and time restraints. He also stated that the development manual has been informally reviewed since 2002, but the results of the review and modifications to policies and procedures contained within had not been documented. The Foundation president stated that the campus does have policies and procedures in place to deal with areas critical to the operation of advancement activities. She also stated that although the policies and procedures had not been documented and formalized, clear expectations that such guidance be followed by campus personnel had been and would continue to be communicated on an ongoing basis.
The lack of written policies and procedures and an up-to-date operational manual for the administration of fund-raising activities decreases accountability for the achievement of fund-raising goals, increases the risk that event funds might be lost or misappropriated, and may increase the potential non-compliance with government regulations.

**Recommendation 1**

We recommend that the campus and the Foundation:

a. Define and document the areas of operation that are critical to fund-raising efforts.
b. Document policies and procedures for the management and oversight of critical areas.
c. Review and update the SSU Development Manual on a regular basis.

**Campus Response**

We concur.

a. The campus will define and document the areas of operation that are critical to fund-raising efforts.
b. The campus will document policies and procedures for the management and oversight of critical areas.
c. The campus will review and update the SSU Development Manual on a regular basis.

Expected completion: October 1, 2011

**FUND-RAISING AND EVENT PLANNING**

**DEVELOPMENT PLANS**

The campus did not obtain written approval of the annual development plan from the campus president.

Council for Advancement and Support of Education Reporting Standards and Management guidelines state that a written campaign plan should be prepared for review by all appropriate bodies at an institution, and the plan should be formally approved by the committee organized to create the plan or the individual who has final authority for the organization’s fund-raising activities.

The SSU Development Manual §15.2 outlines the process via which development plans shall be created, including specific processes for plan reviews and approvals.
The vice president of development stated that although she had received informal approval of the annual development plan from the campus president, she had not requested formal written approval that could demonstrate that a review had occurred.

Failure to obtain written approval of development plans can lead to a lack of accountability and can cause an allocation of resources to efforts that are not of primary concern or focus for executive management.

**Recommendation 2**

We recommend that the campus obtain written approval of the annual development plan from the campus president.

**Campus Response**

We concur. The campus will obtain written approval of the annual development plan from the campus president.

**Expected completion: October 1, 2011**

**FUND-RAISING EVENT ADMINISTRATION**

Campus administration of fund-raising events needed improvement.

We reviewed five events in fiscal years 2008/09 and 2009/10 and found that:

- The athletics department routinely sent fund-raising mailers without notifying or coordinating with university development.
- Policies and procedures were not documented for university development approval of fund-raising events. Although the campus had general event approval processes, these did not require a review by university development for issues specific to fund-raising events, such as required disclosures and adherence to state and Internal Revenue Service regulations.
- The SSU Development Manual did not provide guidance on recordkeeping and financial controls for fund-raising events, including pre-event planning and budgeting, revenue and expense reconciliations, and cash handling controls.

The SSU Development Manual §15.0 through §15.4 states that it is the responsibility of the development office to act as the managing and coordinating agency for all SSU fund-raising activities. As such, all solicitations of funds from private individuals, foundations, businesses, corporations, and organizations must be coordinated through the development office. The manual further states that all programs to raise funds should be coordinated through the development office,
and that all literature, including brochures, booklets, and newsletters, used to attract private funds should be coordinated through university development.

Government Code §13402 and §13404 require that a system of internal administrative and accounting controls be implemented so that reasonable assurances can be given that measures to safeguard assets, check the accuracy and reliability of accounting data, promote operational efficiency, and encourage adherence to prescribed managerial policies be followed. The elements of a satisfactory system of internal controls include authorizations and recordkeeping procedures which are adequate to provide effective oversight of assets.

The vice president of university development stated that the campus is currently in the process of reviewing several options for creating an appropriate approval process that can be implemented in an effective and efficient manner as to not create a significant ongoing administrative burden to the advancement operation.

The lack of proper coordination, approval, and documentation in regard to fund-raising events increases the risk that the campus will perform advancement activities that are not in compliance with campus, California State University (CSU), and external requirements and that event funds will be lost or misappropriated.

**Recommendation 3**

We recommend that the campus:

a. Instruct the athletic department to notify and coordinate with university development when sending out fund-raising mailers.

b. Develop and implement policies and procedures for university development approval of fund-raising events.

c. Update the SSU Development Manual to provide guidance on recordkeeping and financial controls for fund-raising events, including pre-event planning and budgeting, revenue and expense reconciliations, and cash handling controls.

**Campus Response**

We concur.

a. The campus will instruct the athletics department to notify and coordinate with university development when sending out fund-raising mailers.

b. The campus will develop and implement policies and procedures for university development approval of fund-raising events.
c. The campus will update the SSU Development Manual to provide guidance for areas of operation that are critical to fund-raising efforts.

Expected completion: October 1, 2011

THIRD-PARTY AGREEMENTS

Third-party agreements associated with fund-raising events needed improvement.

We reviewed the letter of agreement between the Foundation and the automotive group that provided the prize for an annual car raffle benefiting the athletics department and noted that:

- The agreement did not include an indemnification clause, insurance requirements, or other protective language despite the fact that the agreement established a financial burden to the Foundation and the automotive group was allowed to display the vehicle on campus property.

- The agreement did not establish which entity would be required to withhold taxes from the winner of the raffle.

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 complete, written agreements that include all appropriate contractual provisions.

The Foundation chief financial officer stated that the absence of appropriate indemnification clauses was due to oversight during the contract development and review process.

The lack of properly constructed agreements with third-party entities puts the Foundation and the university at financial, legal, and reputational risk.

Recommendation 4

We recommend that the Foundation:

a. Ensure that all third-party agreements contain the appropriate indemnification clauses, insurance coverage, or other protective language as necessary.

b. Stipulate within contracts for future raffle events which party to the agreement is required to withhold taxes from the raffle winner.
Campus Response

We concur.

a. The campus will ensure that all third-party agreements will contain the appropriate indemnification clauses, insurance coverage, or other protective language as necessary.

b. The campus will stipulate within contracts for future raffle events which party to the agreement is required to withhold taxes from the raffle winner.

Expected completion: October 1, 2011

CASH AND NON-CASH GIFT ADMINISTRATION

The campus did not have standard cash tracking policies and procedures for the acceptance of gifts in areas outside of the Foundation.

We reviewed gift receipt processes for the athletics, etymology, and art history departments and found that cash and check donations meant for deposit at the Foundation were not logged at the departments when they were received.

SAM §8032.1 states that all incoming mail receipts consisting of cash and negotiable instruments not payable to the state agency will be prelisted by the person opening the mail to localize accountability of these assets.

The development services manager stated that several departments had developed their own methods for tracking cash and cash equivalents that are sent to the Foundation for acceptance, but no formal process for doing so had not been created.

The lack of standard cash tracking policies and procedures for acceptance of gifts increases the likelihood that funds will be misappropriated.

Recommendation 5

We recommend that the campus develop and implement policies and procedures that address the tracking/logging of gifts in areas outside of the Foundation.

Campus Response

We concur. The campus will develop and implement policies and procedures that address the logging of incoming mail cash receipts in areas outside of the Foundation.

Expected completion: October 1, 2011
**APPENDIX A:**
**PERSONNEL CONTACTED**

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CAMPUS</strong></td>
<td></td>
</tr>
<tr>
<td>Rubin Armíñana</td>
<td>President</td>
</tr>
<tr>
<td>Barry Blackburn</td>
<td>Information Security Officer</td>
</tr>
<tr>
<td>Yvonne Burbank</td>
<td>Assistant Athletics Director/Senior Women’s Administrator</td>
</tr>
<tr>
<td>Ruth Burke</td>
<td>Administrative Manager, Office of the Dean of Science and Technology</td>
</tr>
<tr>
<td>Letitia Coate</td>
<td>Associate Vice President, Administration and Finance</td>
</tr>
<tr>
<td>David Crozier</td>
<td>Assistant Controller, Financial Reporting</td>
</tr>
<tr>
<td>Laurence Furukawa-Schlereth</td>
<td>Vice President, Administration and Finance and Chief Financial Officer</td>
</tr>
<tr>
<td>Sara Golightly</td>
<td>Scholarship Coordinator</td>
</tr>
<tr>
<td>Paul Greenblatt</td>
<td>Development Services Manager</td>
</tr>
<tr>
<td>Kurt Koehle</td>
<td>Director, Internal Operations Analysis and Review</td>
</tr>
<tr>
<td>Claudia Luke</td>
<td>Director, Sonoma State University Preserves</td>
</tr>
<tr>
<td>Ruth McDonnell</td>
<td>Purchasing Officer</td>
</tr>
<tr>
<td>Patricia McNeill</td>
<td>Vice President, Development</td>
</tr>
<tr>
<td>Steven Nank</td>
<td>Receiving Coordinator</td>
</tr>
<tr>
<td>Gloria Ogg</td>
<td>Senior Director, University Business Services</td>
</tr>
<tr>
<td>Brian Orr</td>
<td>Internal Auditor</td>
</tr>
<tr>
<td>Nicholas Saschin</td>
<td>Cashier/Accounts Receivable Administrator</td>
</tr>
<tr>
<td>Kathleen Spitzer</td>
<td>Managing Director, Employee Services</td>
</tr>
<tr>
<td>Amanda Visser</td>
<td>Deputy Controller, Auxiliaries</td>
</tr>
<tr>
<td><strong>SONOMA STATE UNIVERSITY ACADEMIC FOUNDATION, INC.</strong></td>
<td></td>
</tr>
<tr>
<td>Rubin Armíñana</td>
<td>Chairperson</td>
</tr>
<tr>
<td>Letitia Coate</td>
<td>Chief Financial Officer</td>
</tr>
<tr>
<td>Laurence Furukawa-Schlereth</td>
<td>Chief Operating Officer</td>
</tr>
<tr>
<td>Patricia McNeill</td>
<td>President</td>
</tr>
</tbody>
</table>
May 18, 2011

MEMORANDUM

TO: Larry Mandel
University Auditor
California State University
401 Golden Shore, 4th Floor
Long Beach, California 90802-4200

FROM: Laurence Furukawa\nAshlereth
Chief Financial Officer and
Vice President for Administration and Finance

SUBJECT: Fund-Raising and Gift Processing Audit Report #10-64
Campus Response

On behalf of President Armiñana, I am submitting the initial Campus Response to the recommendations of the Fund-Raising and Gift Processing Audit Report #10-64, Sonoma State University.

Upon acceptance of this response, we will provide documentation to demonstrate the completion of corrective actions for each recommendation.

This memorandum [pdf copy], and the Campus Response will be sent via email to OUA@calstate.edu.

Enclosure

c: President Ruben Armiñana
Patricia McNeill
Erik Greeny
Paul Greenblatt
Bill Fusco
Letitia Coate
Amanda Visser
Ruth McDonnell
Nicholas Saschin
Mike Ogg
Brian Orr
Kurt Koehler

THE CALIFORNIA STATE UNIVERSITY
Bakersfield • Channel Islands • Chico • Dominguez Hills • East Bay • Fresno • Fullerton • Humboldt • Long Beach • Los Angeles • Multiple Academies
Monterey Bay • Northridge • Pomona • Sacramento • San Bernardino • San Diego • San Francisco • San Jose • San Luis Obispo • San Marcos • Sonoma • Stanislaus
FUND-RAISING AND GIFT PROCESSING

SONOMA STATE UNIVERSITY

Audit Report 10-64

GENERAL ENVIRONMENT

Recommendation 1

We recommend that the campus and the Foundation:

a. Define and document the areas of operation that are critical to fund-raising efforts.
b. Document policies and procedures for the management and oversight of critical areas.
c. Review and update the SSU Development Manual on a regular basis.

Campus Response

a. We concur. The campus will define and document the areas of operation that are critical to fund-raising efforts.

b. We concur. The campus will document policies and procedures for the management and oversight of critical areas.

c. We concur. The campus will review and update the SSU Development Manual on a regular basis.

Expected Completion: October 1, 2011

FUND-RAISING AND EVENT PLANNING

DEVELOPMENT PLANS

Recommendation 2

We recommend that the campus obtain written approval of the annual development plan from the campus president.

Campus Response

We concur. The campus will obtain written approval of the annual development plan from the campus president.

Expected Completion: October 1, 2011
FUND-RAISING EVENT ADMINISTRATION

Recommendation 3

We recommend that the campus:

a. Instruct the athletic department to notify and coordinate with university development when sending out fund-raising mailers.

b. Develop and implement policies and procedures for university development approval of fund-raising events.

c. Update the SSU Development Manual to provide guidance on recordkeeping and financial controls for fund-raising events, including pre-event planning and budgeting, revenue and expense reconciliations, and cash handling controls.

Campus Response

a. We concur. The campus will instruct the athletics department to notify and coordinate with university development when sending out fund-raising mailers.

b. We concur. The campus will develop and implement policies and procedures for university development approval of fund-raising events.

c. We concur. The campus will update the SSU Development Manual to provide guidance for areas of operation that are critical to fund-raising efforts.

Expected Completion: October 1, 2011

THIRD-PARTY AGREEMENTS

Recommendation 4

We recommend that the Foundation:

a. Ensure that all third-party agreements contain the appropriate indemnification clauses, insurance coverage, or other protective language as necessary.

b. Stipulate within contracts for future raffle events which party to the agreement is required to withhold taxes from the raffle winner.

Campus Response

a. We concur. The campus will ensure that all third-party agreements will contain the appropriate indemnification clauses, insurance coverage, or other protective language as necessary. An example of likely provisions will be provided.
b. We concur. The campus will stipulate within contracts for future raffle events which party to the agreement is required to withhold taxes from the raffle winner. An example of likely provisions will be provided.

Expected Completion: October 1, 2011

**CASH AND NON-CASH GIFT ADMINISTRATION**

**Recommendation 5**

We recommend that the campus develop and implement policies and procedures that address the tracking/logging of gifts in areas outside of the Foundation.

**Campus Response**

We concur. The campus will develop and implement policies and procedures that address the logging of incoming mail cash receipts in areas outside of the Foundation.

Expected Completion: October 1, 2011
June 6, 2011

MEMORANDUM

TO: Mr. Larry Mandel
   University Auditor

FROM: Charles B. Reed
      Chancellor

SUBJECT: Draft Final Report 10-64 on Fund-Raising and Gift Processing,
         Sonoma State University

In response to your memorandum of June 6, 2011, I accept the response as
submitted with the draft final report on Fund-Raising and Gift Processing,
Sonoma State University.

CBR/amd