

CAL POLY POMONA FOUNDATION, INC.  
CALIFORNIA STATE POLYTECHNIC UNIVERSITY, POMONA  
AUDIT COMMITTEE

Tuesday, November 02, 2021  
10:00 am – 11:30 am

Join Zoom Meeting  
<https://cpp.zoom.us/j/88691831159>

**AGENDA**

Committee Chair: Dr. David Speak

Directors: Daniel Foncello, April Jimenez, John McGuthry, Cynthia Nelson, Lowell Overton, Stephanie Pastor, Joseph Simoneschi, Ruby Suchecki, Joice Xiong

Staff: Claudia Burciaga-Ramos, Jared Ceja, David Laxamana, Joanne Mathew

- I. **ACKNOWLEDGEMENT OF MEMBERS OF THE PUBLIC** Who may or may not be commenting on a specific item or making a general comment.
- II. **CONSENSUS ACTION ITEMS**  
*Items in this section are considered to be routine and acted on by the committee in one motion. Each item of the Consent agenda approved by the committee shall be deemed to have been considered in full and adopted as recommended. Any committee member may request that a consent item be removed from the consent agenda to be considered as a separate action item. If no additional information is requested, the approval vote will be taken without discussion. An "A" distinguishes items requiring approval.*
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|------|--|---|
| 1.   | Approval of Audit Committee Minutes - September 16, 2021<br>ACTION: Approval | Dr. David Speak, Chair<br>2-3                       |
| III. | <b><u>GENERAL UPDATES</u></b>  |   |
| 2.   | Executive Director's Report  | Jared Ceja, Executive Director/CEO<br>4             |
| IV.  | <b><u>ACTION ITEMS</u></b>   |   |
|      | None   |   |
| V.   | <b><u>INFORMATION &amp; DISCUSSION ITEMS</u></b>                             |   |
| 3.   | Auditor Request for Proposal   | Joanne Mathew, Director/CFO<br>5-6                  |
| 4.   | Village Audit Update   | Jared Ceja<br>David Laxamana, Housing Director<br>7 |
| 5.   | Internal Control Updates to Operations                                       | Joanne Mathew<br>8                                  |
| VI.  | <b><u>OPEN FORUM</u></b>   |   |
| VII. | <b><u>ADJOURNMENT</u></b>  | Dr. David Speak                                     |

**CAL POLY POMONA FOUNDATION, INC.**  
**Audit Committee Meeting Minutes**  
**September 16, 2021 at 10:30 a.m.**

*Notice is hereby given that a regular meeting of the Audit Committee was held by video conference/teleconference on Thursday September 16, 2021 at 10:30 a.m. to discuss matters on the posted agenda. The meeting notice in its entirety was posted on the internet at <https://foundation.cpp.edu/meetingpackets.aspx>.*

Present: John McGuthry, Cynthia Nelson, Joseph Simoneschi, Dr. David Speak, Ruby Suchecki and Joice Xiong

Staff: Shari Benson, Claudia Burciaga-Ramos, Jared Ceja, Jason DeBellis, Christine He and Joanne Mathew

Guests: Kristen Guzman (Aldrich), Karle Haines (GYL LLP), Andy Maffia (Aldrich) and Joe Romero (GYL LLP)

### **CALL TO ORDER**

The meeting was called to order at 10:31 a.m.

### **CONSENSUS ACTION ITEMS**

1. Approval of February 17, 2021 Minutes

A motion was made to approve the minutes as read; no opposition, the minutes were approved.

### **GENERAL UPDATES**

2. Executive Director's Report

Jared Ceja reported the Fall 2021 Actuals varied from Budget due largely to differences in residential population, foot traffic, KW & KH events, staff shortage, facilities challenges impacted by 1.5 years of closure, and unexpectedly positive growth in low-cost Instant Access course materials. The summer has been occupied with audits; CPP Decentralized Information Technology, Operational/Village Housing, Child Care, Financial, Single/Grants, and the Philanthropic Foundation audits. The student's savings on IA course materials have continued to maintain strong growth since inception with the pace reaching \$1M a semester. The average price of a book is now only \$45.13. The big news is that total units transacted with the Bronco Bookstore went up to 55,181 units, up from 34,670 last fall. The last time we broke 50,000 units was in 2009 and this is the first time we ever hit 55,000. This result is positive for both students and the operation.

### **ACTION ITEMS**

3. External Child Care Center Audit 2020-2021

Joe Romero, Partner with GYL LLP, presented the Audit Report of the State Preschool Program grants from the California Department of Education for the fiscal year ended June 30, 2021. He reviewed the required communication, their audited opinion, financial statements and footnotes. The results of GYL's tests showed that the financial statement disclosures are neutral, consistent and clear, no significant difficulties in dealing with management in performing and completing the audit, no disagreements arose during the course of our audit, no consultations with other accountants (similar to obtaining a "second opinion"), Information accompanying financial statement complies with United States accepted accounting principles, and due to recent turnover in staff managing contracts resulted in the need for additional adjustments to the books to ensure compliance with contract requirements.

A motion was made by Ruby Suchecki, and seconded by Joice Xiong to approve the resolution to be presented to the Board of Directors for review and approval at its next regularly scheduled meeting. The motion was approved unanimously.

4. Financial and Single Audit Reports 2020-2021

Andy Maffia, and Kristen Guzman with Aldrich Advisors presented the Financial and Single Audit Reports for the fiscal year ended June 30, 2021. The auditors commented on the full cooperation of management and staff throughout the audit process. Andy reviewed the required communication, their audited opinion, management discussion and analysis, financial statements and footnotes. The committee discussed three findings related to compliance communicated in the Single Audit report. The findings were noted as significant deficiencies and not material weaknesses. As long as there are no material weaknesses in next year's audit, the Foundation will qualify once again as a low-risk auditee. Aldrich rendered the Foundation an unmodified opinion on the June 30, 2021 financial statements, and on compliance over major programs as of June 30, 2021 in the single audit.

Moved and seconded by Ruby Suchecki and Cynthia Nelson that the Audit Committee accepts Aldrich's unmodified opinion of the Foundation's Financial and Single Audit Reports and forwards the Reports to the Board of Directors for review and approval at its next regularly scheduled meeting. The motion was approved unanimously.

## **INFORMATION ITEMS & DISCUSSION ITEMS**

### 5. RFP for External Auditors

Jared Ceja reminded the committee that Aldrich was hired to complete a 5-year contract. They began with fiscal years 2017-2018 and have thus completed their fourth year of the engagement. There is an option to allow Aldrich to continue to their fifth year before issuing an RFP to perform the Foundation's financial and single audits for the upcoming 5 years. Pros and cons of continuing with Aldrich were discussed. The Audit Committee decided to meet again before the Board of Directors meeting in December to decide if we will continue with Aldrich as the Foundation's external auditor for their fifth year or if an RFP would be appropriate to move forward. Jared Ceja suggested he confer with Board Vice Chair Ysabel Trinidad beforehand to gain her perspective. The Committee agreed and asked him to do so.

The Committee also agreed to move forward with a Child Care RPF as the agreement with GYL has expired. Staff will prepare an action item for the next Audit Committee meeting.

### 6. Update on Internal Controls

This item was tabled for the next Audit Committee meeting.

The meeting adjourned at 12:49 p.m.

Dr. David Speak, Chair  
Audit Committee



**Cal Poly Pomona  
Foundation**

# Executive Director's Report

November 2, 2021

Audit Committee



## Memorandum

**Date:** November 2, 2021

**To:** Audit Committee  
Cal Poly Pomona Foundation, Inc.

**From:** Joanne Mathew  
Director of Financial Services/Chief Financial Officer

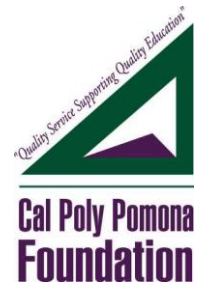
**Subject:** **CERTIFIED PUBLIC ACCOUNTING FIRM SELECTION  
FOR CHILDCARE AUDIT – FY2022 to FY2027**

Management will be issuing a Request for Proposal (RFP) to perform the annual childcare audits for the five fiscal years 2021-2022 through 2026-2027 to Certified Public Accounting firms qualified to conduct audits for Government Accounting Standards Board (GASB) organizations.

A selection committee consisting of board members and management will evaluate each firm's proposal based on the following criteria:

1. Demonstrated experience in auditing California public agencies and 501(c)(3) not-for-profit organizations with enterprise activities, and proficiency in GASB accounting and reporting requirements
2. Capacity to perform the annual financial audit and single audit in compliance with standard 2 CFR 200 relating to federal programs
3. Ability to meet the specific timelines and meetings
4. Total fees charged for each of the six years of the engagement
5. Reference checks

Per the CSU Administrative Manual policy number 13175.00, prior to executing the audit firm's engagement letter, the Chancellor's Office will review and approve the qualifications of the external audit firm.



### **CPA Firms to include in Request for Proposal Process**

The list of firms was compiled using for Certified Public Accounting firms within the greater Los Angeles area who have knowledge of this type of audit. The CSU Chancellor's Office will need to approve the selected firm.

1. Breard & Associates, LLP  
9221 Corbin Avenue, Suite 170  
Northridge, California 91324
2. Fechter & Company  
1870 Avondale Avenue, Suite 4  
Sacramento, CA 95825
3. Guzman & Gray  
4510 East Pacific Coast Highway, Suite 270  
Long Beach, California 90804  
(CSU Fullerton Foundation)
4. Joseph Romero  
GYL Decauwer, LLP  
4120 Concours, Suite 100  
Ontario, CA 91764
5. Sean E. Cain  
Harrington Group  
2670 Mission Street  
Suite 200  
San Marino, CA 91108
6. Aldrich CPAs and Advisors LLP  
5946 Priestly Drive, Suite 200  
Carlsbad, CA 92008-8848
7. Cohn Reznick LLP  
1900 Avenue of the Stars  
Los Angeles, CA 90067

# University Village Audit Update

11/2/21

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## Background:

- CSU auxiliary-owned operations audit
- Followed the CSU audit of University Housing Services completed last year

## Involved Parties:

- CPPF Administration
- CPPF Financial Services
- CPPF Housing Services
- CPP Internal Auditor
- CSU Audit & Advisory Services

## Preliminary Notes:

- Additional functionality from our Housing Management System, which we were already in the process of updating
- Improved workflow and documentation for work orders and key control
- Management of COVID communications and practices
- Coordination of residents that are behind on payments
- Differences between auxiliary and university-owned property

## Actions:

- Collaborative effort underway to enhance processes and services with more to follow upon receiving the final report



## Internal Control Update

November 2, 2021

The Foundation has made various updates to our internal control processes since Spring 2020. These changes have originated from two main areas as stated below:

### 1. External sources

This area has priority focus since it is in response to information received from reviews and audits conducted. The responses include a clear timeline, set with target dates of completion.

Examples include:

- Increasing the number of random cash counts that are conducted across the Enterprise units.
- Updating definitions of what are allowable and unallowable purchases.
- Building more segregation into processes as the number of staff increases (impacted by the pandemic).
- Providing uniform accounting training, emphasizing the importance of internal controls, to all employees involved in the Foundation, and enterprise units' accounting functions.
- Establishing a process to document and monitor who has completed the training.
- Standardizing policy and procedure documentation across the Foundation.

### 2. Internal sources

Additional updates and changes have been implemented based on observations by management, staff and ongoing review.

Changes include:

- Documenting the periodic review and updates to approvers and signers based on staff turnover.
- Documenting the process around comparison of actual expenses to the budget and review of variances, conducted on a monthly basis.
- Ensuring approvals on purchases, receipts, packing slips, invoices and subsequent payments always have the relevant level of segregation in the organization.
- Changes to the reconciliation schedule based on increase or decrease in activity. The longest schedule is monthly.
- Providing more structured trainings to staff based on the need, i.e. new hires, role changes or procedural updates.
- Ensuring Foundation financial services is supporting other units in recording receivables on a timely basis.
- Evaluating the need for upgrades to applications that are used in the organization.
- Ensuring every individual process and subsequent review are put in writing as part of organizational procedures.