

Audit and Advisory Services
401 Golden Shore
Long Beach, CA 90802-4210

June 6, 2024

Dr. Cathy A. Sandeen, President
California State University, East Bay
25800 Carlos Bee Boulevard
Hayward, CA 94542

Dear Dr. Sandeen:

**Subject: Audit Report 23-22, California State University, East Bay Foundation, Inc.,
California State University, East Bay**

We have completed an audit of the *California State University, East Bay Foundation, 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*.

I have reviewed the management response and have concluded that it appropriately addresses our recommendations. The management response has been incorporated into the final audit report, which will be posted to Audit and Advisory Services' website. We will follow-up on the implementation of corrective actions outlined in the response and determine whether additional action is required.

Any observations not included in this report were discussed with your staff at the informal exit conference and may be subject to follow-up.

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
Lillian Kimbell, Chair, Committee on Audit
Anna Ortiz-Morfit, Vice Chair, Committee on Audit

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CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.

**CALIFORNIA STATE UNIVERSITY,
EAST BAY**

**AUDIT REPORT 23-22
JUNE 6, 2024**

CREATION AND



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 California State University, East Bay Foundation, Inc. (Foundation) at California State University, East Bay (CSU East Bay).

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 the Foundation; and ensure compliance with relevant federal and state regulations, Trustee policy, Office of the Chancellor (CO) directives, and campus and auxiliary procedures.

CSU East Bay has three separate auxiliary organizations, each of which provides a function that contributes to the educational mission of the university. The Foundation is a nonprofit corporation that provides quality services that complement CSU East Bay's instructional programs. The Foundation's main responsibilities are the administration of grants and contracts received from federal, state, and local governments and private foundations, as well as administration of the campus bookstore operations, which the Foundation has outsourced in exchange for commission on the revenues generated. The Foundation, having no employees, uses campus personnel to fulfill these responsibilities and reimburses CSU East Bay for the cost of the personnel. The Office of Research and Sponsored Programs (ORSP) staff administers grants and contracts on behalf of the Foundation, and financial and administrative staff provide services for the Foundation, following campus policies and procedures. The Foundation is governed by a board of directors composed of faculty, students, staff, administrators, and community members.

OVERALL CONCLUSION

Based upon the results of the work performed within the scope of the audit, except for the weaknesses described below, the operational, administrative, and financial controls for the Foundation as of March 15, 2024, taken as a whole, provided reasonable assurance that risks were being managed and objectives were met.

AUDIT SCOPE AND RESULTS

In general, we found that the Foundation had an appropriate framework for the administration of the auxiliary. However, our review did note areas for improvement related to the timely completion of reconciliations and sponsored program activities. Additionally, we found that policies and procedures did not consistently reflect the current processes for the Foundation or were not consistently followed. A summary of the observations noted in the report is presented in the table below. Further details are specified in the remainder of the report.

Area	Processes Reviewed	Audit Assessment
Governance and Compliance	Auxiliary governing documents, board of directors composition and meetings, cost allocation, and conflicts of interest	<i>Observation noted related to auxiliary governing documents and board of director meetings</i>
Financial/Internal Controls	Cash receipts, accounts receivable, procurement, property and equipment, disbursements, and investments	<i>Observations noted within reconciliations, property and equipment, accounts receivables, and disbursements</i>
Commercial Services	Outsourced bookstore services	<i>Observation noted related to the bookstore services contract</i>
Sponsored Programs	Administration, allowable costs, cost sharing, effort reporting, conflict-of-interest reporting and training, subrecipient monitoring, and project close-out	<i>Observations noted within subrecipient monitoring, close-out, effort reporting, and conflict-of-interest reporting and training</i>

The audit focused on procedures in effect from January 1, 2022, through March 15, 2024. 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 the Foundation were in place and did not examine all aspects of the program.

OBSERVATIONS, RECOMMENDATIONS, AND RESPONSES

1. RECONCILIATIONS

OBSERVATION

Reconciliations were not consistently prepared timely or dated, and policies and procedures for bank and investment reconciliations did not reflect the current processes of the Foundation.

We reviewed 47 reconciliations for various accounts and noted that nine reconciliations were not dated by the preparer or the reviewer and eight were not prepared timely, as shown in Chart 1 below.

Chart 1: Reconciliations Were Not Always Dated or Completed Timely

Type of Reconciliation Reviewed	# Reviewed	# Not Dated	# Not Timely	Days late
Bank Account	3	3	-	
Clearing Account (four accounts)	16	3	2	11, 41
Accounts Receivable (four accounts)	12	-	2	11, 41
Fixed Assets	3	-	1	11
Procurement Card	10	-	3	2, 3, 8
Investments (non-LAIF)	3	3	-	
Total	47	9	8	

In addition, the Foundation generally follows campus policies and procedures; however, we noted that certain Foundation processes were not documented. Specifically, we found that:

- Investment reconciliations for the Foundation were performed monthly for non-LAIF accounts and quarterly for LAIF accounts, but the *CSUEB Business Process Guide for Investment Reconciliation* did not include the process for the reconciliation of LAIF investments.
- Bank reconciliations for the Foundation contained a schedule B for all the required items needed to complete the reconciliation, but the *CSUEB Business Process Guide for Bank Reconciliations* did not reference a schedule B for auxiliary bank reconciliations.

As Foundation reconciliations are performed by campus employees and generally follow campus policies and procedures, the campus should evaluate if the issues noted above should also be addressed for campus reconciliations.

Timely completion of reconciliations and comprehensive policies and procedures improve accountability and reduce the risk that errors and irregularities will go undetected.

RECOMMENDATION

We recommend that the campus, in conjunction with the Foundation:

- Perform reconciliations timely and date them accordingly.
- Update the process guides to include the Foundation-specific processes noted above.
- Communicate the updated policies and procedures to appropriate personnel.

MANAGEMENT RESPONSE

We concur.

- a. Reconciliations will be performed on a timely basis and dated.
- b. Process guides will be updated to reflect specific process requirements.
- c. The updated processes will be provided and communicated to all the appropriate personnel.

The management actions will be completed by September 30, 2024.

2. SUBRECIPIENT MONITORING

OBSERVATION

Administration of subrecipient monitoring needed improvement.

Code of Federal Regulations (CFR) Title 2, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) §200.332 sets forth certain requirements for subrecipient monitoring, including the requirement for an evaluation of each subrecipient’s risk of noncompliance with federal statutes, regulations, and terms of conditions of the subaward for the purpose of determining the appropriate subrecipient monitoring to be performed.

At the Foundation, subawards are entered into through coordination between ORSP and procurement. A subrecipient commitment form is required to be completed before a proposal can be submitted. Once the award has been approved, the principal investigator (PI) is responsible for monitoring the subrecipient’s progress. The PI must document the monitoring performed and submit it annually to ORSP by January 31.

We reviewed 12 subawards, including nine federal, two state, and one private award, and found that:

- Subrecipient commitment forms were not always completed or completed timely. Specifically, we found that one form was not completed and one form was completed after the award start date.
- Subrecipient commitment forms were not always fully signed. Specifically, we found that one form was not signed by both the PI and the subrecipient and nine forms were not signed by the PI. Per ORSP, the signature requirement on the subrecipient commitment form for the PI no longer reflects the current process. During the audit, ORSP updated the form to require that the subrecipient sign the form and ORSP review the form.
- 11 subaward agreements were approved late by procurement, from five days to 13 months after the start date.
- Subrecipient monitoring reports were not completed timely for the nine federal subawards. Specifically, we found that 2023 monitoring reports were not available for any of the nine subawards. In addition, one subaward did not have a 2022 monitoring report on file, two subawards had prior-year monitoring reports that were completed late (in March 2023 for 2020-2022 award periods), and one subaward had no monitoring documentation for the full award period, as biweekly meetings were held in lieu of monitoring reports.

In addition, the Foundation’s subrecipient monitoring policy allows for a subrecipient risk assessment to

be completed up to one year after the execution of the initial subaward. However, since risk assessments are used to create the subrecipient monitoring plan, the risk assessment should be completed prior to the start of the subaward so that monitoring can occur throughout. The nine subrecipient risk assessments we reviewed were all completed after the execution of the initial subaward. During the audit, ORSP updated the policy to state that the risk assessment should be completed prior to the issuance of the subaward.

Proper subrecipient monitoring helps to ensure that subaward expenditures and progress are accurately and timely tracked and reduces the risk of noncompliance with prime award and subaward requirements.

RECOMMENDATION

We recommend that the campus, in conjunction with the Foundation:

- a. Reiterate subrecipient monitoring requirements to appropriate personnel to ensure timely completion of subaward agreements, subrecipient commitment forms, subrecipient risk assessments, and subrecipient monitoring reports.
- b. Communicate and distribute updated policies, procedures, and forms to appropriate personnel.

MANAGEMENT RESPONSE
<p>We concur.</p> <ol style="list-style-type: none">a. ORSP will educate and emphasize the subrecipient monitoring requirements to appropriate personnel, including ORSP staff and PIs, to ensure timely completion of subaward agreements, subrecipient commitment forms, subrecipient risk assessments, and subrecipient monitoring reports.b. ORSP will communicate and distribute updated policies, procedures, and forms to appropriate personnel. <p>The management actions will be completed by September 30, 2024.</p>

3. PROJECT CLOSEOUT

OBSERVATION

Contracts and grants were not always timely closed out.

Uniform Guidance §200.344, *Closeout*, specifies the actions required to complete the closeout process at the end of the performance period. Closeout actions include, but are not limited to, submission of all financial, performance, and other reports required by the award no later than 120 days from the end of the period of performance, refunding of any unobligated cash that the federal awarding agency paid in advance, and accounting for real and personal property acquired with federal funds.

ORSP *Contract and Grant Closeout Policy and Procedures* state that the closeout process for awards includes the submission of all expenditures by the PI, submission of any required reports to the sponsor, and deactivation of the fund account within the financial system within 90 days of the end of the period

of performance.

We reviewed the closeout process for six awards that were open for more than 90 days after the end of the period of performance and found that:

- For two awards, deactivation of the fund account did not occur until approximately six months after the final report and invoice had been submitted to the sponsor. In addition, the final report and invoice was not submitted timely based on the award requirements for one of the awards. Per ORSP, part of the delay was due to a review that was performed by the prime awardee.
- The closeout process for three awards that ended between January and June 2023 had not been performed as of March 2024. Per ORSP, these awards are currently in the process of being closed.

Timely closeout of awards decreases the risk of noncompliance with federal, sponsor, and campus requirements and the risk that expenditures will be erroneously posted to an inappropriate award or account.

RECOMMENDATION

We recommend that the campus, in conjunction with the Foundation:

- a. Provide evidence of closeout for the three awards noted above.
- b. Reiterate the *Contract and Grant Closeout Policy and Procedures* to appropriate personnel to ensure the timely completion of the closeout process and compliance with Foundation procedures.

MANAGEMENT RESPONSE
<p>We concur.</p> <ol style="list-style-type: none">a. The three awards noted will be closed out by September 30, 2024.b. ORSP will reiterate and emphasize the <i>Contract and Grant Closeout Policy and Procedures</i> to appropriate personnel to ensure the timely completion of the closeout process and compliance with the Foundation procedures. <p>The management actions will be completed by September 30, 2024.</p>

4. EFFORT REPORTING

OBSERVATION

Administration of effort reporting needed improvement.

Effort reporting is the method used to confirm to sponsors that the effort spent on a sponsored project reasonably reflects the salary and wages charged to the grant. To achieve this, the Foundation requires effort certification forms to certify the effort that is charged to the grant. Effort certification is generally performed semiannually, and per the ORSP *Compensated Effort Policy*, effort certification forms are due the month following the reporting period, typically in January and June.

We reviewed 19 effort certifications from six grants and found that 16 effort certification forms for four grants were not completed timely, ranging from one month to 22 months late. Per ORSP, there had been a delay in effort reporting certification due to a backlog from 2018 through 2020; however, catch-up on the backlog began in January 2022.

Timely effort reporting certification decreases the risk of noncompliance with federal, sponsor, and auxiliary requirements.

RECOMMENDATION

We recommend that the campus, in conjunction with the Foundation, reiterate requirements for effort reporting certification to appropriate personnel to ensure timely completion of effort certification forms.

MANAGEMENT RESPONSE
We concur. ORSP, in conjunction with the Foundation, will reiterate and emphasize the requirements for effort reporting to appropriate personnel to ensure on-time completion of effort certification forms. The management action will be completed by October 31, 2024.

5. CONFLICT-OF-INTEREST REPORTING AND TRAINING

OBSERVATION

Conflict-of-interest (COI) forms and training were not timely obtained or consistently maintained.

PIs and other key personnel must complete COI forms during the proposal stage of the award and whenever a significant financial interest is identified. In addition, they must complete COI training every two years for private and non-profit awards, Public Health Service-compliant training every four years for National Institute of Health (NIH) awards, and either type of training for National Science Foundation awards.

We reviewed COI forms and training for 27 individuals from 16 awards and found that:

- Four individuals did not complete COI forms before the start of the award.
- 10 individuals did not have COI training that covered the entire award period, five of which were for individuals on NIH awards. For two individuals, untimely retraining led to gaps during the award period; for seven individuals, no historical training could be provided; and for one individual, no training was provided.

Per ORSP, the appropriate COI training had been provided to all individuals as of March 2024.

Timely completion of COI forms and training can help to reduce the risk of non-compliance with federal and state requirements.

RECOMMENDATION

We recommend that the campus, in conjunction the Foundation, reiterate ORSP *Financial Conflict of Interest (CFOI) Disclosure and Training Internal Procedures* to appropriate personnel to ensure that appropriate COI forms and training are completed timely and documentation is retained.

MANAGEMENT RESPONSE
<p>We concur.</p> <p>ORSP, in conjunction with the Foundation, will emphasize and reiterate ORSP <i>Financial Conflict of Interest (CFOI) Disclosure and Training Internal Procedures</i> to all appropriate personnel to ensure that appropriate COI forms and training are completed in a timely fashion and documentation is retained.</p> <p>The management actions will be completed by October 31, 2024.</p>

6. PROPERTY AND EQUIPMENT

OBSERVATION

Administration of property and equipment needed improvement.

Management of property and equipment for Foundation and grant assets is performed by campus asset management, including maintenance of records and performance of physical inventories.

We found that the *Asset Management Process and Procedure Manual* did not reflect processes for the recording of grant assets. The manual stated that the records for grant assets were tracked and maintained within the financial system; however, grant assets were manually maintained outside of the financial system on a spreadsheet. Also, there was no documented process for ensuring that additions and disposals of grant assets were reflected on the manual tracking sheet. During the audit, the manual was updated to reflect that grant assets are manually tracked.

In addition, although we found that reconciliations for Foundation assets were being performed, there were no documented procedures for that process. The manual states that reconciliations for Foundation assets are performed by financial accounting and reporting, but no further details were provided.

Further, there was no signed documentation showing who performed the physical inventory of grant assets or notes explaining the outcome of the inventory. The only record of the inventory being performed were dates entered into the manual tracking spreadsheet. No supporting documentation was retained to verify that the inventory was performed by a non-custodian.

Proper administration of property and equipment decreases the risk that assets may be lost, stolen, or misrepresented in financial statements. In addition, documented physical inventories help to ensure compliance with federal requirements for grant assets.

RECOMMENDATION

We recommend that the campus, in conjunction with the Foundation:

- a. Document the process for the reconciliation of Foundation assets and recording additions and disposals of grant assets.
- b. Develop a procedure to fully document physical inventories of grant assets when they are performed, including the signatures and dates of who performed and reviewed the inventory, as well as the outcome of the inventory.
- c. Conduct a physical inventory for grant assets that are due for inventory.
- d. Communicate and distribute the updated policies and procedures to appropriate personnel.

MANAGEMENT RESPONSE
<p>We concur.</p> <ul style="list-style-type: none">a. The asset management procedures will be updated to include the reconciliation of Foundation assets and recording and disposal of grant assets.b. The updated procedures will include specific requirements to fully document the results of the physical inventory of grant assets, including the signatures and dates of employees performing the inventory.c. Physical inventory of grant assets that are due for inventory will be performed as required.d. The updated policy will be communicated and distributed to the appropriate personnel. <p>The management actions will be completed by October 31, 2024.</p>

7. GOVERNANCE AND COMPLIANCE

OBSERVATION

Board and audit committee meeting requirements were not consistently met, and the Foundation operating agreement was not timely reviewed.

Per the Foundation bylaws, the board must hold three annual meetings, and notices must be sent out at least seven days before each meeting. In addition, the audit committee must meet twice annually and must discuss any major financial risk exposures with the board annually.

We reviewed the board and audit committee minutes for the audit period and found that:

- Only two board meetings were held during FY 2021/22.
- Two board meeting notices were sent only five days before the meeting.
- The audit committee held only one annual meeting during FY 2021/22 and 2022/23.

- The audit committee did not report major financial risk exposures to the board for either FY 2021/22 or FY 2022/23.

In addition, per the operating agreement and *Campus Auxiliary Organizations* policy, the Foundation operating agreement shall be reviewed at least every five years. The current operating agreement had not been reviewed since its inception in March 2018. We also found that the operating agreement contained a Foundation COI policy that no longer reflected the current process for PIs, as they are covered under a separate policy. The Foundation stated it is currently in the process of reviewing the operating agreement.

Regular meetings of the governing board and audit committee help to ensure compliance with government code, systemwide policies, and Foundation bylaws. Periodic review of auxiliary organization written operating agreements decreases the risk of unauthorized activities and misunderstandings regarding rights and responsibilities.

RECOMMENDATION

We recommend that the campus, in conjunction with the Foundation:

- Reiterate board and audit committee requirements to appropriate personnel.
- Review the Foundation operating agreement and submit any updates to the CO.
- Update the COI policy to reflect the current process.

MANAGEMENT RESPONSE
<p>We concur.</p> <ol style="list-style-type: none"> We will reiterate board and audit committee requirements to appropriate personnel. We will review the Foundation operation agreement and submit any updates to the CO. We will update the COI policy to reflect the current process. <p>The management actions will be completed by October 31, 2024.</p>

8. ACCOUNTS RECEIVABLE

OBSERVATION

Collection and write-off processes were not adequately performed for international students.

The Foundation follows the campus *Business Process Guide for Accounts Receivables Collection and Write-Off Guidelines*. Under the collection process, the Foundation sends three monthly collection notices before sending the receivable to collections. The receivable remains in collections for a year or until it is deemed uncollectable, at which point, the receivable will be written off.

We reviewed the collection efforts for 10 receivables and found that two non-grant receivables totaling \$2,150 from 2021 had not been written off. In addition, we reviewed the single write-off performed during the audit period and found that the non-grant receivable for \$3,000 was not written off until 14 months after the final collection notice was sent by the campus. These receivables were for international students who were part of the American Language Program. Per the Foundation, these students were omitted from the normal collection and write-off process because they did not have social security numbers. There is currently no process in place to ensure that collections and write-off

procedures are timely performed for these individuals.

Timely write-offs of receivables helps to reduce the risk of misrepresentation of financial statements.

RECOMMENDATION

We recommend that the campus, in conjunction with the Foundation:

- a. Develop and document a procedure for the collection and write-off of receivables for international students.
- b. Communicate and distribute the updated procedures to appropriate personnel.

MANAGEMENT RESPONSE
<p>We concur.</p> <ul style="list-style-type: none">a. Procedures for the collection and/or write-off of receivables will be updated to reflect that they are applicable to international students.b. The updated procedures will be communicated and distributed to appropriate personnel. <p>The management actions will be completed by August 31, 2024.</p>

9. DISBURSEMENTS

OBSERVATION

Administration of disbursements needed improvement.

The *CSUEB Business Process Guide for Accounts Payable Document Review* did not reflect the current processes for dual signatures, which is to obtain dual signatures for disbursements of more than \$50,000. The documented process guide did not specify that dual signatures are required.

In addition, we reviewed 15 disbursements and found that they did not follow the established process.

- Two ACH disbursements of more than \$50,000 did not obtain dual signatures. It was noted that these items were approved during the annual budget; however, there is no documented policy for exceptions.
- One wire transfer of more than \$50,000 did not obtain dual signatures, however, the campus noted that the wire transfer was appropriate.

Proper approval of disbursements helps to ensure accountability and reduces the risk of misappropriation of assets.

RECOMMENDATION

We recommend that the campus, in conjunction with the Foundation:

- a. Update procedures to reflect the current process for obtaining dual signatures for disbursements of more than \$50,000, as well as any provisions for exceptions.
- b. Communicate and distribute the updated procedures to appropriate personnel.

MANAGEMENT RESPONSE
<p>We concur.</p> <ul style="list-style-type: none">a. Procedures will be updated to reflect that disbursements greater than \$50,000 require dual signatures, as well as provisions for exceptions to the procedure.b. The updated procedures will be communicated and distributed to appropriate personnel. <p>The management actions will be completed by September 30, 2024.</p>

10. BOOKSTORE

OBSERVATION

The bookstore contract did not contain a right-to-audit clause and was not timely executed. The Foundation contracts out the operations of the campus bookstore in exchange for commission on the revenues generated. However, the contract between the two entities did not include a right-to-audit clause, which would guarantee the Foundation the right to verify the amount of commissionable sales.

In addition, the most recent amendment to the contract was not executed in a timely manner. The amendment had an effective date of July 2023 but was not signed until September 2023. Per the original contract, the contract may be extended for successive one-year terms by written notice prior to the expiration date of the current term.

Inclusion of a right-to-audit clause can help to ensure that the commissions paid to the Foundation are complete and accurate. Timely approval of the bookstore contract will help to ensure that the contract is properly and legally executed.

RECOMMENDATION

We recommend that the campus, in conjunction with the Foundation:

- a. Include a right-to-audit clause in the next annual amendment.
- b. Establish a process to ensure timely execution of future contract amendments.

MANAGEMENT RESPONSE

We concur.

- a. A right-to-audit clause has been added to the annual amendment to the bookstore agreement.
- b. Appropriate personnel have “calendared” the annual renewal timeline to ensure that future contract amendments are executed on a timely basis.

The management actions will be completed by August 31, 2024.

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 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.

Campus Auxiliary Organizations policy, 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 and auxiliary 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:

- CFR Title 2, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*
- 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
- *Campus Auxiliary Organizations*
- *CSU Hospitality Policy*
- *CSU Placement and Control of Receipts for Campus Activities and Programs*
- *CSU Auxiliary Organizations Compliance Guide*
- *CSU Auxiliary Organizations Sound Business Practices Guidelines*
- *CSU East Bay Business Process Guide – Accounts Payable Document Review*
- *CSU East Bay Business Process Guide – Bank Reconciliations*
- *CSU East Bay Business Process Guide – Accounts Receivable Collection Procedures*
- *CSU East Bay Business Process Guide – Accounts Receivable Write-Off Guidelines*
- *CSU East Bay ORSP Compensated Effort Policy*
- *CSU East Bay ORSP Contract and Grant Closeout Policy and Procedures*
- *CSU East Bay ORSP Subrecipient Monitoring Policy*
- *CSU East Bay Award COI Policy – Compliance with Federal Regulations Regarding Financial Conflict of Interest for Investigators; Debarment and Suspension*
- *CSU East Bay ORSP Financial Conflict of Interest Disclosure and Training Internal Procedures*

AUDIT TEAM

Senior Audit Manager: Hannah Gardener

Senior Auditor: Jesse Santos