

**CI UNIVERSITY AUXILIARY SERVICES, INC.**

**AUDIT ENTRANCE CONFERENCE**

**MINUTES**

**FOR THE YEAR ENDED JUNE 30, 2024**

**May 15, 2024**

University Auxiliary Services Audit Subcommittee Members Present: Audit Committee Chair David Press, Dave Armstrong (UAS Board Chair)

University Auxiliary Services Board Members Present: Barbara Rex

Staff Present: Stephanie Bracamontes, Minna Chang, Jeff Kim, John Lazarus, Christina Salas

Independent Auditors Present: Nicole Stan with Cohn Reznick

1. Meeting called to order at 8:35am (David Press)
2. Review Audit Planning Report (Nicole Stan)
  - a. Review of Management responsibilities
    - i. Auditing financial, not reviewing 100%. Sample based. They look at all material areas.
    - ii. Tax Team headed by Jola will be producing the 990
    - iii. Make financial statements available
      1. If they propose any entries, Management needs to agree to do so
    - iv. Inform any issues with applicable laws and regulations and performing Mgmt functions
    - v. Evaluating Tax filing and Filing the returns and payments.
  - b. Engagemenet Objective
    - i. Conducting an audit
    - ii. Communicate any possible improvements in practices
    - iii. Any reporting matters
    - iv. File statements by 9/20 per Chancellors Office. 5 total. And suplemeneta lschedules.
  - c. Audit Strategy
    - i. Risk based approach
    - ii. Focus on areas that are risk areas and also invite Audit Committee for any areas of focus
    - iii. High Risk Areas are evaluated.

- iv. Don't place reliance on controls, will test if anything that seems like a weakness
  - v. Obtain and understanding of internal controls. Cash, disbursement,\ payroll/benefits and closing cycle
- 3. Timeline was reviewed.
  - a. Starts May/June. Bulk done by August. Draft Statements Mid-Sept
- 4. Review of Fee. Capped at 5% increase year over year \$17,400 total
- 5. Risk Management Systems
  - a. Internal controls on IT risk. Reviewed how United Airlines was hit with ransomware. Rotate 5-7 controls to examine risk. Happy to take on more and it could be just an assessment, which is short of an audit
- 6. Dave Press asks if anyone has questions
  - a. Dave Armstrong has no questions
  - b. Dave Press asks if this is year 3 or 4. Nicole believes it is year 4 and the Agreement is for 5 years
  - c. Dave Press asks; When Cohn Reznick started with basic protocols. Has anything changed that makes you want to change? Rotate at how they look at salary increases and expenses since non-profits tend to have small Accounting Departments. Not aware of anything fraudulent and Accounting Team is strong. Stephanie cleaned up things in year 1 and that was a tough year. Always look at Audit Committee concerns and if you'd like to have an Executive Session. This year adding that new vendors are properly approved. This is added to all Cal State' clients. This is an added step where they research the vendors address, business, etc. They have noticed bad actors in the larger market.
  - d. Dave press asks of any known or pending lawsuits. John Lazarus reported none.
  - e. Dave Press asked about any insurance claims and John Lazarus reported that there is 1 regarding a food poisoning claim that was handed over to our insurance carrier and denied the claim.
  - f. Dave asked about ABC License Claims and John Lazarus reported none
  - g. Dave Press asked Stephanie if an inventory is appropriate and Stephanie reported that UAS has had an inventory done recently by the newly hired Property Clerk. Chancellors Office Operations Audit report is pending, but the results are much better than 5 years ago
  - h. Dave Press asks if the Wells Fargo security check is working well. Security check system is 2 step that requires authorization to pay checks positive pay). CSU developed a vendor assessment to control ACH Wire Fraud. Tightened things up and working on over a year. Pivoting from Rabobank to Wells Fargo has increased security.

- i. Dave asks if the security is slowing payment. IT is not. We do have slow payments resulting from invoices not being submitted timely.
  - i. Dave Press asked if there are any concerns about disaster preparedness. John Lazarus states that UAS ready to feed people and operations and financial systems are good because we are mostly hybrid and remote so there is not a lot of paperwork. It's primarily electronic.
  - j. Stephanie reports that CSU Moving to procure to pay system. Chancellor's Office is trying to move this timeline up so that we are safer and
- 7. Dave Press thanks staff and Cohn.
- 8. Meeting is adjourned at 9:08am