

AGENDA

COMMITTEE ON AUDIT

Meeting: 9:00 a.m., Wednesday, March 15, 2006
Glenn S. Dumke Auditorium

Raymond W. Holdsworth, Chair
Herbert L. Carter, Vice Chair
Roberta Achtenberg
Debra Farar
Robert G. Foster
George G. Gowgani
William Hauck

Consent Items

Approval of Minutes of Meeting of February 1, 2006

Discussion Items

1. Status Report on Current and Follow-up Internal Audit Assignments, *Information*
2. Single Audit Report of Federal Funds, *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**

February 1, 2006

Members Present

Raymond W. Holdsworth, Chair
Herbert L. Carter, Vice Chair
Roberta Achtenberg
Debra S. Farar
Robert G. Foster
George G. Gowgani
William Hauck

Chair Holdsworth called the meeting to order.

Approval of Minutes

The minutes of the meeting of November 9, 2005, were approved as submitted.

Status Report on Current and Follow-up Internal Audit Assignments

Mr. Larry Mandel, university auditor, presented the Status Report on Current and Follow-up Internal Audit Assignments, Agenda Item 1 of the January 31 – February 1, 2006, Board of Trustees agenda.

Mr. Mandel stated that the campuses have made excellent progress in completing the recommendations, and reported that since the Agenda Book mail-out, there had been several updates to the status report. He also reported that an executive order had recently been issued demonstrating the completion of the remaining outstanding recommendations for the Systemwide Student Activities report, which would be reflected on next meeting's status report.

Chair Holdsworth reminded everyone that the goal is to have no outstanding recommendations beyond nine months and commented on the significant progress that had been made in the last six months in completing the recommendations. He stated that as per discussions with Mr. Don Kassing, president, San José State University, an action plan has been initiated to resolve the two outstanding recommendations pertaining to Auxiliary Organizations. He also reminded the Humboldt and Los Angeles campuses of the need to complete their FISMA recommendations timely.

Assignment of Functions to be Reviewed by the Office of the University Auditor for Calendar Year 2006

Mr. Mandel 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. However, this particular year, only two subject area audit assignments will be selected, as the third will be a required review of Delegations of Authority (DOA). He further explained that the DOA audit is required by the Education Code at least once every five years and will include, but will not be limited to, the review of procurement, the use of the California state contracts register, recycling efforts, motor vehicles leasing activities, and rights of way.

Mr. Mandel stated that this is the first year of a three-year risk assessment that was completed in the last quarter of calendar year 2005. He further stated that the results of the 2005 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 and indicates the time last audited by the OUA. Mr. Mandel noted that normally he would recommend audit topics based on rank order, which would indicate that Information Security would be one topic recommended for 2006. However, after discussions regarding Information Security with David Ernst, assistant vice chancellor, information technology services, and Janice Lim, information security officer, it would appear more appropriate to review this topic next year, after allowing each of the campuses to perform a control self-assessment on information security at their respective campuses. He also noted that a self-assessment device is being developed that will be used not only for the audit but will also help in the establishment of a systemwide information security plan.

Based on the risk assessment, subject areas reviewed in the recent past, and discussion with the Executive Audit Committee (which is represented by four campus presidents and the executive vice chancellor/chief financial officer), the following two subject areas were recommended for consideration for calendar year 2006: Disaster and Emergency Preparedness and Athletics Administration.

Chair Holdsworth agreed with the postponing of Information Security. He stated his belief that since information security is going to be a continuing and pressing issue for the California State University (CSU), it is important that we acquire all the data necessary to ensure a fairly thorough and complete audit going forward in the next year.

Trustee Carter inquired as to whether Athletics Administration would rank higher in risk than a public safety audit.

Mr. Mandel responded affirmatively. He stated that approximately three-quarters of the investigations conducted in the CSU system pertain to athletics. He noted that internal controls at certain campus athletics departments have proven to be less than desirable. Mr. Mandel

explained that this particular type of audit would not be an NCAA-type audit, but merely a FISMA audit, a financial internal control review of athletics administration.

Trustee Carter inquired as to whether the productivity of this audit would be enhanced if the same approach was used with Athletics Administration as has been agreed upon for Information Security, that is, to have the campuses complete a control self-assessment. He also inquired as to the best practice process or type of investigative questions that would be utilized in an audit of academic athletics administration.

Mr. Mandel clarified that the review of Athletics Administration would definitely not be an investigation. He explained that the audit would include the review of standard internal controls of athletics administration, similar to audits of payroll, accounting, or accounts receivable.

Chancellor Reed further explained that the need for an Athletics Administration audit is due to large athletic stock inventories, cash associated with ticket sales, the accountability of cash issued to coaches to travel with teams, etc.

Trustee Achtenberg inquired as to the number of serious incidents in the area of information security for last year.

Mr. Richard West, executive vice chancellor/chief financial officer, responded that all incidents of breach of information are taken seriously, and stated that there were approximately 12 incidents reported last year.

Chancellor Reed added that the reported incidents average 1.5 a month and involve anywhere from 60 to 30,000 individual identities. He indicated that in order to alleviate the potential for breach of data, institutions have been advised to delete obsolete information from laptops, databases, etc.

Mr. West stated that half of the reported incidents are due to the theft of a personal computer or similar item and half are actually hackers who have broken into the system. He further stated that usually the incidents are due to human error, where perhaps a personal computer was left unattended. He mentioned one incident that had occurred in the chancellor's office where a personal computer was taken; even though the hard drive was inoperable, the potential breach of information had to be disclosed.

Chair Holdsworth called for a motion to approve the Committee resolution. A motion was then made and the resolution was passed unanimously to approve the audit plan for calendar year 2006.

Report on Construction Auditing in the CSU – 2004/05

Mr. Mandel presented the item by explaining that, per CSU's contract with KPMG, six construction reviews have been completed. Mr. Mandel introduced Mr. Mark Thomas, partner in charge from KPMG, who gave a brief statement. Mr. Thomas then introduced Mr. Geno Armstrong, his partner responsible for KPMG's construction practice in the United States, who discussed the construction assignments for 2004/05.

Mr. Armstrong stated that KPMG performed post-completion construction reviews to assess whether construction management practices were in accordance with applicable law, Trustee policy, generally accepted business practice, and industry standard. He indicated that six projects were reviewed for fiscal year 2004/05 and included construction at the Channel Islands, Fresno, Long Beach, Northridge, Sacramento, and San Diego campuses, representing about \$200 million in construction expenditures. He further indicated that the main areas under review included design costs, the bid process, change orders, project management inspection services, major equipment and materials, close-out documentation, liquidated damages, and project accounting. Mr. Armstrong reported that, in general, the six construction projects reviewed were planned and executed fairly consistent with KPMG's expectations of projects of this complexity and size. He further reported that minor exceptions included instances where signature authority was not consistently applied in the execution of payments and contracts, disencumbrance of funds upon close-out of projects was untimely, and work was started before contracts were formerly executed. Other minor exceptions included inconsistencies in project accounting from campus to campus and supporting documentation for settlements and change orders.

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

Chair Holdsworth commented that during the past few years, campuses have provided a timely response to providing accounting data to the chancellor's office and KPMG for the completion of the financial statements. However, he noted that this year 14 of the 23 campuses were very late in submitting the required data for the audit. He stated that major reasons for the untimely response included the complexities pertaining to construction and the lack of accounting professionals not only in California but across the nation, making it more difficult to employ and train qualified staff to perform such complex audits. Chair Holdsworth further stated that the chancellor, executive vice chancellor/chief financial officer, and the presidents have all looked at this item. The Board has requested that updates be presented at future meetings in an effort to prevent this type of incident from reoccurring. He added that the Committee is going to be more vigilant with the chancellor and presidents in ensuring that information is submitted timely and that training programs are in place for qualified accounting staff. He strongly emphasized the importance of making this issue a high priority within the system to enable visibility and transparency of data for review.

Mr. Dennis Hordyk, assistant vice chancellor, financial services, presented the financial statements for the CSU system for the fiscal year ending June 30, 2005. He stated these statements were prepared in accordance with Generally Accepted Accounting Principles (GAAP) and the Government Accounting Standard Board (GASB) requirements, including the preparation of the Management Discussion and Analysis, which provides an overview of the financial position of the University. He further stated that GASB 40 was a new requirement this year that revises the reporting for investments.

Mr. Hordyk reported that due to the state's third year of budget reductions, the University's general fund budget was reduced by \$258.7 million, which includes not only the actual reduction and appropriation but the costs of the unfunded mandates for new space, health benefits, and insurance. This budget reduction was partially offset by an increase in student fees of approximately \$140 million and the annual PERS adjustment of \$44.4 million. He noted that because of the three years of budget reductions, the number of full-time equivalent students remained approximately the same for 2003 and 2004, but declined by 10,365 for 2005.

Mr. Hordyk highlighted significant changes in the Schedule of Revenues, Expenses, and Changes in Net Assets. He indicated that operating revenues increased by approximately \$191 million, primarily due to student tuition fee increases of approximately \$140 million and fees related to parking and housing. He also indicated that the operating expenses decreased by approximately \$36 million as a result of budget reductions; state appropriations decreased by approximately \$206 million; and state appropriations, capital increased by approximately \$122 million, resulting in an increase in net assets of approximately \$347 million.

Regarding the operating expenses for 2005 and 2004, Mr. Hordyk reported that instruction and academic support both decreased, but student services increased slightly. He also reported that institutional support decreased significantly, but combined with operation and maintenance of plant, there was a net decrease of \$50 million. He added that a reclassification resulted in the moving of expenditures from institutional support to operation and maintenance of plant, producing a larger increase for operation and maintenance of plant. He noted that both auxiliary enterprises and student grants and scholarships increased as a result of student tuition fees and fees for housing and parking. Lastly, he noted that approximately 70 percent of the total operating expenses supported instruction and educational support activities.

Mr. Hordyk highlighted significant changes in the Schedule of Net Assets. He noted an increase of approximately \$269 million in current assets, which is almost entirely the result of the sale of Systemwide Revenue Bonds, Channel Island bonds, and investment of cash assets. He also noted an increase of approximately \$438 million in capital assets due to the completion of new buildings and construction work in process, and an increase of \$237 million in non-current assets due to unspent state capital outlay appropriations. Overall, total assets increased by approximately \$945 million.

Audit

Mr. Hordyk indicated that the University's current and non-current liabilities increased by approximately \$597 million, which is almost entirely the result of the sale of Systemwide Revenue Bonds. He also indicated that net assets increased by approximately \$347 million, as a result of the investment of unspent bonds, completed buildings or construction work in process, and reserves (housing, parking, CERF, lottery) in our trust funds. He pointed out that on the University side, total assets have now gone over the \$4 billion level; combined with auxiliary organizations, total assets of the universities equal approximately \$5.8 billion. Of that amount, approximately \$5.3 billion is capital assets, valued on a historical basis. He added that the real value of the total assets would be significantly higher when based on replacement costs.

Mr. Hordyk introduced Mr. Mark Thomas, managing partner, KPMG, who discussed the audit of the CSU system financial statements for fiscal year ending June 30, 2005.

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, audit adjustments and uncorrected misstatements, major issues discussed with the audit committee and management prior to retention, etc. He stated that there were no significant issues related to SAS 61.

Mr. Thomas discussed a significant issue as highlighted in the 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*. He stated that during the audit of the CSU system financial statements, KPMG encountered serious issues in the financial reporting process. He reminded the Trustees that the CSU system financial statements are composed of some 125 entities that ultimately comprise the financial reporting entity. In order to complete such complex financial statements, a very intricate schedule is required to pull financial information together from many different sources into one set of financial statements. He noted that the chancellor's office has established standards and timelines for the completion of the GAAP conversion and presentation of GAAP financial statements and reporting schedules, with the ultimate purpose of meeting the reporting requirements of the State Controller's Office. During the course of this year's audit, a number of issues related to the timeliness of compiling the information and also the completeness and accuracy of the information were noted. Of the 23 campuses, 9 of the campuses were able to meet the deadlines for submitting the required financial information; the remaining 14 campuses had great difficulty in completing this task and were unsuccessful in meeting the deadlines. Mr. Thomas discussed the following reasons that contributed to these significant issues: 100 percent attrition in the accounting function at one campus, a significantly increased complexity of the CSU system (billions of dollars in construction projects), the new GASB reporting requirements, and the significant increase in information gathering and reporting under the PeopleSoft system. All together, this relates to a significant increase in workload. He noted that KPMG management has discussed this issue from many different angles with the chancellor, the

executive vice chancellor/chief financial officer and his staff, and the chair of the audit committee; and he is assured that they are prepared to respond to this issue.

Mr. West indicated that he thoroughly understands the seriousness of the issues, and stated that an action plan will be developed to address the issues identified. He agreed that one of the reasons for the untimely submittal of financial information is the increased complexities of construction. In addition, 2004/05 was the final year and the most severe year in respect to budget reductions, resulting in the loss of key staff. He noted also that trained accountants, especially with knowledge of GASB standards, are in high demand; and the CSU has to compete both internally and externally for these individuals. Mr. West indicated that discussions occurred with the vice presidents in October 2004, with the Board in November 2004, and with the presidents in December 2004 because of the growing concern over this issue. However, by that time, considerable efforts were necessary in order to complete the financial statements. He commended Mr. Hordyk and his staff for their tremendous efforts for the successful undertaking of this time-consuming task.

Mr. West stated that the following measures are currently in process to rectify some of the noted issues: a better approach to recruiting staff and retention, a training program that focuses on GASB standards and accounting mechanisms internally, and cross-training of backup individuals to assist in the absence of primary employees performing key accounting functions. He added that one purpose of the CSU Financial Officers' Association (FOA) is to plan and facilitate continued personal and professional development and training of financial officers and their staff. The FOA will be working with Mr. Hordyk and his staff to develop a program to facilitate the proper training of accounting staff. He assured the Trustees that in an effort to avoid a repeat of this finding, this topic would be discussed on a regular basis with presidents and vice presidents, and progress reports will be provided at the May and September Board meetings.

Chancellor Reed apologized to the Trustees, and again acknowledged the seriousness of the untimely response of data from the campuses for the completion of the financial statements. He indicated that a lot of attention will be spent on rectifying this problem in the future. Chancellor Reed stated that this topic will be discussed every time he meets with the presidents; in addition, progress reports will be provided to the Board at the May and September meetings.

Lieutenant Governor Cruz M. Bustamante asked if there was a list of uncorrected misstatements as noted in SAS 61. He also inquired as to whether the adjustments were immaterial to the University's financial statements.

Mr. Thomas responded that the list of Audit Adjustments and Uncorrected Misstatements is provided by campus at the end of the SAS 61 document. He explained that these misstatements relate to uncorrected differences in prior years that were considered immaterial and were all discussed with management by campus.

Audit

Lieutenant Governor Bustamante inquired as to when a progress report would be presented to the Trustees regarding the Difficulties Encountered in Performing the Audit.

Chancellor Reed responded that at the March Board meeting, Mr. Thomas will report on the Single Audit Reports of Federal Funds, the Office of Management and Budget (OMB) Circular A-133. At the May meeting, a progress report will be presented to the Board regarding the staffing at the institutions, specifically regarding GAAP accounting knowledge. Then, at the September 2006 meeting, an update will be provided regarding the status of the financials for completion by the October deadline.

Lieutenant Governor Bustamante asked whether all the financial information was eventually submitted by the campuses.

Mr. Thomas responded that all information was received.

Lieutenant Governor Bustamante asked whether Mr. Thomas had provided recommendations for correction action on this issue or is it the responsibility of the chancellor to decide on corrective action.

Mr. Thomas responded that KPMG management has had numerous conversations at multiple levels. He stated that one of the recommendations is for different campuses to make different assessments.

Lieutenant Governor Bustamante inquired as to whether KPMG's recommendations are being incorporated with the actions that the chancellor is now taking, to ensure there are no conflicts.

Mr. Thomas responded affirmatively.

Trustee Bleich thanked the accounting team for their efforts in dealing with these issues and also the chancellor and his staff for being so forthcoming of this problem. He appreciated the transparency of the process and the leadership of the chancellor and others in taking responsibility and committing to making corrections promptly. However, he expressed his concern about this issue, stating that the Trustees depend upon the confidence and timeliness of information and the integrity of the processes through which it is collected. He stated that the Board will be looking very carefully at what progress has been made on this issue at the May meeting.

Trustee Achtenberg stated that in addition to all the concerns articulated by Trustee Bleich, she reminded everyone that this is a clean audit; and while the issues are grave and need to be addressed, it would appear that it will be done so with vigor.

Putting this into perspective, Trustee Holdsworth commented that the audit resulted in an unqualified statement, which is the highest statement given from an accounting firm. Regarding

the financial statements, the numbers are correct and the CSU received a passing grade. However, he stated that the focus needs to be on the reportable condition, which was on the reporting process. He asked Mr. Thomas if, in his opinion, the chancellor and executive vice chancellor have thoroughly addressed this issue and the process to correct the reportable condition.

Mr. Thomas responded affirmatively.

Trustee Holdsworth stated that although this is an information item for the Trustees, it is obviously an action item for the presidents and vice presidents. This is an issue that will be addressed in the Single Audits Report at the March meeting, and again at the May and September Board meetings. He indicated that the Trustees will be looking very closely at this process, and it will be unacceptable to have a repeat of the same results.

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 2006 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, Delegations of Authority, Disaster and Emergency Preparedness, Athletics Administration, Information Systems, and Construction. In addition, follow-up on past assignments (FISMA, Auxiliary Organizations, Continuing Education, Housing and Residential Services) 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 2006 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, Delegations of Authority, Disaster and Emergency Preparedness, Athletics Administration, Information Systems, and Construction.

FISMA

The initial audit plan indicated that approximately 144 staff weeks of activity (17 percent of the plan) would be devoted to auditing financial internal controls on 12 campuses. Fieldwork is taking place at one campus.

Auxiliary Organizations

The initial audit plan indicated that approximately 257 staff weeks of activity (31 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/seven auxiliaries.

Delegations of Authority

The initial audit plan indicated that approximately 97 staff weeks of activity (12 percent of the plan) would be devoted to a review of ten campuses to ensure proper management of the processes for administration of purchasing and contracting activities, motor vehicle inspections, and real and personal property transactions. The audit program for this subject is currently being field tested by the audit manager in charge of the project.

Disaster and Emergency Preparedness

The initial audit plan indicated that approximately 97 staff weeks of activity (12 percent of the plan) would be devoted to a review of ten campuses to ensure proper management of and/or compliance with bond resolutions, Trustee policy and systemwide directives; contingency and disaster recovery planning; backup communications; building safety and emergency egress including provisions for individuals with disabilities; the extent of plan testing; and relationships with state and federal emergency management agencies. The audit program for this subject is currently being field tested by the audit manager in charge of the project.

Athletics Administration

The initial audit plan indicated that approximately 97 staff weeks of activity (12 percent of the audit plan) would be devoted to a review of ten 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. The audit program for this subject is currently being field tested by the audit manager in charge of the project.

Information Systems

The initial audit plan indicated that approximately 43 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, and Housing and Residential Services) 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-four 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. Thirty-six staff weeks have been set aside for this purpose, representing approximately 4 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 2005/06 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. Two audits are in the report writing stage, and fieldwork is currently taking place on two reviews.

Status Report on Current and Follow-Up Internal Audit Assignments
(as of 3/14/2006)

	2006 ASSIGNMENTS					FOLLOW-UP ON PAST/CURRENT ASSIGNMENTS										
	FISMA	Aux Orgs	Deleg of Authority	Disaster and Emerg Prep	Athletics Admin	Special Investigations		FISMA		Auxiliary Organizations			Continuing Education		Housing & Residential Svcs	
						*Recs	**Mo.	*Recs	**Mo.	•No.	*Recs	**Mo.	*Recs	**Mo.	*Recs	**Mo.
BAK										3	10/22	4				
CHI								6/6	-	3	32/32	-	6/9	5		
CI										2	26/26	-				
DH								5/5	-	3	36/36	-				
EB								17/17	-	4						
FRE										6	12/47	4				
FUL		FW						7/7	-	4	32/32	-	1/5	3		
HUM								9/10	11	3	25/25	-				
LB										3	27/27	-			10/10	-
LA								7/7	-	4	42/42	-	0/2	1		
MA								5/7	10	2						
MB								25/25	-	2						
NOR	FW							11/11	-	5	46/46	-				
POM								11/11	-	3	24/24	-	0/7	1	4/11	3
SAC								13/13	-	5						
SB		FW								3	33/33	-				
SD				FW				7/7	-	4	21/21	-			0/10	4
SF								6/6	-	4	48/48	-				
SJ			FW					15/16	7	4	40/42	12				
SLO								14/14	-	2					3/4	3
SM							5/5	-	12/12	-	3	34/34	-			
SON								6/6	-	4	21/21	-			0/10	2
STA								9/16	5	4	27/27	-				
CO										2	11/11	-				
SYS																
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. Numbers/letters in red are updates since the agenda mailout. **The number of months recommendations have been outstanding (since the formal campus exit conference). • The number of auxiliary organizations reviewed.										

COMMITTEE ON AUDIT

Single Audit Report of Federal Funds

Presentation By

Dennis Hordyk
Assistant Vice Chancellor
Financial Services

Summary

The single audit report of federal funds and the related management letter for all campuses and the Chancellor's Office will be reviewed and discussed at the meeting. Representatives from KPMG, LLP, the external audit firm hired by the California State University to conduct the audit, will be available to respond to questions. A copy of the report is enclosed for your review.

Also, a listing of federal fund expenditures, by program and by campus will be distributed at the Board meeting for your information.