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February 8, 2024

Dr. Soraya M. Coley, President  
California State Polytechnic University, Pomona  
3801 W. Temple Avenue  
Pomona, CA 91768

Dear Dr. Coley:

**Subject: Audit Report 23-05, *Associated Students, Inc.*,  
California State Polytechnic University, Pomona**

We have completed an audit of *Associated Students, Inc.* as part of our 2023-2024 Audit Plan, and the final report is attached for your reference. The audit was conducted in accordance with the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*.

There were no reportable observations revealed during the review. The final audit report has been posted to Audit and Advisory Services' website.

I wish to express my appreciation for the cooperation extended by the campus personnel over the course of this review.

Sincerely,



Vlad Marinescu  
Vice Chancellor and Chief Audit Officer

c: Mildred García, Chancellor  
Yammilette Rodriguez, Chair, Committee on Audit  
Jean Picker Firstenberg, Vice Chair, Committee on Audit

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# **ASSOCIATED STUDENTS, INC.**

**CALIFORNIA STATE  
POLYTECHNIC UNIVERSITY,  
POMONA**

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**AUDIT REPORT 23-05  
FEBRUARY 8, 2024**



## EXECUTIVE SUMMARY

### AUDIT OBJECTIVES AND BACKGROUND

In accordance with the fiscal year (FY) 2023/24 Audit Plan, as approved by the Board of Trustees, Audit and Advisory Services performed an audit of Associated Students, Inc. (ASI) at California State Polytechnic University, Pomona (Cal Poly Pomona).

The objectives of the audit were to confirm compliance with regulatory requirements for the establishment and governance of auxiliary organizations; ascertain the effectiveness of operational, administrative, and financial controls related to ASI at Cal Poly Pomona; and ensure compliance with relevant federal and state regulations, Trustee policy, Office of the Chancellor (CO) directives, and campus and auxiliary procedures.

Cal Poly Pomona has three separate auxiliary organizations, each of which provides a function that contributes to the educational mission of the university. ASI is a nonprofit corporation responsible for student body organization and student union programs at the campus. ASI operates the Bronco Student Center (BSC), the student union venue used for student events and programs, and the Bronco Recreation and Intramural Complex (BRIC), an on-campus fitness center and intramural complex available to students and campus personnel. ASI is governed by a board of directors composed of representatives from the university and auxiliary administration, faculty, and student body.

### OVERALL CONCLUSION

Based upon the results of the work performed within the scope of the audit, the operational, administrative, and financial controls for ASI as of December 7, 2023, taken as a whole, provided reasonable assurance that risks were being managed and objectives were met.

### AUDIT SCOPE AND RESULTS

We found that ASI had effective approval processes for financial transactions and comprehensive policies and procedures for areas reviewed including cash receipts, disbursements, accounts receivable, procurement and purchasing, event conference services, and the recreation center.

A summary of the processes reviewed during the audit is presented in the table below. There were no reportable observations noted during the review.

Area	Processes Reviewed	Audit Assessment
<b>Governance and Compliance</b>	Auxiliary governing documents, board of directors composition and meetings, cost allocations, budgets, student government, conflicts of interest	<i>Effective – no reportable observations noted</i>
<b>Financial/Internal Controls</b>	Cash receipts, accounts receivable, procurement, disbursements, personnel and payroll	<i>Effective – no reportable observations noted</i>
<b>Programs and Services</b>	Summer camps, conference services, recreation center	<i>Effective – no reportable observations noted</i>

The audit focused on procedures in effect from January 1, 2022, through December 7, 2023. Our audit and evaluation included the audit tests we considered necessary in determining whether operational, administrative, and financial controls are in place and operative. Our review was limited to gaining reasonable assurance that essential elements of ASI were in place and did not examine all aspects of the program.

## GENERAL INFORMATION

### ADDITIONAL BACKGROUND

Auxiliary organizations are separate business and legal entities that perform activities essential to the educational program of a campus that cannot be legally or effectively administered using state funding. California Code of Regulations (CCR) Title 5, §42401 states that auxiliary organizations provide the fiscal means and the management procedures that allow the campus to carry on activities providing those instructional and service aids not normally furnished by the state budget.

Education Code §89900 states, in part, that the operation of auxiliary organizations shall be conducted in conformity with regulations established by the Trustees, and CCR Title 5, §42402 confirms the campus president's authority and responsibility for auxiliary organization operations. Campus management is responsible for establishing and maintaining an adequate system of internal compliance/internal control and assuring that each of its auxiliary organizations similarly establishes such a system.

Education Code §89904 states, in part, that the Trustees of the California State University (CSU) and the governing boards of the various auxiliary organizations shall:

- Institute a standard systemwide accounting and reporting system for businesslike management of the operation of auxiliary organizations.
- Implement financial standards that will assure the fiscal viability of auxiliary organizations. Such standards shall include proper provision for professional management, adequate working capital, adequate reserve funds for current operations and capital replacements, and adequate provisions for new business requirements.
- Institute procedures to assure that transactions of auxiliary organizations are within the educational mission of the state colleges.
- Develop policies for the appropriation of funds derived from indirect cost payments.

*Utilization of Campus Auxiliary Organizations*, dated June 6, 2011, represents Trustee policy addressing appropriate use of CSU auxiliary organizations. This policy requires CSU auxiliary organizations to operate within the regulations and oversight of the campus. The policy reiterates that the campus president is responsible for ensuring the fiscal viability of auxiliary organizations and their compliance with applicable CSU policies, and it further designates the campus chief financial officer as the individual responsible for administrative compliance and fiscal oversight of auxiliary organizations.

### CRITERIA

Our audit was based upon standards as set forth in federal and state regulations and guidance; Trustee policy; Office of the Chancellor directives; and campus procedures; as well as sound administrative practices and consideration of the potential impact of significant risks. This audit was conducted in conformance with the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*.

This review emphasized, but was not limited to, compliance with:

- CCR, Title 5 §42401, *Declaration of Policy*
- CCR, Title 5 §42402, *Authority of Campus President*
- CCR, Title 5 §42500, *Functions of Auxiliary Organizations*
- Education Code (EC) §89720

- EC §89756
- EC §89900
- EC §89904
- *CSU Utilization of Campus Auxiliary Organizations*
- *CSU Hospitality, Payment or Reimbursement of Expenses*
- *CSU Placement and Control of Receipts for Campus Activities and Programs*
- *CSU Auxiliary Organizations Compliance Guide*
- *CSU Auxiliary Organizations Sound Business Practices Guidelines*
- *ASI Cash Handling Procedures*
- *ASI Accounts Receivable Billing Collection and Write-off Procedures*
- *ASI Financial Services Procurement Policy*
- *ASI Fixed Asset Procedures*
- *ASI Procurement Card*
- *ASI Travel Policy*
- *ASI Public Relations and Hospitality*
- *ASI Personnel and Payroll*
- *ASI Policies for Event Conference Services*
- *ASI BRIC Facility Use Policy*

## **AUDIT TEAM**

Audit Manager: Kyle Ishii

Senior Auditor: Cinthia Santamaria