



CALIFORNIA STATE UNIVERSITY

Single Audit Reports

Year ended June 30, 2016

(With Independent Auditors' Report Thereon)

CALIFORNIA STATE UNIVERSITY

Table of Contents

	Page
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1
Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	3
Schedule of Expenditures of Federal Awards	6
Notes to Schedule of Expenditures of Federal Awards	15
Schedule of Findings and Questioned Costs	16



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Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

The Board of Trustees
California State University:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units of the California State University, an agency of the State of California, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise California State University's basic financial statements, and have issued our report thereon dated December 1, 2016. Our report refers to other auditors who audited 88 of the 90 aggregate discretely presented component units, which statements reflect total assets constituting 95% and total revenues constituting 94% of the aggregate discretely presented component units totals. The reports of the other auditors have been furnished to us, and our opinion, insofar as they relate to the amounts included for the 88 aggregate discretely presented component units, are based solely on the reports of the other auditors. The financial statements of 46 discretely presented component units are not audited in accordance with *Government Auditing Standards*. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters in accordance with *Government Auditing Standards* that are reported on separately by those auditors.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered California State University's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of California State University's internal control. Accordingly, we do not express an opinion on the effectiveness of California State University's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether California State University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the California State University's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the California State University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Orange County, California
December 1, 2016



KPMG LLP
Suite 700
20 Pacifica
Irvine, CA 92618-3391

Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

The Board of Trustees
California State University:

Report on Compliance for Each Major Federal Program

We have audited the California State University's (the University) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2016. The University's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

The University's basic financial statements include the operations of the University's discretely presented component units, which received federal awards totaling \$343,120,000, which is not included in the schedule of expenditures of federal awards for the year ended June 30, 2016. Our audit, described below, did not include the operations of these component units because the component units engaged other auditors to perform audits in accordance with the Uniform Guidance.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the University's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the University's compliance.



Opinion on Each Major Federal Program

In our opinion, the California State University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2016-001, 2016-002, and 2016-003. Our opinion on each major federal program is not modified with respect to these matters.

The University's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The University's responses were not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the responses.

Report on Internal Control over Compliance

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the University's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2016-001, 2016-2002, and 2016-003 that we consider to be significant deficiencies.

The University's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The University's responses were not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the responses.



The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of the University, an agency of the State of California, as of and for the year ended June 30, 2016, and have issued our report thereon dated December 1, 2016, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

KPMG LLP

Los Angeles, California
December 1, 2016

CALIFORNIA STATE UNIVERSITY
Schedule of Expenditures of Federal Awards
Year ended June 30, 2016

Federal grantor/pass-through agency/program title	Catalog of federal domestic assistance (CFDA) number	Pass-through entity identifying number	Federal disbursements/ expenditures	Amounts provided to subrecipients
Student Financial Assistance Cluster:				
U.S. Department of Education:				
Direct programs:				
Federal Supplemental Educational Opportunity Grant	84.007		\$ 13,420,245	—
Federal Work-Study Program	84.033		16,712,861	—
Federal Perkins Loan Program	84.038		97,096,291	—
Federal Pell Grant Program	84.063		959,027,030	—
Federal Direct Student Loans	84.268		1,493,586,808	—
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	84.379		1,951,532	—
Total U.S. Department of Education			<u>2,581,794,767</u>	<u>—</u>
U.S. Department of Health and Human Services:				
Direct programs:				
Nurse Faculty Loan Program (NFLP)	93.264		21,685	—
Nursing Student Loans	93.364		1,686,103	—
Total U.S. Department of Health and Human Services			<u>1,707,788</u>	<u>—</u>
Total Student Financial Assistance Cluster			<u>2,583,502,555</u>	<u>—</u>
Other programs and clusters:				
U.S. Department of Agriculture:				
Child Nutrition Cluster:				
Passed through California Department of Education: Summer Food Service Program for Children	10.559	04050-SFSP-37	11,730	—
Total Child Nutrition Cluster			<u>11,730</u>	<u>—</u>
Passed through Mid Coast Fire Brigade:				
U.S. Department of Agriculture (not classified elsewhere)	10.UNK	MCFB-073114	3,032	—
Direct program:				
Rural Development, Forestry, and Communities	10.672		1,988	—
Total U.S. Department of Agriculture			<u>16,750</u>	<u>—</u>
U.S. Department of Defense:				
Passed through Institute of International Education Inc.:				
		#0054-SFSU-8-SSC-280-PO2 2340-SFSU-14 NSEP-U631073-		
The Language Flagship Grants to Institutions of Higher Education	12.550	SFSU-CHN	364,106	32,094
Total U.S. Department of Defense			<u>364,106</u>	<u>32,094</u>
U.S. Department of the Interior:				
Direct programs:				
U.S. Department of the Interior (not classified elsewhere)	15.UNK		18,155	—
Fish and Wildlife Management Assistance	15.608		3,793	—
Passed through California Office of Historic Preservation:				
Historic Preservation Fund Grants-in-Aid	15.904	C8956509, C8957509	11,107	—
Direct programs:				
Native American Graves Protection and Repatriation Act	15.922		22,868	—
Cultural Resources Management	15.946		15,185	—
Total U.S. Department of the Interior			<u>71,108</u>	<u>—</u>
U.S. Department of Labor:				
WIA/WIOA Cluster:				
Passed through Imperial County Workforce Development Board: Workforce Investment Act (WIA) Adult Program	17.258	M.O. #55	2,092	—
Total WIA/WIOA Cluster			<u>2,092</u>	<u>—</u>
Direct program:				
Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants	17.282		937,413	170,731
Passed through Spokane Community College – Air Washington Project:				
Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants	17.282	AW061515	11,710	—
Subtotal CFDA 17.282			<u>949,123</u>	<u>170,731</u>
Passed through City and County of San Francisco: Workforce Innovation Fund				
	17.283	N/A	2,900	—
Total U.S. Department of Labor			<u>954,115</u>	<u>170,731</u>
U.S. Department of Transportation:				

CALIFORNIA STATE UNIVERSITY
Schedule of Expenditures of Federal Awards
Year ended June 30, 2016

Federal grantor/pass-through agency/program title	Catalog of federal domestic assistance (CFDA) number	Pass-through entity identifying number	Federal disbursements/ expenditures	Amounts provided to subrecipients
Passed through California Department of Transportation:				
U.S. Department of Transportation (not classified elsewhere)	20.UNK	04A3889, 04A4091 03A2168, 04A4643	\$ 199,874	—
Passed through County of San Diego Sheriff:		NONE, 04A4658, 04A4782		
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	528851-3	1,839	—
Direct programs:				
State Maritime Schools	20.806		798,808	—
Ballast Water Treatment Technologies	20.819		61,439	—
Women on the Water (WOW)	20.821		15,000	—
Total U.S. Department of Transportation			<u>1,076,960</u>	<u>—</u>
National Aeronautics and Space Administration:				
Direct program:				
Science	43.001		137,854	—
Passed through Association of Universities for Research in Astronomy, Incorporated:				
Science	43.001	STI-509915	58,279	—
Passed through Stanford University:				
Science	43.001	PY04430-22727-C	262,598	—
Passed through California Institute of Technology:				
Science	43.001	44A-1085525	2,051	—
Passed through The Regents of the University of California:				
Science	43.001	012815	5,744	—
Subtotal CFDA 43.001			<u>466,526</u>	<u>—</u>
Direct Program:				
Education	43.008		19,368	—
Passed through Napa Valley College:				
Education	43.008	SSU16	26,708	—
Subtotal CFDA 43.008			<u>46,076</u>	<u>—</u>
Total National Aeronautics and Space Administration			<u>512,602</u>	<u>—</u>
National Endowment for the Arts:				
Direct program:				
Promotion of the Arts – Grants to Organizations and Individuals	45.024		10,000	—
Total National Endowment for the Arts			<u>10,000</u>	<u>—</u>
National Endowment for the Humanities:				
Direct program:				
Promotion of the Humanities – Division of Preservation and Access	45.149		4,153	—
Total National Endowment for the Humanities			<u>4,153</u>	<u>—</u>
National Science Foundation:				
Direct programs:				
Mathematical and Physical Sciences	47.049		9,968	—
Geosciences	47.050		613	—
Education and Human Resources	47.076		199,952	—
Passed through University Enterprises, Incorporated				
California State University, Sacramento:				
Education and Human Resources	47.076	HRD-1302873, 520541A HRD-1302873	33,115	—
Subtotal CFDA 47.076			<u>233,067</u>	<u>—</u>
Total National Science Foundation			<u>243,648</u>	<u>—</u>
U.S. Environmental Protection Agency:				
Passed through Environmental Quality Management:				
U.S. Environmental Protection Agency (not classified elsewhere)	66.UNK	019624, 020942	113,724	—
Passed through Weston Solutions, Incorporated:				
U.S. Environmental Protection Agency (not classified elsewhere)	66.UNK	0091101	4,679	—
Subtotal CFDA 66.UNK			<u>118,403</u>	<u>—</u>
Direct program:				
Regional Wetland Program Development Grants	66.461		321,411	—
Total U.S. Environmental Protection Agency			<u>439,814</u>	<u>—</u>

CALIFORNIA STATE UNIVERSITY
Schedule of Expenditures of Federal Awards
Year ended June 30, 2016

Federal grantor/pass-through agency/program title	Catalog of federal domestic assistance (CFDA) number	Pass-through entity identifying number	Federal disbursements/ expenditures	Amounts provided to subrecipients
U.S. Department of Energy:				
Direct program:				
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	81.117		\$ 202,748	—
Total U.S. Department of Energy			<u>202,748</u>	<u>—</u>
U.S. Department of Education, excluding Student Financial Assistance Cluster:				
TRIO Cluster:				
Direct program:				
TRIO – Student Support Services	84.042		1,471,831	—
Passed through The CSU, Chico Research Foundation:				
TRIO – Student Support Services	84.042	P042A100854-15	29,400	—
Passed through California State University, Fresno Foundation:				
TRIO – Student Support Services	84.042	P042A150383, P042A150475	68,810	—
Subtotal CFDA 84.042			<u>1,570,041</u>	<u>—</u>
Direct programs:				
TRIO – Talent Search Program	84.044		474,299	—
TRIO – Upward Bound Program	84.047		1,496,751	—
TRIO – McNair Post-Baccalaureate Achievement	84.217		213,440	—
Total TRIO Cluster			<u>3,754,531</u>	<u>—</u>
Passed through Virginia Commonwealth University:				
Undergraduate International Studies and Foreign Language Programs	84.016	PT108273-SCI04765	8,010	—
Passed through University Enterprises Corporation at California State University San Bernardino:				
Undergraduate International Studies and Foreign Language Programs	84.016	GT-14130	3,356	—
Subtotal CFDA 84.016			<u>11,366</u>	<u>—</u>
Direct program:				
Higher Education-Institutional Aid	84.031		6,202,816	570,481
Passed through Bakersfield College:				
Higher Education-Institutional Aid	84.031	GRA 1994/P031C110073	3,070	—
Passed through California State University, Long Beach Research Foundation:				
Higher Education-Institutional Aid	84.031	SG1391SUP-CO SG1391SUP-CI SG1391SUP-ST	68,364	—
Passed through Santa Barbara City College:				
Higher Education – Institutional Aid	84.031	12131.4070.562000.60	130,667	—
Passed through Ventura County Community College District:				
Higher Education – Institutional Aid	84.031	P0083733	220,600	—
Passed through San Mateo County Community College District:				
Higher Education – Institutional Aid	84.031	P031C1100159	147,978	—
Subtotal CFDA 84.031			<u>6,773,495</u>	<u>570,481</u>
Direct programs:				
TRIO Staff Training Program	84.103		714,695	—
Fund for the Improvement of Postsecondary Education	84.116		85,030	—
Minority Science and Engineering Improvement	84.120		34,003	—
Passed through California Department of Rehabilitation:				
Rehabilitation Services – Vocational Rehabilitation Grants to States	84.126	28592	162,942	—
Direct program:				
Rehabilitation Long-Term Training	84.129		342,696	—
Passed through Oxnard School District:				
Magnet Schools Assistance	84.165	13-176	13,206	—
Direct program:				
Special Education – Personnel Development to Improve Services and Results for Children with Disabilities	84.325		1,090,652	52,821
Passed through Commission on Teacher Credentialing:				
Special Education – Personnel Development to Improve Services and Results for Children with Disabilities	84.325	14STC0035	6,253	—
Subtotal CFDA 84.325			<u>1,096,905</u>	<u>52,821</u>

CALIFORNIA STATE UNIVERSITY
Schedule of Expenditures of Federal Awards
Year ended June 30, 2016

Federal grantor/pass-through agency/program title	Catalog of federal domestic assistance (CFDA) number	Pass-through entity identifying number	Federal disbursements/ expenditures	Amounts provided to subrecipients
Direct programs:				
Special Education – Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	84.326		\$ 581,396	—
Child Care Access Means Parents in School	84.335		260,673	—
Passed through The California State University, Chico Research Foundation:				
Teacher Quality Partnership Grants	84.336	14-042, 15-034, SUB 12-059	124,083	—
Passed through California State University Dominguez Hills Foundation:				
Transition to Teaching	84.350	SA NO 5857	27,303	—
Direct program:				
English Language Acquisition State Grants	84.365		170,520	—
Passed through University of California, Santa Cruz:				
English Language Acquisition State Grants	84.365	S0183643	92,682	—
Subtotal CFDA 84.365			<u>263,202</u>	<u>—</u>
Passed through Santa Rosa City Schools:				
Mathematics and Science Partnerships	84.366	101	124,773	—
Passed through California Department of Education:				
Supporting Effective Instruction Grant (Formerly Improving Teacher Quality State Grants)	84.367	15-15196-3064-00	22,133	—
Passed through The Regents of the University of California:				
Improving Teacher Quality State Grants	84.367	NCLB11-CISP-SONOMA NCLB11-CMP-SONOMA NCLB12-CISP-SONOMA NCLB12-CMP-SONOMA NCLB12-CMP-STANISLAUS NCLB12-CWP-TURLOCK	144,555	—
Passed through National Writing Project:				
Improving Teacher Quality State Grants	84.367	92-CA10-SEED2012 92-CA10-SEED2016 92-CA10-SEED2016-ILI AM2A 92CA10 SEED2012	34,357	—
Subtotal CFDA 84.367			<u>201,045</u>	<u>—</u>
Passed through California Department of Rehabilitation:				
Promoting Readiness of Minors in Supplemental Security Income	84.418	29505	44,106	—
Total U.S. Department of Education, excluding Student Financial Assistance Cluster			<u>14,615,450</u>	<u>623,302</u>
U.S. Department of Health and Human Services:				
Child Care and Development Fund Cluster:				
Passed through California Department of Education:				
Child Care and Development Block Grant	93.575	CCTR-5042	61,506	—
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	CCTR-5042	136,912	—
Total Child Care and Development Fund Cluster			<u>198,418</u>	<u>—</u>
Direct programs:				
Mental Health Research Grants	93.242		91,684	64,825
Substance Abuse and Mental Health Services – Projects of Regional and National Significance	93.243		384,657	—
Passed through University of California, San Francisco:				
Substance Abuse and Mental Health Services – Projects of Regional and National Significance	93.243	8300SC	14,421	—
Subtotal CFDA 93.243			<u>399,078</u>	<u>—</u>
Passed through University of California, San Francisco:				
Minority Health and Health Disparities Research	93.307	7518SC	8,112	—
Direct program:				
Trans-NIH Research Support	93.310		28,876	7,820
Passed through California Department of Education:				
Head Start	93.600	EHS-CCP	503,381	—
Passed through University of California, Berkeley:				

CALIFORNIA STATE UNIVERSITY
Schedule of Expenditures of Federal Awards
Year ended June 30, 2016

Federal grantor/pass-through agency/program title	Catalog of federal domestic assistance (CFDA) number	Pass-through entity identifying number	Federal disbursements/ expenditures	Amounts provided to subrecipients
Foster Care – Title IV-E	93.658	CDSS Agreement No.15-IA-00850 00008889	\$ 2,002,496	—
Passed through The Regents of the University of California:				
Foster Care – Title IV-E	93.658	15-IA-00850	995,417	—
Subtotal CFDA 93.658			<u>2,997,913</u>	<u>—</u>
Passed through County of Sonoma:				
PPHF: Community Transformation Grants – Small Communities Program financed solely by Public Prevention and Health Funds	93.737	2013-0159-A00	2,609	—
Direct program:				
Biomedical Research and Research Training	93.859		1,738,549	—
Passed through AIDS United:				
HIV Prevention Activities – Non-Governmental Organization Based	93.939	880-20172, 1U65PS004409-01	97,555	—
Passed through The Regents of the University of California, Los Angeles:				
PPHF Geriatric Education Centers	93.969	1558 G NA589	306	—
Total U.S. Department of Health and Human Services			<u>6,066,481</u>	<u>72,645</u>
Corporation for National and Community Service:				
Direct programs:				
Learn and Serve America Higher Education	94.005		80,956	—
AmeriCorps	94.006		69,335	—
Passed through Jumpstart for Young Children:				
AmeriCorps	94.006	CFDA-94.006-JS-SITE#10, N/A	15,671	—
Subtotal CFDA 94.006			<u>85,006</u>	<u>—</u>
Direct program:				
Volunteers in Service to America	94.013		10,307	—
Total Corporation for National and Community Service			<u>176,269</u>	<u>—</u>
U.S. Department of Homeland Security:				
Passed through County of San Diego Sheriff:				
Homeland Security Preparedness Technical Assistance Program	97.007	2011-1077	103,078	—
Passed through Department of Parks and Recreation, Division of Boating and Waterways:				
Boating Safety Financial Assistance	97.012	C8956314, 11-201-014	16,643	—
Total U.S. Department of Homeland Security			<u>119,721</u>	<u>—</u>
Research and Development Cluster:				
U.S. Department of Agriculture:				
Passed through The CSU, Chico Research Foundation:				
U.S. Department of Agriculture (not classified elsewhere)	10.UNK	SUB-14-001	18,068	—
Passed through California Department of Education:				
Agricultural Research – Basic and Applied Research	10.001	59-6201-4-020 and 68-6201-1-039	212	—
Direct program:				
Capacity Building for Non-Land Grant Colleges of Agriculture (NLGCA)	10.326		22,616	3,288
Passed through University of California, Santa Barbara:				
Forestry Research	10.652	KK1339	10,733	—
Direct program:				
Cooperative Forestry Assistance	10.664		106,292	—
Total U.S. Department of Agriculture			<u>157,921</u>	<u>3,288</u>
U.S. Department of Commerce:				
Passed through Monterey Bay Aquarium Research Institute:				
Integrated Ocean Observing System (IOOS)	11.012	NA11NOS0120032	139,903	—
Passed through The Regents of the University of California:				
Sea Grant Support	11.417	71780057	24,092	—
Passed through California Coastal Commission:				
Coastal Zone Management Administration Awards	11.419	RD	1,737	—
Direct program:				
Coastal Zone Management Estuarine Research Reserves	11.420		586,070	—
Passed through Merkel & Associates Incorporated:				
Coastal Zone Management Estuarine Research Reserves	11.420	GS-10F-0060T/ AB-133F-14NC-1535	61,175	—
Subtotal CFDA 11.420			<u>647,245</u>	<u>—</u>

CALIFORNIA STATE UNIVERSITY
Schedule of Expenditures of Federal Awards
Year ended June 30, 2016

Federal grantor/pass-through agency/program title	Catalog of federal domestic assistance (CFDA) number	Pass-through entity identifying number	Federal disbursements/ expenditures	Amounts provided to subrecipients
Direct program:				
Marine Sanctuary Program	11.429		\$ 57,609	—
Passed through Merkel & Associates Incorporated:				
Habitat Conservation	11.463	GS-10F-0060T/ AB-133F-14NC-0346	15,984	—
Total U.S. Department of Commerce			<u>886,570</u>	<u>—</u>
U.S. Department of Defense:				
Passed through George Mason University:				
Department of Defense (not classified elsewhere)	12.UNK	E203705-1	49,502	—
Direct programs:				
Flood Control Projects	12.106		37,704	—
Basic and Applied Scientific Research	12.300		107,880	—
Passed through National Marine Mammal Foundation:				
Basic and Applied Scientific Research	12.300	SSU-2773	15,437	—
Subtotal CFDA 12.300			<u>123,317</u>	<u>—</u>
Direct program:				
Basic, Applied, and Advanced Research in Science and Engineering	12.630		61,427	—
Passed through Army Research Office:				
Basic, Applied, and Advanced Research in Science and Engineering	12.630	W911NF – 15 -1-0033	124,620	—
Subtotal CFDA 12.630			<u>186,047</u>	<u>—</u>
Direct program:				
Air Force Defense Research Sciences Program	12.800		66,849	—
Total U.S. Department of Defense			<u>463,419</u>	<u>—</u>
U.S. Department of the Interior:				
Direct programs:				
Forest Plan Revision Collaboration for Northwest and Northern / Central Sierra Forrest	15.UNK		2,417	—
Fish, Wildlife and Plant Conservation Resource Management	15.231		58,176	—
Challenge Cost Share	15.238		4,586	—
Central Valley Improvement Act, Title XXXIV	15.512		49,148	6,000
Fish and Wildlife Management Assistance	15.608		20,532	—
Cooperative Endangered Species Conservation Fund	15.615		70,179	47,631
Central Valley Improvement (CVI) Anadromous Fish Restoration Program (AFR)	15.648		20,016	17,928
Research Grants (Generic)	15.650		58,809	—
Earthquake Hazards Reduction Program	15.807		57,227	—
U.S. Geological Survey-Research and Data Collection	15.808		67,496	—
Passed through California Office of Historic Preservation:				
Historic Preservation Fund Grants-In-Aid	15.904	C1410019, C8957510	30,788	—
Direct program:				
Cooperative Research and Training Programs – Resources of the National Park System	15.945		19,806	—
Direct program:				
National Park Service Conservation, Protection, Outreach, and Education	15.954		16,956	—
Passed through Santa Monica Mountains Fund:				
National Park Service Conservation, Protection, Outreach, and Education	15.954	103114	4,227	—
Subtotal CFDA 15.954			<u>21,183</u>	<u>—</u>
Total U.S. Department of the Interior			<u>480,363</u>	<u>71,559</u>
National Aeronautics and Space Administration:				
Direct program:				
Science	43.001		199,664	—
Passed through Los Gatos Research:				
Science	43.001	SFSU-1	1,334	—
Passed through Oregon State University:				
Science	43.001	NS251A-A	209,059	—
Passed through Arizona State University, Tempe:				
Science	43.001	15-718	42,931	—

CALIFORNIA STATE UNIVERSITY
Schedule of Expenditures of Federal Awards
Year ended June 30, 2016

Federal grantor/pass-through agency/program title	Catalog of federal domestic assistance (CFDA) number	Pass-through entity identifying number	Federal disbursements/ expenditures	Amounts provided to subrecipients
Passed through Space Telescope Science Institute:				
Science	43.001	HST-GO-12950.03-A HST-GO-13297.07-A	\$ 1,674	—
Subtotal CFDA 43.001			<u>454,662</u>	<u>—</u>
Passed through San Jose State University Research Foundation:				
Aeronautics	43.002	21-1614-4877-SFSU 21-1614-4877-SFSU2015	93,316	—
Passed through Georgia Institute of Technology:				
Exploration	43.003	RD224-G1	34,352	—
Total National Aeronautics and Space Administration			<u>582,330</u>	<u>—</u>
National Science Foundation:				
Direct programs:				
Engineering Grants	47.041		252,591	—
Mathematical and Physical Sciences	47.049		601,359	36,655
Passed through American Physical Society:				
Mathematical and Physical Sciences	47.049	APS090114	7,786	—
Subtotal CFDA 47.049			<u>609,145</u>	<u>36,655</u>
Direct program:				
Geosciences	47.050		778,258	48,476
Passed through Consortium for Ocean Leadership:				
Geosciences	47.050	BA-120	32,343	—
Passed through The Regents of the University of California:				
Geosciences	47.050	S0184227	12,465	—
Passed through Sonoma State University:				
Geosciences	47.050	1061530	1,505	—
Subtotal CFDA 47.050			<u>824,571</u>	<u>48,476</u>
Direct programs:				
Computer and Information Science and Engineering	47.070		71,316	—
Biological Sciences	47.074		1,119,942	—
Passed through University of California, Berkeley:				
Biological Sciences	47.074	00007925	25,943	—
Subtotal CFDA 47.074			<u>1,145,885</u>	<u>—</u>
Direct programs:				
Social, Behavioral, and Economic Sciences	47.075		28,857	—
Education and Human Resources	47.076		930,643	33,808
Passed through California State University Sacramento:				
Education and Human Resources	47.076	523911, 523913	9,861	—
Passed through The University Foundation at Sacramento State:				
Education and Human Resources	47.076	MOU HRD-1302873	15,000	—
Passed through Missouri State University:				
Education and Human Resources	47.076	16043-007	52,437	—
Passed through University Enterprises, Incorporated				
California State University, Sacramento:				
Education and Human Resources	47.076	523751, 523951 A523953	24,511	—
Passed through Northeastern University:				
Education and Human Resources	47.076	502277-78050	16,176	—
Passed through The Regents of the University of California:				
Education and Human Resources	47.076	KK1627 A00-1696S004-P056579	106,761	—
Passed through Research Foundation for The State University of				
New York / Buffalo State:				
Education and Human Resources	47.076	1347681-CHANNEL ISLANDS	6,353	—
Passed through WestEd:				
Education and Human Resources	47.076	S00028711.0	71,839	—
Subtotal CFDA 47.076			<u>1,233,581</u>	<u>33,808</u>
Direct program:				
Polar Programs	47.078		5,361	33,137
Passed through University of Nevada, Las Vegas:				
Office of International Science and Engineering	47.079	11-707D-F	55,069	—
Direct program:				
Trans-NSF Recovery Act Research Support	47.082		33,821	—
Total National Science Foundation			<u>4,260,197</u>	<u>152,076</u>

CALIFORNIA STATE UNIVERSITY
Schedule of Expenditures of Federal Awards
Year ended June 30, 2016

Federal grantor/pass-through agency/program title	Catalog of federal domestic assistance (CFDA) number	Pass-through entity identifying number	Federal disbursements/ expenditures	Amounts provided to subrecipients
U.S. Environmental Protection Agency: Passed through California State Coastal Conservancy: Congressionally Mandated Projects	66.202	CONTRACT NO. 10-030	\$ 157,972	—
Direct program: TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals	66.707		15,000	—
Total U.S. Environmental Protection Agency			<u>172,972</u>	<u>—</u>
U.S. Department of Energy: Direct programs:				
U.S. Department of Energy (not classified elsewhere)	81.UNK		78,022	—
Office of Science Financial Assistance Program	81.049		143,763	—
Total U.S. Department of Energy			<u>221,785</u>	<u>—</u>
U.S. Department of Education: Passed through San Mateo County Community College District: Minority Science and Engineering Improvement	84.120	P120A150014	23,680	—
Direct program: Research in Special Education	84.324		503,669	137,302
Investing in Innovation (i3) Fund	84.411		593,142	—
Total U.S. Department of Education			<u>1,120,491</u>	<u>137,302</u>
U.S. Morris K. Udall Foundation: Direct program: Morris K. Udall Scholarship Program	85.400		82,704	—
Total U.S. Morris K. Udall Foundation			<u>82,704</u>	<u>—</u>
U.S. Department of Health and Human Services: Direct programs:				
Environmental Public Health and Emergency Response Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.070		11,250	—
Research Related to Deafness and Communication Disorders	93.074		11,003	—
Mental Health Research Grants	93.173		146,358	—
Mental Health Research Grants	93.242		343,046	25,774
Passed through Santa Clara University: Mental Health Research Grants	93.242	NIH008-01	15,628	—
Subtotal CFDA 93.242			<u>358,674</u>	<u>25,774</u>
Direct program: Immunization Cooperative Agreements Centers for Disease Control and Prevention-Investigations and Technical Assistance	93.268		18,750	—
Passed through Stanford University: Discovery and Applied Research for Technological Innovations to Improve Human Health	93.283		71,250	—
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286	60917381-114033	107,230	—
Direct programs: Trans-NIH Research Support	93.310		3,053,637	482,729
Cancer Detection and Diagnosis Research	93.394		26,460	—
Cancer Biology Research	93.396		127,965	—
PPHF: Health Care Surveillance / Health Statistics – Surveillance Program Announcement: Behavioral Risk Factor Surveillance System Financed in Part by Prevention and Public Health Fund	93.745		312,326	—
State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease and Stroke (PPHF)	93.757		7,500	—
Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	93.758		67,500	—
Cardiovascular Diseases Research	93.837		188,126	—
Passed through University of California, San Francisco: Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	8109SC	48,066	—
Direct program: Allergy and Infectious Diseases Research	93.855		122,998	46,414
Passed through The Regents of the University of California: Allergy and Infectious Diseases Research	93.855	6125 SC	6,219	—
Subtotal CFDA 93.855			<u>129,217</u>	<u>46,414</u>

CALIFORNIA STATE UNIVERSITY
Schedule of Expenditures of Federal Awards
Year ended June 30, 2016

Federal grantor/pass-through agency/program title	Catalog of federal domestic assistance (CFDA) number	Pass-through entity identifying number	Federal disbursements/ expenditures	Amounts provided to subrecipients
Direct program:				
Biomedical Research and Research Training	93.859		\$ 684,751	—
Passed through University of California, San Francisco:				
Biomedical Research and Research Training	93.859	A120112, 7284SC	71,277	—
Subtotal CFDA 93.859			<u>756,028</u>	<u>—</u>
Direct program:				
Child Health and Human Development Extramural Research	93.865		366,319	12,909
Passed through Research Foundation for Mental Hygiene, Incorporated:				
Child Health and Human Development Extramural Research	93.865	25999	132,146	—
Subtotal CFDA 93.865			<u>498,465</u>	<u>12,909</u>
Passed through University of Southern California:				
Aging Research	93.866	57764387	147,568	—
Passed through Stanford University:				
Medical Library Assistance	93.879	61100260-12656-A	46,907	—
Direct program:				
Assistance Programs for Chronic Disease Prevention and Control	93.945		33,750	—
Total U.S. Department of Health and Human Services			<u>6,168,030</u>	<u>567,826</u>
U.S. Department of Homeland Security:				
Passed through Smithsonian Institution:				
Information Analysis Infrastructure Protection (IAIP) and Critical Infrastructure Monitoring and Protection	97.080	15-SUBC-440-0000315055	40,079	—
Total U.S. Department of Homeland Security			<u>40,079</u>	<u>—</u>
Total Research and Development Cluster			<u>14,636,861</u>	<u>932,051</u>
Total expenditures of federal awards			<u>\$ 2,623,013,341</u>	<u>1,830,823</u>

See accompanying notes to schedule of expenditures of federal awards and independent auditors' report on compliance for each major federal program; report on internal control over compliance; and report on schedule of expenditures of federal awards required by the Uniform Guidance.

CALIFORNIA STATE UNIVERSITY

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2016

(1) General

The accompanying schedule of expenditures of federal awards (Schedule) presents the activity of all federal award programs of the California State University (the University). The University does not consider itself a subrecipient of federal funds when those funds are received as payments for services rendered from individual campus foundations, which are discretely presented component units in the basic financial statements of the University. Accordingly, these amounts are not reflected in the accompanying Schedule.

For purposes of the Schedule, federal awards include all grants and contracts entered into directly between the University and agencies and departments of the federal government and pass-through agencies. The awards are classified into major program categories in accordance with the provisions of the Uniform Guidance.

(2) Basis of Accounting

The information in the accompanying Schedule is prepared on the accrual basis of accounting and is also presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

(3) Loan Programs

Total loans outstanding under the Federal Perkins Loan Program and the Nursing Student Loan Program are \$82,307,699 and \$1,837,686, respectively, at June 30, 2016. The amounts included in the accompanying Schedule consist of the beginning balances of the loans, loans advanced to students during the year and the administrative cost allowance for the year ended June 30, 2016.

(4) Administrative Cost Allowances

Administrative cost allowances included in the accompanying Schedule are summarized as follows:

Federal Perkins Loan Program	\$	1,142,202
Federal Pell Grant Program		787,220
Federal Work-Study Program		599,852
Federal Supplemental Educational Opportunity Grant Program		<u>106,365</u>
Total administrative cost allowances	\$	<u><u>2,635,639</u></u>

(5) Indirect Cost Rate

The University did not elect to use the 10% de minimis indirect cost rate as discussed in the Uniform Guidance section 200.414. For all sponsored programs where indirect costs are allowed to be claimed, the rates approved by the University's cognizant agency were used.

CALIFORNIA STATE UNIVERSITY
 Schedule of Findings and Questioned Costs
 Year ended June 30, 2016

(1) Summary of Auditors' Results

Financial Statements

Type of auditors' report issued on financial statements: Unmodified opinion

Internal control over financial reporting:

- Material weakness identified? _____ Yes X No
- Significant deficiencies in internal control disclosed by the audit of the financial statements _____ Yes X No
- Noncompliance material to the financial statements noted _____ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness identified? _____ Yes X No
- Significant deficiencies in internal control over major programs X Yes _____ No

Type of auditors' report issued on compliance for major programs: Unmodified opinion

Any audit findings that are required to be reported in accordance with 2 CFR 200.516 of Uniform Guidance X Yes _____ No

Identification of Major Programs

CFDA number(s)	Name of federal program or cluster
84.007, 84.033, 84.038, 84.063, 84.268, 84.379, 93.364, and 93.264	Student Financial Assistance Cluster
84.042, 84.044, 84.047, and 84.217	TRIO Cluster
Various	Research and Development Cluster
84.325	Special Education Personnel Development to Improve Services and Results for Children with Disabilities

Dollar threshold used to distinguish between Type A and Type B programs: \$1,185,324

Auditee qualified as low-risk auditee? X Yes _____ No

CALIFORNIA STATE UNIVERSITY
Schedule of Findings and Questioned Costs
Year ended June 30, 2016

(2) **Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards***

None noted

(3) **Findings and Questioned Costs Relating to Federal Awards**

2016-001

<i>Compliance requirement:</i>	Disbursements To and On Behalf of Students
<i>Campus:</i>	Chico, Northridge, San Francisco, and Sonoma
<i>Cluster name/program:</i>	Student Financial Assistance Cluster
<i>CFDA number:</i>	84.268 Federal Direct Student Loans 84.038 Federal Perkins Loan Program
<i>Federal agency:</i>	U.S. Department of Education
<i>Passed through entity:</i>	None
<i>Award year:</i>	July 1, 2015 through June 30, 2016

Criteria or Specific Requirement

Per 34 CFR section 668.165, with respect to each disbursement of Federal Direct Loans or Federal Perkins Loans, institutions must notify the student or parent in writing to communicate the date and amount of the disbursement and of the student's or parent's right to cancel all or a portion of the loan or loan disbursement and have the loan proceeds returned to the holder of the loan. This notification must be made no earlier than 30 days before and no later than 30 days after each loan disbursement if the campus has implemented an affirmative confirmation process and no later than seven days after disbursement if they have not implemented an affirmative confirmation process.

Condition Found and Context

During our testwork, we randomly selected 200 samples of notifications for federal loan disbursements made to students from eight campuses and noted the following:

- We identified 18 student notifications that were not sent to the students.
- We identified two student notifications that were not performed in a timely manner. The notifications were sent up to 97 days after the date of loan disbursement.

Since student notifications were late or missing information at four of the eight campuses sampled, we consider this to be a significant deficiency in internal control over the compliance requirement for disbursements to and on behalf of students.

CALIFORNIA STATE UNIVERSITY
Schedule of Findings and Questioned Costs
Year ended June 30, 2016

Cause and Effect

The notification noncompliance at the four campuses resulted from not having a control in place that was properly designed to ensure that notifications sent to students or parents have met all federal requirements. The effect of these loan notifications not being made eliminates the students' right to cancel and could lead to students borrowing funds and not realizing the long-term financial commitment.

Sampling

Not statistical

Isolated or Systemic

Systemic

Questioned Costs

None noted

Repeat Finding

Yes, however, different campus locations were sampled in the current year.

Recommendation

We recommend that the University put controls in place in its system that would automatically send a loan notification based on disbursements of loan proceeds made in the student financial aid system. In addition, we recommend that the University maintain these e-mail notifications as part of the student's electronic file to provide evidence that these notifications were performed.

Views of Responsible Officials

The University concurs with the recommendation. Campuses will review and revise procedures and processes to ensure timely and accurate student notifications related to Federal Direct and Perkins loan disbursements, including documentation that notification was sent.

2016-002

<i>Compliance requirement:</i>	Enrollment Reporting
<i>Campus:</i>	Channel Islands, Chico, Long Beach, Maritime, Northridge, San Bernardino, San Francisco, and Sonoma
<i>Cluster name/program:</i>	Student Financial Assistance Cluster
<i>CFDA number:</i>	84.268 Federal Direct Student Loans
<i>Federal agency:</i>	U.S. Department of Education

CALIFORNIA STATE UNIVERSITY
Schedule of Findings and Questioned Costs
Year ended June 30, 2016

Passed through entity: None
Award year: July 1, 2015 through June 30, 2016

Criteria or Specific Requirement

Per 34 CFR section 685.309, institutions with direct loan programs must complete and return to the National Student Loan Data System for Students (NSLDS) within 30 days the enrollment reporting roster file provided by NSLDS, unless the school expects to complete the next roster within 60 days, then they must return it within 60 days. The institution must update changes in student status, report the date the enrollment status was effective, enter the new anticipated completion date, and then submit changes electronically to the NSLDS, for the purpose of providing complete and accurate data to lenders regarding enrollment status so they may properly determine when repayment of the loans should begin.

Condition Found and Context

During our testwork, we randomly selected 200 students from eight campuses that withdrew or graduated during the year that had direct loans that we tested for reporting the change of status to NSLDS and noted the following:

- We identified 62 students where their change in status was not reported to the NSLDS within the 30/60-day reporting period. For these students, status was communicated between 47-189 days late.
- We identified one student with status changes that were not accurately reported to NSLDS.
- We identified three students with status changes that were not reported to NSLDS.
- We identified 10 students that the student graduation status change was not reported to NSLDS.

Since late or inaccurate enrollment status reporting in conjunction with inadequate documentation of controls was identified at eight of the eight campuses sampled, we consider this to be a significant deficiency in internal control over the compliance requirement for enrollment status reporting.

Cause and Effect

All campuses utilize the services of the National Student Clearinghouse (NSC) to assist in the reporting of enrollment status changes to NSLDS. NSC generally requires approximately 45 days to submit information provided to them by institutions to NSLDS. The cause of the late or inaccurate submissions was caused by each of the eight campuses relying on the NSC, and as such, were not performing their own independent checks of data received by NSLDS, or properly accounting for the time lag incurred by NSLDS in the processing of changes. The effect of these status changes not being reported timely is that the repayment of outstanding loan balances to the lenders is not started and payment to them is delayed.

Sampling

Not statistical

CALIFORNIA STATE UNIVERSITY
Schedule of Findings and Questioned Costs
Year ended June 30, 2016

Isolated or Systemic

Systemic

Questioned Costs

None noted

Repeat Finding

Yes, however, different campus locations were sampled in the current year.

Recommendation

We recommend the University select a sample of students from each transmission sent to the NSC and compare the information received by NSLDS against what was sent to the NSC to ensure the information was transmitted by NSC accurately and timely. In addition, we recommend that the University conduct this sample prior to the 60-day deadline to ensure that disbursement information is reported timely.

Views of Responsible Officials

The University concurs with the recommendation. Campuses will review their policies and procedures and devise appropriate internal controls to ensure the timely and accurate reporting of student status changes, including data provided on behalf of the campus by the NSC.

2016-003

<i>Compliance requirement:</i>	Eligibility
<i>Campus:</i>	San Francisco
<i>Cluster name/program:</i>	Special Education – Personnel Development to Improve Services and Results for Children with Disabilities
<i>CFDA number:</i>	84.325
<i>Federal agency:</i>	U.S. Department of Education
<i>Passed through entity:</i>	None
<i>Award year:</i>	July 1, 2015 through June 30, 2016

Criteria or Specific Requirement

Per 34 CFR Part 304.22 on requirements for grantee in disbursing scholarships, the following must be met by the student prior to receiving assistance:

- They must be a citizen or national of the United States.

CALIFORNIA STATE UNIVERSITY
Schedule of Findings and Questioned Costs
Year ended June 30, 2016

- Scholarship assistance (federal, state, and local) plus the stipend from the program may not exceed the cost of attendance.
- Obtain a certification of eligibility as prescribed in 34 CFR 75.60.
- Enter into a service agreement in which the student agrees to terms and conditions as set forth in 34 CFR 304.30.

Condition Found and Context

We randomly sampled 23 students receiving scholarship assistance and found the following conditions:

- Eight of 23 students sampled did not have a certification of eligibility.
- Five out of 23 students sampled had scholarship assistance from federal, state, and local aid plus amounts awarded as stipends in the program that exceeded their cost of attendance for the year.

In addition, the University did not have a control that was properly designed to ensure that each of these four eligibility requirements listed above were met prior to disbursing stipends to students.

Cause and Effect

For students sampled that did not have a certification of eligibility and their scholarship assistance exceeded their cost of attendance, the cause was that the principal investigators (PI's) were uncertain that these were requirements of the program. In addition, the cause of these exceptions was that the University did not have a centralized monitoring control in place to ensure that all these requirements were checked prior to disbursing the stipend to the student.

Sampling

Not statistical

Isolated or Systemic

Systemic

Questioned Costs

Total scholarship assistance that exceeded the students' cost of attendance for these five students in our sample is \$17,883 of \$195,700 in stipends awarded in our sample. Total stipends awarded for the year for the program were \$675,600.

Repeat Finding

No

CALIFORNIA STATE UNIVERSITY

Schedule of Findings and Questioned Costs

Year ended June 30, 2016

Recommendation

We recommend that the PI's complete all the required eligibility checks prior to disbursement of stipends. In addition, we recommend that an eligibility checklist be created that is completed by the PI's and that the campus improve internal controls to ensure compliance with eligibility requirements.

Views of Responsible Officials

The University concurs with the recommendation. The University will enhance internal controls to improve compliance with eligibility requirements, including coordination with PIs and Student Financial Aid to ensure that all requirements are met.