

AGENDA

COMMITTEE ON AUDIT

Meeting: 4:50 p.m., Tuesday, March 13, 2007
Glenn S. Dumke Auditorium

Raymond W. Holdsworth, Chair
Debra S. Farar, Vice Chair
Herbert L. Carter
Carol R. Chandler
George G. Gowgani
William Hauck
Glen O. Toney

Consent Items

Approval of Minutes of Meeting of January 23, 2007

Discussion Items

1. Status Report on Current and Follow-up Internal Audit Assignments, *Information*
2. Update on the Corrective Action Plans, *Information*

**MINUTES OF THE MEETING OF
COMMITTEE ON AUDIT**

**Trustees of The California State University
Office of the Chancellor
Glenn S. Dumke Conference Center
401 Golden Shore
Long Beach, California**

January 23, 2007

Members Present

Raymond W. Holdsworth, Chair
Debra S. Farar, Vice Chair
Herbert L. Carter
Roberta Achtenberg, Chair of the Board
Carol R. Chandler
George G. Gowgani
William Hauck
Charles B. Reed, Chancellor
Glen O. Toney

Chair Holdsworth called the meeting to order.

Approval of Minutes

The minutes of the meeting of November 14, 2006, were approved as submitted.

Status Report on Current and Follow-up Internal Audit Assignments

With the concurrence of the Committee, Chair Holdsworth presented the Status Report on Current and Follow-up Internal Audit Assignments, Agenda Item 1 of the January 23-24, 2007, Board of Trustees agenda, as a consent item.

Chair Holdsworth remarked on the exemplary progress over the past year by the campuses in completing the recommendations in a timely manner. He thanked the presidents and their staffs for the considerable attention and effort given in this accomplishment.

Assignment of Functions to be Reviewed by the Office of the University Auditor for Calendar Year 2007

Mr. Mandel, university auditor, explained that each year at the January meeting of the Board of Trustees, the Committee on Audit selects three subject area audit assignments for the Office of the University Auditor (OUA) and approves the audit plan for the year. He further explained that in addition to the subject area assignments, financial internal control (FISMA) and auxiliary

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organization reviews are planned for calendar year 2007. He reminded the Trustees that the initial audit plan for 2006 was amended to decrease the number of Athletics Administration reviews from ten to five because the pilot audit determined that additional areas required review, increasing the number of weeks of fieldwork. Therefore, Mr. Mandel requested that Athletics Administration be extended and included as one of the three subject area assignments for calendar 2007.

Chair Holdsworth asked whether the additional reviews of Athletics Administration would include all remaining Division I schools.

Mr. Mandel responded that the reviews would include all remaining Division I schools in addition to Division II schools.

Mr. Mandel stated that the results of the 2005 triennial risk assessment were used to assist in the selection of the audit assignments. He explained that Audit Item 2, Attachment A lists the prospective audit topics that represent the top 50 percent of risk. In addition to the risk assessment, a meeting was held with the Executive Audit Committee (which is represented by four campus presidents and the executive vice chancellor/chief financial officer) to obtain executive insight into the selection process.

Mr. Mandel noted that normally audit topics are selected based on rank order, which would indicate that Information Security would be one topic recommended for 2007. He reminded the Trustees that Information Security was not selected for the 2006 audit plan, instead using this time period for campuses to perform self-assessments to determine where they stood on this topic. The results of the self-assessments were utilized by Unisys Corporation in their evaluation of information security within the California State University (CSU). Based on reports issued by Unisys Corporation, a systemwide information security plan will be developed. Therefore, Mr. Mandel recommended that the campuses be allowed the 2007 year for the development and implementation of the plan and that a review of information security be considered for the audit plan for calendar year 2008.

Chair Holdsworth commented that he would like KPMG to also review the information security report and evaluation from Unisys Corporation to help ensure the proper development and implementation of the security plan.

The following three subject areas were recommended for consideration for calendar year 2007: Athletics Administration (continuing from 2006), Occupational Health and Safety (last reviewed in 1997), and Contracts and Grants (last reviewed in 2001).

Mr. Mandel stated that reviews of auxiliary organizations began in 1999 and since that time, the number of auxiliary organizations has increased from 77 to 89. In order to provide the same audit coverage as in previous years, he requested that one additional position be authorized for use in the audits of auxiliary organizations.

Chair Holdsworth called for a motion to approve the Committee resolution (RA 01-07-01). A motion was then made and the resolution was passed unanimously to approve the audit plan for calendar year 2007 and for the additional position for use in the audits of auxiliary organizations.

Report on Construction Auditing in the CSU – 2005/06

Mr. Mandel introduced Mr. Mark Thomas, systemwide coordinating partner from KPMG, and Mr. Geno Armstrong, principal responsible for KPMG's construction practice in the United States. Mr. Thomas then discussed the construction assignments for 2005/06.

Mr. Armstrong stated that KPMG performed post-completion construction reviews to assess whether construction management practices were in accordance with Trustee policy and general industry standards. For fiscal year 2005/06, six construction projects were reviewed by KPMG with coordination from the OUA and included projects at the Fullerton, Fresno, Monterey Bay, Pomona, San Jose, and San Marcos campuses. The main areas under review included design costs, the construction bid process, construction change orders, project management inspection services, major equipment and materials, close-out documentation, liquidated damages, and project accounting.

Mr. Armstrong reported that the six construction projects reviewed were generally administered consistent with Trustee policy and general industry standards. He further reported that one of the six projects had relatively more findings than the other five but generally all could be classified as procedural in nature. He noted instances where work was being performed by contractors and consultants before the formal contracts were fully executed; contract extensions were negotiated after the work was performed; certain agreements were entered into without the appropriate legal review, and appropriate signatures on invoices and change orders were not consistent with policy.

Mr. Armstrong stated that Capital Planning, Design and Construction (CPDC) and the campuses have taken the findings very seriously and almost every issue is being addressed by changing policy or providing additional training. He also added that CPDC has made considerable progress in terms of updating their policies and procedures, not only to address any reported findings but also in the ordinary course of business practice to deal with some of the challenges with the economy today in relation to construction.

Trustee Hauck asked why a contract would be extended subsequent to the completion of the work.

Mr. Armstrong responded that this topic has garnered a lot of discussion in close-out meetings with the campuses. He explained that there is a balance between going through the procedural process to get a contract amendment for a change in scope of work, the time it takes to do so, and the speed at which the change in the field needs to happen. He added that controls need to be in

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place to allow this process to happen, but at the same time provide the right level of control to ensure completion of the contract amendment in a timely manner.

Chair Holdsworth asked whether any consistent patterns of procedural variation were noted from campus to campus or were they usually related to the project.

Mr. Armstrong responded that procedural variations were related to individual occurrences, but included commonalities that were attributable more to construction in general.

Quality Assurance Review of the Office of the University Auditor

Mr. Mandel discussed the report on the Quality Assurance Review (QAR) of the Office of the University Auditor, which was conducted in March 2006 by three chief audit executives: Mr. Ron Stark, associate vice chancellor for internal audit, University System of Georgia; Mr. Don Guyton, director of internal audit, University of Houston System; and Mr. Michael Dickerson, university auditor, Cornell University. He explained that Government Code, Section 1236, requires all state agencies that conduct internal audits do so in conformity with the Institute of Internal Auditors' (IIA) *International Standards for the Professional Practice of Internal Auditing (Standards)*. He added that as required by Government Code, Section 8546.5, the Department of Finance, Office of State Audits and Evaluations, is the agency that shall ensure such standards are utilized. In addition, he stated that the Association of College and University Auditors recommends quality assurance reviews be conducted of internal auditing departments at least once every five years.

Mr. Mandel noted that the purpose of the QAR was to provide reasonable assurance that the Office of the University Auditor (OUA) was in compliance with the IIA *Standards* and Code of Ethics. The *Standards* cover the areas of purpose, authority, and responsibility; independence and objectivity; proficiency and due professional care; quality assurance and improvement program; managing the internal audit activity; nature of work; engagement planning; performing the engagement; communicating results; monitoring progress; and management's acceptance of risks.

Based on an overall evaluation, the QAR team's conclusion was that the OUA complied with the *Standards* for the period under review. This overall evaluation was derived from separate evaluations for each of the eleven general and thirty-five specific standards and code of ethics that comprise the IIA *Standards*.

Mr. Mandel indicated that the QAR report also contained several recommendations for strengthening the department, such as greater use of risk-driven audit programs, more structured audit training programs, communication of risk methodology, evaluation of the governance systems, and more timely completion of the final audit report. He stated that although the OUA has concurred with all of the recommendations, there are certain instances where resource constraints would determine eventual implementation. This would include recommendations

related to annual vs. triennial risk assessments, optimal number of audit positions required to mitigate risk to the system, and the use of electronic workpapers.

Trustee Carter asked Mr. Mandel if the request for an additional audit position for auxiliary organizations was in response to the QAR recommendation related to staffing.

Mr. Mandel responded that the QAR recommendation related to additional staffing would be a separate determination by the Committee as to whether the size of the staff is sufficient to mitigate risk to the system.

Trustee Carter stated that on several occasions, the Committee had asked whether the OUA has sufficient staff to perform all of the responsibilities of the office. He then posed the question again to Mr. Mandel, asking whether the OUA has sufficient staff to perform all of the required functions of the office.

Mr. Mandel responded that he has sufficient staff to perform the audit plan discussed at this meeting. He added that additional staff would be needed if the Committee determined that the OUA should extend its plan further, dependent upon the amount of risk the CSU is willing to accept.

Trustee Carter requested that the subject of additional audit staff be included on the agenda for consideration at a future Committee meeting.

Chancellor Reed commented that many discussions had occurred with Mr. Mandel and Mr. Richard P. West, executive vice chancellor/chief financial officer, on the subject of additional audit staff. He indicated that another chief audit executive, who has participated in past QAR's, has been contacted, and will perform a separate examination of the current risks to the system versus the size of the audit staff currently in place.

Trustee Holdsworth agreed with Trustee Carter regarding further discussion and consideration of additional audit staff. He also agreed that an additional evaluation should be conducted regarding the size of the audit staff and the ability to ensure proper mitigation and balance of risk. He appreciated Chancellor Reed's agreement to acquire another set of eyes to review such a critical item.

Report of the Systemwide Audit in Accordance With Generally Accepted Accounting Principles Including the Report to Management

Mr. Dennis Hordyk, assistant vice chancellor, financial services, presented the financial statements for the CSU system for fiscal year ended June 30, 2006. He stated that these statements were prepared in accordance with Generally Accepted Accounting Principles (GAAP) and the Government Accounting Standards Board (GASB) requirements and consist of five parts: Independent Auditor's Report; Management Discussion and Analysis; Statement of Net

Assets; Statement of Revenue, Expenses, and Changes in Net Assets; and Statement of Cash Flows.

Mr. Hordyk stated that the financial statements reflect the first year of the six-year financing compact with the Governor and the first year of budget increases after three years of budget reductions. He reported that in fiscal year 2005/06, the university's general fund increased by \$133.9 million. He also reported that student fees were raised to 8 percent for the undergraduate level and 10 percent for the graduate level, resulting in a budgeted increase of fee income of \$101.3 million when combined with fee income from increased enrollment. He added that the total budgeted increase (general fund and student fees) was \$235.2 million. Mr. Hordyk recalled that from 2002/03 to 2003/04, enrollment was flat and had actually declined in 2004/05. However, after three years of budget reductions, enrollment had increased by 4 percent or approximately 13,000 full-time equivalent students for 2005/06. He stated that this differs from the expected compact growth in full-time equivalent students of 2.5 percent because the budgeted enrollment target for 2005 had not been met but the target for 2006 had been exceeded, resulting in an actual growth that was larger than budgeted.

Mr. Hordyk noted that total assets of the university exceeded \$6.3 billion, which was a total growth of over \$500 million – \$365 million for the university and \$170 million for its related auxiliary organizations. He explained that for the university, the growth in assets is split into three areas: capital assets, net of related debt; restricted, and unrestricted. However, most of the growth is in capital assets, as a result of the repayment of debt and newly constructed projects that were funded by state general obligation bonds. He further explained that restricted assets are primarily endowments and unspent capital appropriations and are restricted by an external party. Unrestricted assets represent net resources that are not restricted per the GASB definition; however, they are balances of funds that are not truly unrestricted, or freely available, for general operation since most of these funds (continuing education fund, lottery fund, and other trust funds) are set aside for specific purposes. He added that the \$90 million increase in the unrestricted category is primarily housing and parking funds.

Mr. Hordyk reported that revenues totaled \$5.3 billion for fiscal year 2005/06, which is an increase of 6 percent, or \$350 million from fiscal year 2004/05. He indicated that almost all of the revenue increase was in the general fund appropriation and student fee increases categories. He also reported that operating expenses increased by \$300 million, with most of the growth in instruction, academic support, student services (due to enrollment and salary increases), and plant operations and maintenance (due to the construction of new buildings). Lastly, he reported that 70 percent of expenditures are in instruction and educational support activities, a one percent increase over fiscal year 2004/05. Mr. Hordyk remarked on two other significant facts: Capital assets increased by \$427 million to over \$5.1 billion; this is the value net of accumulated depreciation (replacement value was over \$12 billion). Long term-debt grew to \$2.28 billion as a result of a growth of nearly \$400 million due to the sale of Systemwide Revenue Bonds and repayment of debt.

Mr. Hordyk commented on the outstanding efforts of campus and chancellor's office staff and the involvement of the presidents and vice presidents for business and finance in achieving the goal of completing the financial statements on a timely basis.

Mr. Hordyk introduced Mr. Mark Thomas, managing partner, KPMG, who discussed the audit of the CSU system financial statements for fiscal year ended June 30, 2006.

Mr. Thomas recalled that last year's financial statements included some significant reportable conditions on internal controls over financial reporting. He reported that this year's financial statement audit was a vast improvement from 12 months ago, especially in regard to the timeliness of the financial statement preparation process. He emphasized that in his ten years as engagement partner, the CSU has never been in as good a condition as it is today regarding its financial statements.

Mr. Thomas reported that the Independent Auditors' Report provides an unqualified, clean opinion on the university's basic financial statements. He explained that under professional standards, KPMG is required to submit a Statement of Auditing Standard (SAS) 61, which provides information related to the conduct of the audit, such as the engagement letter, disagreements with management, etc. He stated that there were no significant issues related to SAS 61.

Mr. Thomas explained that the purpose of the Management Letter is to report on observations that are consistent throughout the system. He further explained that when general trends are noted, rather than discussing the comments with the campuses, the issues are brought to the attention of the Board. He stated that most of the issues pertained to segregation of duties, proper review procedures, and timely completion of reconciliations. For instance, it was noted that some information technology (IT) areas required improvement in ensuring that employees have the proper clearance for system access. He further stated that none of these observations reached the level of seriousness as ones reported last year. He added that these issues had been discussed in great detail with campus and chancellor's office management, and noted that a process was in place for follow-up and completion of these issues.

Mr. West commented that there were policies in place for these issues, and noted that these issues were a matter of deviation of practice from policy. He stated that follow-up information would be provided to the campuses with a request to the university auditor for validation. He added that a report on the completion of these issues would be provided to the Board at a future meeting.

Trustee Hauck complimented Mr. Thomas on the leadership, professional, and quality of work that he provided as the engagement partner on the university's financial statements for the last ten years. He recalled a time when financial statements and/or audits of the auxiliary organizations did not exist. He stated that the CSU has progressed tremendously as far as financial statement presentation and noted that Mr. Thomas was a very critical and integral part

of that achievement. He indicated his appreciation for the outstanding efforts provided by Mr. Thomas and the KPMG staff in bringing the CSU to such a high level of achievement.

Single Audit Report of Federal Funds

Mr. Thomas explained that because the CSU is a large recipient of federal funds, it is subjected to Office of Management and Budget (OMB) Circular A-133. He further explained that the federal funds are for programs associated with the university only and do not include the auxiliary organizations. He noted that the university has a total of approximately \$1.3 billion in federal funds, most of which (approximately \$1.2 billion) is for student financial aid.

Mr. Thomas stated that KPMG issued an unqualified opinion on the audit of federal funds. He reported that the three recommendations included in the Single Audit Report were classified as very minor and specific to certain campuses; no systemwide issues were noted.

Mr. Thomas indicated that in order to ensure independence of the external audit firm, KPMG engagement partners are rotated every ten years and regrettably noted that this was his last year working with the CSU system. He introduced Mr. Chris Ray, who would replace Mr. Thomas in his systemwide role as engagement partner. He stated that Mr. Ray has been a partner with KPMG for 17 years and has for the last several years worked with many of the CSU campuses. He further stated that Mr. Ray is well experienced in the educational field and has also worked with several large public agencies, including the County of Los Angeles, Los Angeles Unified School District, and Los Angeles community college districts. Mr. Thomas then asked Mr. Ray to provide some insight on the change in auditing standards and how it would affect next year's financial statement audit.

Mr. Ray expressed his appreciation for the opportunity to serve as the lead engagement partner with the CSU system. He explained that one of changes in auditing standards relates to how internal control deficiencies are reported, and indicated that training would be provided to the campuses this summer in this area.

Chancellor Reed thanked the presidents, vice presidents for business and finance, campus staff, Mr. West, Mr. Hordyk, and Mr. Thomas for their considerable efforts with this year's financial statement preparation process, and acknowledged the vast improvement in the financial statements over the years.

COMMITTEE ON AUDIT

Status Report on Current and Follow-up Internal Audit Assignments

Presentation By

Larry Mandel
University Auditor

Summary

This item includes both a status report on the 2007 audit plan and follow-up on past assignments. For the current year, assignments have been made to conduct reviews of FISMA (financial internal controls), Auxiliary Organizations, Contracts and Grants, Occupational Health and Safety, Athletics Administration, and Construction. In addition, follow-up on past assignments (FISMA, Auxiliary Organizations, Continuing Education, Housing and Residential Services, Delegations of Authority, Disaster and Emergency Preparedness, Athletics Administration, and Special Investigations) is currently being conducted on approximately 30 prior campus/auxiliary reviews. Attachment A summarizes the reviews in tabular form. An up-to-date Attachment A will be distributed at the Committee meeting.

Status Report on Current and Follow-up Internal Audit Assignments

At the January 2007 meeting of the Committee on Audit, an audit plan calling for the review of the following subject areas was approved: FISMA (financial internal controls), Auxiliary Organizations, Contracts and Grants, Occupational Health and Safety, Athletics Administration, and Construction.

FISMA

The initial audit plan indicated that approximately 130 staff weeks of activity (15 percent of the plan) would be devoted to auditing financial internal controls on 12 campuses. Fieldwork is currently taking place at three campuses.

Auxiliary Organizations

The initial audit plan indicated that approximately 286 staff weeks of activity (34 percent of the plan) would be devoted to auditing internal compliance/internal control at 8 campuses/29 auxiliaries. Fieldwork is currently taking place at two campuses/six auxiliaries.

Contracts and Grants

The initial audit plan indicated that approximately 97 staff weeks of activity (11 percent of the plan) would be devoted to a review of 10 campuses on solicitation activities and project approval; contract/grant budgeting and financial planning; cost accounting, allocation, and transfer processes; and award administration. The audit program for this subject is currently being field tested by the audit manager in charge of the project.

Occupational Health and Safety

The initial audit plan indicated that approximately 97 staff weeks of activity (11 percent of the plan) would be devoted to oversight of the campus injury and illness prevention program (IIPP), job and workplace conditions, employee health examinations and medical monitoring, health and safety training, work-related accidents, and programs for complying with federal and state occupational regulations. Fieldwork is currently taking place at one campus.

Athletics Administration

The initial audit plan indicated that approximately 79 staff weeks of activity (9 percent of the audit plan) would be devoted to a review of five to seven campuses to ensure proper administration/review of the general control environment for athletics and control activities undertaken to assure implementation of appropriate institutional systems, policies and procedures for financial oversight, and stewardship of athletics. Fieldwork is currently taking place at one campus.

Information Systems

The initial audit plan indicated that approximately 45 staff weeks of activity (5 percent of the plan) would be devoted to review of systemwide projects such as: Disaster Recovery, Common Management Systems (CMS), and Web Security. In addition, support will be provided in the area of financial internal controls for both campus (FISMA) and auxiliary audits. Review and training are ongoing.

Follow-ups

The audit plan indicated that approximately 26 staff weeks of activity (3 percent of the plan) would be devoted to follow-up on prior audit recommendations. The Office of the University Auditor is currently tracking approximately 30 prior audits (FISMA, Auxiliary Organizations, Continuing Education, Housing and Residential Services, Delegations of Authority, Disaster and Emergency Preparedness, Athletics Administration, and Special Investigations) to determine the appropriateness of the corrective action taken for each recommendation and whether additional action is required.

Consultations

The Office of the University Auditor is periodically called upon to provide consultation to the campuses and/or to perform special audit requests made by the Chancellor. Thirty-eight staff weeks have been set aside for this purpose, representing approximately 4 percent of the audit plan.

Investigations

The Office of the University Auditor is periodically called upon to provide investigative reviews which are often the result of alleged defalcations or conflicts of interest. In addition, whistleblower investigations are being performed on an ongoing basis, both by referral from the State Auditor, and directly from the chancellor's office. Forty-five staff weeks have been set aside for this purpose, representing approximately 5 percent of the audit plan.

Construction

The audit plan indicated that approximately five staff weeks of activity (1 percent of the plan) would be devoted to coordination of construction auditing. For the 2006/07 fiscal year, six construction projects are being reviewed by KPMG with coordination from the Office of the University Auditor. Areas under review include construction bid process, change orders, project management services, contractor compliance, liquidated damages, and cost verification of major equipment and construction components. Five staff weeks have been set aside for this purpose, representing approximately 1 percent of the audit plan. Fieldwork is currently taking place on three projects.

Status Report on Current and Follow-Up Internal Audit Assignments
(as of 2/23/2007)

	2007 ASSIGNMENTS					FOLLOW-UP ON PAST/CURRENT ASSIGNMENTS																
	FISMA	Aux Orgs	Contracts and Grants	Occ Hlth and Safety	Athletics Admin	Special Investigations		FISMA		Auxiliary Organizations			Continuing Education		Housing & Res Svcs		Del of Authority		Dis & Emerg Preparedness		Athletics Administration	
						*Recs	**Mo.	*Recs	**Mo.	*No.	*Recs	**Mo.	*Recs	**Mo.	*Recs	**Mo.	*Recs	**Mo.	*Recs	**Mo.	*Recs	**Mo.
BAK								12/12	-	3	22/22	-					0/7	3				
CHI								7/7	-	3			9/9	-								
CI								12/13	8	2	26/26	-							0/7	2		
DH								5/5	-	3									6/9	4		
EB								11/16	6	4	40/40	-										
FRE								7/7	-	6	47/47	-							0/3	4		
FUL						44/55	5	7/7	-	4	14/31	5	5/5	-								
HUM								10/10	-	3	25/25	-										
LB								13/13	-	3			5/5	-	10/10	-	0/4	7				
LA								5/5	-	4	42/42	-	2/2	-			0/7	2				
MA								7/7	-	2	13/14	10	12/12	-								
MB								8/8	-	2	17/17	-										
NOR								8/8	-	5					9/9	-						
POM		RW						11/11	-	3	24/24	-	7/7	-	11/11	-			0/4	4		
SAC								13/13	-	5	36/36	-									0/13	4
SB								9/9	-	3	9/17	6							0/6	2		
SD	FW									4	21/21	-			10/10	-			5/6	8		
SF	FW									4	11/32	4			7/7	-	3/4	3				
SJ								16/16	-	4	42/42	-					6/6	-				
SLO								6/10	5	2	13/13	-			4/4	-						
SM		RW						0/11	4	3	34/34	-	5/5	-			0/7	3				
SON								6/6	-	4					10/10	-			0/5	4		
STA	FW									4	27/27	-					7/7	-				
CO								4/4	-	2	11/11	-					0/9	3				
SYS													0/6	9	5/8	10						
FW = Field Work In Progress RW = Report Writing in Progress AI = Audit Incomplete (awaiting formal exit conference and/or campus response) AC = Audit Complete						* The number of recommendations satisfactorily addressed followed by the number of recommendations in the original report. A "0" in a column is used as a place holder until such time as documentation is provided to the OUA evidencing that a recommendation has been satisfactorily addressed; significant progress may have been made prior to that time. **The number of months recommendations have been outstanding (since the formal campus exit conference). • The number of auxiliary organizations reviewed.																

COMMITTEE ON AUDIT

Update on the Corrective Action Plans

Presentation by

Dennis Hordyk
Assistant Vice Chancellor
Financial Services

Summary

Corrective actions for findings from the external auditors of the University and the auxiliaries for the fiscal year ended June 30, 2006 for the following audits are in process:

1. KPMG's findings for the University in the CSU Single Audit Reports for the year ended June 30, 2006
2. Findings by the external auditors for the auxiliary organizations
3. Performance Improvement Observations (PIOs) in KPMG's management letter for the University

A status report on all findings will be reported to the Board at the meeting.