

**CI, UNIVERSITY AUXILIARY SERVICES, INC.  
BOARD OF DIRECTORS**

**Audit Entrance Meeting Minutes  
Tuesday, May 6, 2025 9:00 AM – 10:00 AM  
Via Zoom**

Click to join the meeting: <https://csuci.zoom.us/j/83865519581>

**University Auxiliary Services Audit Subcommittee Members Present:** David Press (Audit Committee Chair), Bill Robe

**Staff Present:** Stephanie Bracamontes, Jeff Kim, Leo Cervantes, John Lazarus, Dottie Patten, Christina Salas

**Independent Auditors Present:** Nicole Stan and Jennifer Burrola with CohnReznick LLP

- Audit Chair David Press calls the meeting to order at 9:02am
- Beginning the Audit Entrance Exam
- Everyone introduced themselves
- Nicole Stan reviewed the agenda
- Nicole Stan went over the key engagement team members
  - The team members remain the same when it comes to manager and above. Nicole continues to be the partner on the engagement on the audit side, Aaron Filene is resource and Jennifer Burrola is the lead Auditor and has been on this client for 3 years. Yola is the tax partner on the engagement
- The engagement letter to management has been signed.
- Nicole reviewed that Cohn will be issuing the financial statements in accordance with auditing standards as well as the government auditing standards. Their responsibility is to make sure the financial statements are accurate and not materially misstated.
  - This is done on a test basis.
  - The risk areas have been addressed.
  - They will look controls to make sure they are implemented appropriately, and management is performing the control as designed.
  - If any material weaknesses or significant deficiencies are identified Cohn will communicate that to the Audit Committee before the final finalization of the audit
- Cohn's tax team will prepare the annual information tax filings for the IRS as well as the Form. 990 and the California State forms.
- Nicole reviewed management responsibility to maintain and establish controls, to make sure that they give Cohn the financial records they need in order to perform the audit and they are not materially misstated.
- Cohn will be keying in on fraud that could potentially be perpetrated by management, obviously by employees. And anyone that has a significant role in management of the organization.
- Nicole reviewed the engagement objectives of conducting the audit as of June 30, 2025 and completing it by September 20<sup>th</sup>, 2025.
  - Communicate best business practices
  - Ensure that the Audit Committee is informed of any issues that we may come across
  - Ensure compliance with the supplemental information required by the Chancellor's office

- Take a risk based approach, but we also make sure that we have plenty of manager and partner involvement.
- Nicole reviewed the audit strategy.
- Nicole stated that the fee is increasing 5% over last year. Form 990 is a separate fee and Nicole will inform the Committee what that additional cost is.
  - Any future increases will stay under 5% to 7%, barring extraordinary inflation or a major change in the organization.
- David Press asked Nicole if there is any reason to enhance any part of the audit including any divisions or types of transactions and Nicole replied “No”. Nicole also stated that there is more risk when it comes to cyber and that it will be examined.
- David Press asked Nicole about the switch to Chartwells as a Dining vendor. Nicole responded by saying they will obtain invoices from them because it's still an expense that that's being recorded, or it's the revenue. Stephanie added that the campus has a manual process right where we're double verifying addresses and phone calls to vendors and also has an enhanced security system within Wells Fargo called vendor data. She also shared that the procurement process is undergoing a system wide initiative for procure to pay process. We will be fully implemented by January 2026.
- David Press asked about AI enhancing the Audit and Nicole shared that Cohn is building their own system and it is probably a year out.
- David Press asked if Cohn is Auditing any other campuses who contract with Chartwells and Nicole said yes. One did not implement well. Things are improving at that campus. Stephanie added that the reporting from Chartwells was challenging, and Jeff Kim added that it takes a lot of effort to monitor the contract and ensure that they are delivering what was proposed. David Press asked if Chartwells was a public company and John Lazarus stated that they are a part of the Compass Group that is a public company.
- John Lazarus asked to schedule the Audit Exit Meeting and that was agreed to be held on September 18 from 10am-11am.
- Bill Robe asked if the Campus was comfortable with what is being done on cyber security and Stephanie replied that the campus has a good business continuity plan and she is as comfortable as she can be. Dottie Patten added that she cannot provide a lot of detail because of the security involved but the campus has a good plan and it is being enhanced across campus.
- Bill Robe asked if it was appropriate to ask Chartwells to Audit some of their transactions and Jeff echoed that and said it was appropriate.
- Stephanie brought up one more item. Recently the CSU revised the auxiliary policy, and are beginning to implement auxiliary control, self-assessment, to help the auxiliaries establish clear expectations for minimum required internal controls, reducing financial and operational risk through proactive control measures.
- 9:46am the meeting adjourned.