FUND-RAISING AND GIFT PROCESSING

SYSTEMWIDE

Audit Report 10-76
August 2, 2011

Members, Committee on Audit

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BOARD OF TRUSTEES
THE CALIFORNIA STATE UNIVERSITY
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ABBREVIATIONS

CO Office of the Chancellor
CSU California State University
IRS Internal Revenue Service
EC Education Code
EO Executive Order
SAM State Administrative Manual
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 on 20 campuses and during the Auxiliary Organizations triennial audits.

We visited six campuses from October 11, 2010, to January 21, 2011, and audited the procedures in effect at that time. Campus-specific findings and recommendations have been discussed and reported individually.

Our study and evaluation revealed certain conditions that, in our opinion, could result in significant errors and irregularities if not corrected. Specifically, we found that systemwide policies and procedures for hospitality expenses were outdated, and further policy guidance was needed in the areas of fund-raising events and matching gifts. These conditions are described in the executive summary and body of this report. In our opinion, except for the effect of the weaknesses described above, the operational and administrative controls for fund-raising and gift processing activities in effect as of January 21, 2011, 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.

SYSTEMWIDE POLICIES AND PROCEDURES [5]

Systemwide policies for hospitality expenses were outdated and required clarification. Additionally, systemwide policies and procedures for fund-raising event management needed improvement to provide further guidance in areas such as planning and budgeting, recordkeeping, and financial controls. Also, systemwide policies and procedures for the administration of matching gifts had not been developed.
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>
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<tr>
<td>Bakersfield</td>
<td>Chico</td>
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<td>Channel Islands</td>
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<td>East Bay</td>
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<td>Los Angeles</td>
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<td>Maritime Academy</td>
<td>San Jose</td>
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<td>Monterey Bay</td>
<td>Sonoma</td>
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<td>San Bernardino</td>
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<td>San Marcos</td>
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<tr>
<td>Stanislaus</td>
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</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.
INTRODUCTION

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.

During the course of the audit, we visited five campuses in addition to the chancellor’s office: Fullerton, Humboldt, Maritime, Sonoma, and Stanislaus. We interviewed campus and auxiliary personnel and audited procedures in effect at the time of audit.
SYSTEMWIDE POLICIES AND PROCEDURES

HOSPITALITY EXPENSES

Systemwide policies for hospitality expenses were outdated and required clarification.

We found that Executive Order (EO) 761, *Hospitality, Payment or Reimbursement of Expenses*, which was established in October 2000 to codify California State University (CSU) policy relating to hospitality expenses, needed to be updated. Specifically:

- EO 761 did not address the use of, and the restrictions on, the CSU Operating Fund as a funding source for hospitality expenses. Due to recent changes to Education Code (EC) §89721 that allowed for the deposit of student fees into local trust accounts, the CSU Operating Fund was established to record all revenues, expenses, and net assets related to state-supported instruction and related programs and operations.

- EO 761 was not clear regarding the circumstances under which it would be appropriate to pay for employees, spouses/domestic partners, and students to attend fund-raising events, and how this determination should be documented. It provided a broad spectrum of allowable hospitality expenses connected to fund-raising, stating that permissible expenses include “when the university hosts receptions held in connection with … fund-raising events.”

EO 761, *Hospitality, Payment or Reimbursement of Expenses*, dated October 31, 2000, states, in part, that hospitality funds may be paid with university funds to the extent that the purchase and use of these services and items is consistent with the mission and fiduciary responsibilities of the university. Hospitality includes expenses for activities that promote the university to the public, usually with the expectation of benefits accruing directly or indirectly to the university.

EO 1000, *Delegation of Fiscal Authority and Responsibility*, dated July 1, 2007, states, in part, that each campus shall establish a CSU Operating Fund. Campuses shall report revenues, expenses and net assets related to state-supported instruction and related programs and operations exclusively in the CSU Operating Fund. All proprietary fund activities that are not reportable in other funds shall also be reported in the CSU Operating Fund.

EC §89721 states, in part, that notwithstanding any other provision of law, the chief fiscal officer of each campus of the CSU shall deposit into and maintain in local trust accounts or in trust accounts in accordance with Sections 16305 to 16305.7, inclusive, of the Government Code, or in the CSU Trust Fund, moneys received in connection with the moneys collected as higher education fees and income from students of any campus of the CSU and from other persons pursuant to Section 89700.

State Administrative Manual (SAM) §20050 states that one symptom of a deficient internal control system is policy and procedural or operational manuals that are either not currently maintained or nonexistent.
The assistant vice chancellor of systemwide advancement stated that the division of business and finance intended to update all policies impacted by the creation of the CSU Operating Fund in fiscal year 2006/07, but in prioritizing workload, first consideration was given to processes for accepting student fees directly and the management of those funds, as well as the standardization of PeopleSoft financials.

Failure to update and clarify systemwide policies for hospitality expenses increases the risk of misunderstandings related to the use of the CSU Operating Fund, inconsistencies in compliance with CSU and state requirements, and improper hospitality expenditures.

**Recommendation 1**

We recommend that the chancellor’s office (CO) review and update existing systemwide policies to:

a. Address the use of, and the restrictions on, the CSU Operating Fund as a funding source for hospitality expenditures.

b. Clarify the circumstances under which it would be appropriate to pay for employees, spouses/domestic partners, and students to attend fund-raising events, and how this should be documented.

**Management Response**

We concur. By February 2, 2012, the chancellor’s office will update the hospitality policy addressing the two recommendations and instruct campuses to update campus policy and procedures accordingly.

**FUND-RAISING EVENTS**

Systemwide policies and procedures for fund-raising event management needed improvement.

We found that although systemwide advancement posted state and federal regulations relating to fund-raising event management on its website, there was little policy guidance or interpretation of these regulations from the CO. In addition, systemwide policies were not complete for the following areas:

- Planning, budgeting, and approval processes for fund-raising events, including the collection of sufficient information for Internal Revenue Service (IRS) Form 990 reporting requirements.
- Risk assessment for major events.
- Recordkeeping and financial controls for the receipt and deposit of payments specific to event management.
Special reporting requirements for events such as auctions, raffles, and casino nights.

IRS Form 990, *Supplemental Information Regarding Fundraising or Gaming Activities*, requires organizations to collect and report on revenues, contributions, and direct expenses associated with fund-raising events that exceed a certain threshold amount.

Government Codes §13402 and §13403 state that management is responsible for establishing and maintaining a system of internal administrative controls, which includes documenting the system, communicating system requirements to employees, and assuring that the system is functioning as prescribed and is modified, as appropriate, for changes in conditions. Further, administrative controls are the methods through which reasonable assurance can be given that measures adopted by state agency heads to safeguard assets and promote operational efficiency are being followed.

SAM §20050 states that one symptom of a deficient internal control system is policy and procedural or operational manuals that are either not currently maintained or nonexistent.

The assistant vice chancellor of systemwide advancement stated that the IRS began making substantial changes to the informational return Form 990 in 2007 and continued to make changes through the current 2010 reporting year, and therefore, systemwide advancement considered it prudent during this period to submit to the advice of tax counsel when completing Form 990 and to await additional instruction from the IRS. She also stated that state regulations and California Attorney General guidelines regarding raffles and other gaming activities have been frequently distributed to campuses and posted on the University Relations and Advancement division and intranet sites.

Failure to develop and implement systemwide policies for fund-raising events may create a lack of accountability for the achievement of fund-raising goals, increases the risk that event funds will be lost or misappropriated, exposes the CSU to liability, and increases the risk of potential non-compliance with government regulations.

**Recommendation 2**

We recommend that the CO expand systemwide policies and procedures relating to fund-raising event management and communicate them to the campuses.

**Management Response**

We concur. By February 2, 2012, the chancellor’s office will develop a fund-raising event policy and instruct campuses to update campus policy and procedures accordingly.

**MATCHING GIFTS**

Systemwide policies and procedures for the administration of matching gifts had not been developed.
We found that policies and practices for the administration of matching gifts varied among the campuses, and there was no policy guidance from the CO to ensure proper processing, approvals, and documentation of matching gifts. Specifically, policies and procedures should address:

- Documented review to ensure the eligibility of donor contributions under the relevant company matching gift program.
- Reconciliation of matching gifts to original gifts and segregation of duties appropriate to ensure that matching gifts are directed in accordance with donor intent.
- Review and follow-up of outstanding matching gifts and disposition.

Council for Advancement and Support of Education *Matching Gift Administration*, dated 2009, states, in part, that organizations should establish an administrative structure and general procedures to achieve appropriate internal control, including procedures for matching gift programs. It further states that a recipient organization should ensure that donor contributions conform to guidelines of the company matching gift program; maintain records of donor contributions and matching gifts in such a manner that there is a clear record of the individual contribution, the related company gift, and compliance with the company’s matching gift program; and certify review of donor gifts.

SAM §20050 states that one symptom of a deficient internal control system is policy and procedural or operational manuals that are either not currently maintained or nonexistent.

The assistant vice chancellor of systemwide advancement stated that following a special audit of matching gifts at one campus, the case study was presented to the vice presidents for advancement, and an updated policy manual was provided to the campuses as a best-practice example. She further stated that campuses were urged to develop their own policies and procedures, but that frequent changeover in the leadership and staffing of advancement programs had impacted the implementation of these recommendations.

Failure to develop and implement systemwide policies for matching gifts increases the risk of inconsistent treatment and handling of matching gifts, the likelihood of misdirected funds, and exposure to liabilities from non-compliance with corporate donor policies.

**Recommendation 3**

We recommend that the CO develop and implement systemwide policies and procedures that address:

a. Documented review to ensure eligibility of donor contributions under the relevant company matching gift program.

b. Reconciliation of matching gifts to original gifts and segregation of duties appropriate to ensure that matching gifts are directed in accordance with donor intent.
c. Review and follow-up of outstanding matching gifts and disposition.

Management Response

We concur. By February 2, 2012, the chancellor’s office will develop a matching gift policy and instruct campuses to update campus policy and procedures accordingly.
# APPENDIX A:
## PERSONNEL CONTACTED

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
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<tbody>
<tr>
<td><strong>Office of the Chancellor</strong></td>
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</tr>
<tr>
<td>George Ashkar</td>
<td>Assistant Vice Chancellor/Controller, Financial Services</td>
</tr>
<tr>
<td>Garrett P. Ashley</td>
<td>Vice Chancellor of University Relations and Advancement</td>
</tr>
<tr>
<td>Zachary Gifford</td>
<td>Associate Director, Risk Management and Public Safety</td>
</tr>
<tr>
<td>Laura Hahn</td>
<td>Advancement Analyst</td>
</tr>
<tr>
<td>Charlene Minnick</td>
<td>Assistant Vice Chancellor, Risk Management and Public Safety</td>
</tr>
<tr>
<td>Benjamin F. Quillian</td>
<td>Executive Vice Chancellor and Chief Financial Officer</td>
</tr>
<tr>
<td>Steven Raskovich</td>
<td>University Counsel</td>
</tr>
<tr>
<td>Michael Redmond</td>
<td>Senior Director, Chancellor’s Office Fiscal Control and Special Initiatives</td>
</tr>
<tr>
<td>Lori Redfearn</td>
<td>Assistant Vice Chancellor, Systemwide Advancement</td>
</tr>
<tr>
<td>Carrie Hemphill Rieth</td>
<td>University Counsel</td>
</tr>
<tr>
<td><strong>California State University, Fullerton</strong></td>
<td></td>
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<tr>
<td>Milton A. Gordon</td>
<td>President</td>
</tr>
<tr>
<td>Patricia Boggs</td>
<td>Director, Board Relations, Planning and Special Programs, CSU Fullerton Philanthropic Foundation (Philanthropic Foundation)</td>
</tr>
<tr>
<td>Kerry Boyer</td>
<td>University Information Security Officer</td>
</tr>
<tr>
<td>Pat Carroll</td>
<td>Executive Assistant to the President</td>
</tr>
<tr>
<td>Julie Chung</td>
<td>Accounting Manager and Gift Administrator, Philanthropic Foundation</td>
</tr>
<tr>
<td>Karon Cornell</td>
<td>Director, Tucker Wildlife Sanctuary</td>
</tr>
<tr>
<td>Kellie Cox</td>
<td>Athletics Marketing and Spirit Coordinator</td>
</tr>
<tr>
<td>Amir Dabirian</td>
<td>Vice President for Information Technology and Chief Information Technology Officer</td>
</tr>
<tr>
<td>Mark Filowitz</td>
<td>Associate Dean, College of Natural Sciences and Mathematics</td>
</tr>
<tr>
<td>Naomi Goodwin</td>
<td>Assistant Vice President for Administration and Finance</td>
</tr>
<tr>
<td>Willie Hagan</td>
<td>Vice President for Administration and Finance and Chief Financial Officer</td>
</tr>
<tr>
<td>Bahram Hatefi</td>
<td>Director of Internal Audit</td>
</tr>
<tr>
<td>Rommel Hidalgo</td>
<td>Director of Infrastructure Services</td>
</tr>
<tr>
<td>Pamela Hillman</td>
<td>Vice President of University Advancement and Executive Director, Philanthropic Foundation</td>
</tr>
<tr>
<td>Laura Hultman</td>
<td>Senior Financial Reporting Specialist</td>
</tr>
<tr>
<td>Christa Johnson</td>
<td>Budget Analyst, College of Natural Sciences and Mathematics</td>
</tr>
<tr>
<td>Pamela Jones-Tinkle</td>
<td>Senior Director of Development, Student Affairs and Intercollegiate Athletics</td>
</tr>
<tr>
<td>Kandy Mink-Salas</td>
<td>Dean of Students</td>
</tr>
<tr>
<td>Bob Minor</td>
<td>Technical Services Coordinator, Audio and Computer Systems Technician</td>
</tr>
<tr>
<td>Marilyn Moore</td>
<td>Assistant to the Director of the Main Art Gallery</td>
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</table>
APPENDIX A: PERSONNEL CONTACTED

California State University, Fullerton (cont.)

Frank Mumford  Director, Finance and Administration, Auxiliary Services Corporation
Ivan Munguia  Budget and Data Analyst, College of Engineering and Computer Science
Valerie Nguyen  Information Services Supervisor, Philanthropic Foundation
Mary Ellen Nossaman  Administrative Support Assistant, Center for Insurance Studies
Robert Scialdone  Associate Director of Athletics, Business Affairs
James Stroh  Property Clerk
Greg Sweet  Tax Compliance Manager
Esiquio Uballe  Associate Dean, Student Life
Ira Unterman  Executive Director of Advancement Operations and Chief Financial Officer, Philanthropic Foundation
Steven Yim  University Controller

Humboldt State University

Rollin C. Richmond  President
Sandra Joubert Amiel  Advancement Services Manager, Development and Alumni Relations
Robin Bailie  Director, University Advancement
Tawny Brunner  Accountant, Reporting and Analysis
Dave Bugbee  Director, Contracts and Procurement
Tammy Curtis  Director, Human Resources
Denise Giltzow  Office Manager, Human Resources
Laura Jackson  Associate Vice President, Development and Alumni Relations
Emily Kupec  Accountant, Financial Services
Burt Nordstrom  Vice President, Administrative Affairs
Marylyn Paik-Nicely  Director, MultiCultural Center
David Reed  Development Director, K Humboldt State University Frequency Modulation
Lynne Sandstrom  Director, Financial Services
Debbie Snead  Cashier, Student Financial Services
Mary Stuart  Operations Manager, Youth Educational Services
Edward Subkis  General Manager, K Humboldt State University Frequency Modulation
Carol Terry  Associate Vice President, Business Services
Tom Trepiak  Associate Director, Athletics
Joan Tyson  Manager, Associated Student Body
Frank Whitlatch  Vice President, University Advancement
Sandra Wieckowski  Supervisor, Student Financial Services

California Maritime Academy

William B. Eisenhardt  President
Jannette Corpus  Information Security Officer
Vineeta Dhillon  Director, Procurement and Risk Management
Thomas Dunworth  Vice President, University Advancement and Executive Director, California Maritime Academy Foundation, Inc. (Foundation)
APPENDIX A: PERSONNEL CONTACTED

California Maritime Academy (cont.)
Susan Foft Accounting Manager
Mark Nickerson Vice President, Administration and Finance (At time of review)
Jelayn Sansone Accountant
Roberta Solveson Gift Coordinator
Karen Spall Administrative Assistant, University Advancement
Ken Toet Controller and Controller, Foundation

Sonoma State University
Rubin Armiñana President
Barry Blackburn Information Security Officer
Yvonne Burbank Assistant Athletics Director/Senior Women’s Administrator
Ruth Burke Administrative Manager, Office of the Dean of Science and Technology
Letitia Coate Associate Vice President, Administration and Finance and Chief Financial Officer, Sonoma State University Academic Foundation Inc. (Academic Foundation)
David Crozier Assistant Controller, Financial Reporting
Laurence Furukawa-Schlereth Vice President, Administration and Finance and Chief Financial Officer, Academic Foundation
Sara Golightly Scholarship Coordinator
Paul Greenblatt Development Services Manager
Kurt Koehle Director, Internal Operations Analysis and Review
Claudia Luke Director, Sonoma State University Preserves
Ruth McDonnell Purchasing Officer
Patricia McNeill Vice President, Development, and President, Academic Foundation
Steven Nank Receiving Coordinator
Gloria Ogg Senior Director, University Business Services
Brian Orr Internal Auditor
Nicholas Saschin Cashier/Accounts Receivable Administrator
Kathleen Spitzer Managing Director, Employee Services
Amanda Visser Deputy Controller, Auxiliaries

California State University, Stanislaus
Hamid Shirvani President
Mark Bender Department Chair, Agricultural Studies
Nancy Bendickson Gifts and Records Processor
Julie Benevedes Controller, Financial Services
Susana Gajic-Bruyea Vice President, University Advancement and Executive Director, California State University, Stanislaus Foundation
Russell Giambelluca Vice President, Business and Finance and Executive Director, Auxiliary and Business Services
Patrick Hunt Manager, Advancement Services
Briquel Hutton Director, Auxiliary Business and Financial Services
Durena Long Assistant Budget Analyst, Athletics
Wendy Olmstead Administrative Support Coordinator, Agricultural Studies
Jack Reho Associate Vice President of Auxiliary Business Services
California State University, Stanislaus (cont.)
Milton Richards  Director of Athletics
Claire Tyson  Associate Vice President, Financial Services
August 23, 2011

Mr. Larry Mandel
University Auditor
California State University
401 Golden Shore, 4th Floor
Long Beach, CA 90802

Subject: Management Responses – Systemwide Fundraising and Gift Processing Audit

Dear Mr. Mandel:

Enclosed is the response to the recommendations in Audit Report Number 10-76 Systemwide Fundraising and Gift Processing. Upon acceptance of this response, we will follow up with your office in providing supporting documentation for each recommendation by the anticipated completion dates.

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

Sincerely

[Signature]

Garrett P. Ashley
Vice Chancellor University Relations and Advancement

Enclosure

c: Charles B. Reed, Chancellor
    Benjamin F. Quillian, Executive Vice Chancellor and Chief Financial Officer
    Lori Erdman, Chief of Staff, Business and Finance
SYSTEMWIDE POLICIES AND PROCEDURES

HOSPITALITY EXPENSES

Recommendation 1

We recommend that the chancellor’s office (CO) review and update existing systemwide policies to:

a. Address the use of, and the restrictions on, the CSU Operating Fund as a funding source for hospitality expenditures.

b. Clarify the circumstances under which it would be appropriate to pay for employees, spouses/domestic partners, and students to attend fund-raising events, and how this should be documented.

Management Response

We concur. By February 2, 2012, the chancellor’s office will update the hospitality policy addressing the two recommendations and instruct campuses to update campus policy and procedures accordingly.

FUND-RAISING EVENTS

Recommendation 2

We recommend that the CO expand systemwide policies and procedures relating to fund-raising event management and communicate them to the campuses.

Management Response

We concur. By February 2, 2012, the chancellor’s office will develop a fundraising event policy and instruct campuses to update campus policy and procedures accordingly.
MATCHING GIFTS

Recommendation 3

We recommend that the CO develop and implement systemwide policies and procedures that address:

a. Documented review to ensure eligibility of donor contributions under the relevant company matching gift program.

b. Reconciliation of matching gifts to original gifts and segregation of duties appropriate to ensure that matching gifts are directed in accordance with donor intent.

c. Review and follow-up of outstanding matching gifts and disposition.

Management Response

We concur. By February 2, 2012, the chancellor’s office will develop a matching gift policy and instruct campuses to update campus policy and procedures accordingly.
September 1, 2011

MEMORANDUM

TO: Mr. Larry Mandel
University Auditor

FROM: Charles B. Reed
Chancellor

SUBJECT: Draft Final Report 10-76 on
Fund-Raising and Gift Processing, Systemwide

In response to your memorandum of September 1, 2011, I accept the response as submitted with the draft final report on Fund-Raising and Gift Processing, Systemwide.

CBR/amd