

Cal Poly Pomona Foundation, Inc.

Single Audit Report

Year Ended June 30, 2021



CAL POLY POMONA FOUNDATION, INC.

Single Audit Report

Year Ended June 30, 2021

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INDEPENDENT AUDITORS' REPORT

To the Audit Committee of
Cal Poly Pomona Foundation, Inc.

Report on the Schedule of Expenditures of Federal Awards

We have audited the accompanying schedule of expenditures of federal awards of Cal Poly Pomona Foundation, Inc. (a nonprofit organization), for the year ended June 30, 2021 and the related notes (the financial statement).

Management's Responsibility

Management is responsible for the preparation and fair presentation of this financial statement in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statement referred to above present fairly, in all material respects, the expenditures of federal awards of Cal Poly Pomona Foundation, Inc. for the year ended June 30, 2021, in accordance with accounting principles generally accepted in the United States of America.

Aldrich CPAs + Advisors LLP

San Diego, California
September 24, 2021

**INDEPENDENT AUDITORS' 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***

To the Audit Committee
Cal Poly Pomona Foundation, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Cal Poly Pomona Foundation, Inc. (a nonprofit organization) (the Foundation), which comprise the statement of net position as of June 30, 2021, the related statements of revenue, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements; and have issued our report thereon dated September 24, 2021

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a significant deficiencies.

Compliance and Other Matters.

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Foundation's Response to Findings

The Foundation's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Foundation's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

INDEPENDENT AUDITORS' 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, continued*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Aldrich CPAs + Advisors LLP

San Diego, California
September 24, 2021

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Audit Committee
Cal Poly Pomona Foundation, Inc.

Report on Compliance for Each Major Federal Program

We have audited Cal Poly Pomona Foundation, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Cal Poly Pomona Foundation, Inc.'s major federal programs for the year ended June 30, 2021. Cal Poly Pomona Foundation, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Cal Poly Pomona Foundation, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Cal Poly Pomona Foundation, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Cal Poly Pomona Foundation, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Cal Poly Pomona Foundation, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2021-002 and 2021-003. Our opinion on each major federal program is not modified with respect to these matters.

Cal Poly Pomona Foundation Inc.'s response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Ca Poly Pomona Foundation Inc.'s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE, CONTINUED**

Report on Internal Control over Compliance.

Management of Cal Poly Pomona Foundation, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Cal Poly Pomona Foundation Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Cal Poly Pomona Foundation Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as items 2021-002 and 2012-003, that we consider to be significant deficiencies.

Cal Poly Pomona Foundation Inc.'s response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Cal Poly Pomona Foundation Inc.'s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Grant Guidance. Accordingly, this report is not suitable for any other purpose.

Aldrich CPAs + Advisors LLP

San Diego, California
September 24, 2021

CAL POLY POMONA FOUNDATION, INC.
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal CFDA (Assistance Listing) Number</i>	<i>Pass-through Number</i>	<i>Passed- through to Subrecipients</i>	<i>Expenditures</i>
Research and Development Cluster				
<u>Department of Agriculture</u>				
Agricultural Research Basic and Applied Research	10.001		\$ -	3,697
Hispanic Serving Institutions Education Grants	10.223		30,434	291,984
Capacity Building for Non-Land Grant Colleges of Agriculture	10.326		-	17,766
Pass-through from California Department of Food and Agriculture				
Specialty Crop Block Grant Program - Farm Bill	10.170	AM180100XXXXG03	10,075	72,168
Pass-through from the Regents of the University of California Davis				
Specialty Crop Block Grant Program - Farm Bill	10.307	NA	-	1,861
Pass-through from University of Arkansas				
Beginning Farmer and Rancher Development Program	10.311	20177001726836	-	3,238
<i>Total Department of Agriculture</i>			<u>40,509</u>	<u>390,714</u>
<u>Department of Commerce</u>				
Pass-through from Colorado State University:				
Measurement and Engineering Research and Standards	11.609	G-99042-01	-	31,146
Arrangements for Interdisciplinary Research Infrastructure	11.619	70NANB15H044	-	18,818
<i>Total Department of Commerce</i>			<u>-</u>	<u>49,964</u>
<u>Department of Defense</u>				
Pass-through from Steel Founders' Society of America				
Machining of FeMnAl Steel	12.XXX	2017-111	-	14,337
<i>Total Department of Defense</i>			<u>-</u>	<u>14,337</u>
<u>Department of Energy</u>				
Pass-through from QuesTek Innovations LLC				
Office of Science Financial Assistance Program	81.049	NA	-	18,995
Pass-through from University of Cincinnati				
Nuclear Energy Research, Development and Demonstration	81.121	013271-002	-	39,117
<i>Total Department of Energy</i>			<u>-</u>	<u>58,112</u>
<u>Department of the Interior</u>				
Water Desalination Research and Development	15.506		-	87,844
SECURE Water Act - Research Agreements	15.560		-	87,426
Pass-through from University of California Santa Cruz:				
Bureau of Ocean Energy Management Environmental Studies	15.423	A19-0882-S004	-	48,043
Pass-through from Metropolitan Water District of Southern California				
Water Conservation Field Services	15.530	191246	-	960
Pass-through from Eastern Municipal Water District				
Water Desalination Research and Development	15.506	NA	-	5,369
<i>Total Department of the Interior</i>			<u>-</u>	<u>229,642</u>
<u>Department of Transportation</u>				
Highway Research and Development Program	20.200		37,083	112,098
Pass-through from the State of California-Office of Traffic Safety:				
State and Community Highway Safety	20.616	0521-0890-002	-	232,927
<i>Total Department of Transportation</i>			<u>37,083</u>	<u>345,025</u>
<u>Department of Education</u>				
Higher Education Institutional Aid	84.031		-	950,460
Child Care Access Means Parents in School	84.335		-	438,263
<i>Total Department of Education</i>			<u>-</u>	<u>1,388,723</u>
<u>Department of Health and Human Services</u>				
Biomedical Research and Research Training	93.859		-	480,750
Pass-through from Wright State University				
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	R15NS099850	-	23,127
<i>Total Department of Health and Human Services</i>			<u>-</u>	<u>503,877</u>

CAL POLY POMONA FOUNDATION, INC.
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal CFDA (Assistance Listing) Number</i>	<i>Pass-through Number</i>	<i>Passed-through to Subrecipients</i>	<i>Expenditures</i>
National Aeronautical and Space Administration				
Science	43.001		\$ -	\$ 49,323
Pass-through from Smithsonian Astrophysical Observatory:				
Science	43.001	GO0-21031X	-	20,741
Pass-through from Jet Propulsion Laboratory:				
Science	43.001	NA	-	3,750
<i>Total National Aeronautical and Space Administration</i>			-	<u>73,814</u>
National Science Foundation				
Engineering Grants	47.041		-	63,611
Mathematical and Physical Sciences	47.049		-	100,291
Computer and Information Science and Engineering	47.070		-	171,950
Biological Sciences	47.074		-	110,825
Education and Human Resources	47.076		15,659	1,606,073
Office of International Science and Engineering	47.079		-	11,869
Pass-through from Dynalene Inc.				
Engineering Grants	47.041	1831220	-	27,673
Pass-through from The Regents of the University of California:				
Mathematical and Physical Sciences	47.049	Various	-	116,529
Pass-through from Whatcom Community College				
Education and Human Resources	47.076	NA	-	40,913
Pass-through from University Enterprises Inc.				
Education and Human Resources	47.076	Various	-	29,478
Pass-through from CSU Long Beach Research Foundation				
Education and Human Resources	47.076	SG225019100-CPP	-	19,183
Pass-through from East Los Angeles College				
Education and Human Resources	47.076	4500264742	-	21,084
<i>Total National Science Foundation</i>			<u>15,659</u>	<u>2,319,479</u>
			-	
Total Research and Development Cluster			<u>93,251</u>	<u>5,373,687</u>
SNAP Cluster				
<u>Department of Agriculture</u>				
Pass-through from CSU Chico				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	18-7015	-	25,524
<i>Total Department of Agriculture</i>			-	<u>25,524</u>
Total SNAP Cluster			-	<u>25,524</u>
TRIO Cluster				
<u>Department of Education</u>				
TRIO_Student Support Services	84.042		-	719,012
TRIO_Talent Search	84.044		-	277,594
TRIO_Upward Bound	84.047		-	2,068,665
TRIO_McNair Post-Baccalaureate Achievement	84.217		-	312,039
<i>Total Department of Education</i>			-	<u>3,377,310</u>
Total TRIO Cluster			-	<u>3,377,310</u>

CAL POLY POMONA FOUNDATION, INC.
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal CFDA (Assistance Listing) Number</i>	<i>Pass-through Number</i>	<i>Passed- through to Subrecipients</i>	<i>Expenditures</i>
Other Programs				
<u>Department of Defense</u>				
Pass-through from Office of Naval Research Basic and Applied Scientific Research	12.300	N00014-20-1-2172	\$ -	\$ 154,972
<i>Total Department of Defense</i>			-	154,972
<u>Department of Education</u>				
Special Education: Personnel Development to Improve Services and Results for Children with Disabilities	84.325		-	260,335
Pass through from California Department of Corrections and Rehabilitation Fund for the Improvement of Postsecondary Education	84.013	C5609154	52,123	83,342
Pass through from San Jose State Research Foundation Education	84.116	P116F150012	-	2,110
Pass through from University of California, Office of the President Supporting Effective Instruction State Grants	84.367	NA	-	23,586
<i>Total Department of Education</i>			52,123	369,373
<u>Department of Interior</u>				
Pass-through from United States Geological Survey Earthquake Hazards Program Assistance	15.807	G20AP00057	-	24,781
<i>Total Department of Interior</i>			-	24,781
<u>Department of Transportation</u>				
Highway Training and Education	20.215	88A0122	-	44,700
<i>Total Department of Transportation</i>			-	44,700
<u>National Aeronautical and Space Administration</u>				
Office of Stem Engagement (OSTEM)	43.008		-	40,096
<i>Total National Aeronautical and Space Administration</i>			-	40,096
<u>National Endowment for the Humanities</u>				
Promotion of the Humanities Teaching and Learning Resources and Curriculum Development	45.162		-	7,730
<i>Total National Endowment for the Humanities</i>			-	7,730
<u>United States Forest Service</u>				
Pass-through from National Fish and Wildlife Foundation Developing Precision-Restoration for Post-Fire Restoration	XX.XXX	0805.19.064303	-	67,749
Total Other Programs			52,123	709,401
Total Expenditures of Federal Awards			\$ 145,374	\$ 9,485,922

CAL POLY POMONA FOUNDATION, INC.

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2021

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Cal Poly Pomona Foundation, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Note 2 - Summary of Significant Accounting Policies

Cal Poly Pomona Foundation Inc. did not elect to use the 10% de minimus cost rate as covered in the Uniform Guidance 2 CFR section 200.414 Indirect Costs.

CAL POLY POMONA FOUNDATION, INC.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Significant deficiency(ies) identified?	Yes
Material weakness(es) identified?	No
Noncompliance material to the financial statements noted?	No

Federal Awards

Internal control over major program:	
Significant deficiency(ies) identified?	Yes
Material weakness(es) identified?	No
Type of auditors' report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance, 2 CFR section 200.516(a)?	Yes

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
Various	Research and Development Cluster

Dollar threshold used to distinguish Between Type A and Type B programs:	\$750,000
Auditee qualified as a low-risk auditee under the Uniform Guidance 2 CFR section 200.520	No

Section II – Financial Statement Findings

2021-001 Significant Deficiency over Preparation of the SEFA and Grants and Contracts Reporting

Criteria: Per the Uniform Grant Guidance section 200.302 "Financial management. (b) The financial management system of each non-Federal entity must provide for the following: (1) Identification, in its accounts, of all Federal awards received and expended and the Federal programs under which they were received. Federal program and Federal award identification must include, as applicable, the Assistance Listings title and number, Federal award identification number and year, name of the Federal agency, and name of the pass-through entity, if any." Reconciliations of amounts receivable and deferred revenue must also be performed timely and in accordance with revenue recognition standards.

CAL POLY POMONA FOUNDATION, INC.

Schedule of Findings and Questioned Costs

Year Ended June 30, 2021

Condition: There were 6 awards for which expenditure amounts were not included in the SEFA provided by the client for audit. The total amount of expenditures was \$132,281. There were also 3 awards for which no CFDA or Assistance Listing number was included in the SEFA. The schedule provided by the client to reconcile grants receivable and deferred revenue did not reconcile to the trial balance or the SEFA and multiple versions of the reconciliation were provided until these errors were corrected.

Cause: There was mid-year turnover in the personnel within the Grants and Contracts department during the fiscal year. Training had been provided to the new personnel related to the regular monitoring and tracking of grant awards but there is more training needed related to the year-end reporting procedures.

Effect: This resulted in the audit team performing the major program determination twice to ensure that the major program selected remained appropriate. It also added additional time to the audit due to receiving multiple versions of an incorrect reconciliation.

Recommendation: We recommend that additional training be provided to the Grants and Contracts Manager on year end procedures as well as general compliance with federal awards.

Views of responsible officials: The Foundation will be using the services of independent consultants, established in the field, to do the necessary training on year end procedures with the Grants and Contracts Manager. In addition, they will be engaged to assist with enhancing the financial system's application to provide greater accuracy and efficiency in SEFA, and Grant and Contracts reporting.

Section III – Federal Award Findings and Questioned Costs

2021-002 Significant Deficiency in Internal Control over Compliance- Allowable Costs
Program: R&D Program

Criteria: Per Uniform Grant Guidance (2 CFR 200.430(i)) "Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must: (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated." Management identified that the key control over allowable costs and activities is the approval of the program administrator.

Condition: From our sample of 96 employee records, 33 of the timesheets did not have approval of the program administrator. All of the timesheets, except 1, had documented approval, it was just not by the program administrator. One timesheet in our selection did not have any documented approval.

Cause: The payroll system allows for the approver to be assigned for the employee. In the items without proper approval, the system was not set up to have the program administrator approve the timesheets.

Effect: Payroll cost are allowable for the grant awards but there are specific requirements in each award regarding the personnel allowed to charge time to the program. Without the approval of an individual who is knowledgeable of the terms of each specific grant, there is a risk that time could be charged to a program that is not allowable.

Questioned costs: None

CAL POLY POMONA FOUNDATION, INC.

Schedule of Findings and Questioned Costs

Year Ended June 30, 2021

Context: During the audit of the R&D program we selected a sample of 40 payroll transactions to test the controls over compliance and compliance. In those 40 transactions were 96 individual timesheets for employees working on the various grant programs.

Recommendation: We recommend that the program administrators be assigned as the approver of the timesheets for any individual working on their program. If they do not have the capacity or ability to perform this function then we recommend that they assign the authority, in writing, to another individual who is knowledgeable of the terms and conditions for their specific grant award.

Views of responsible officials: The payroll system in use has the ability to allow program administrators to not only approve timesheets, but also to assign authority for approvals to other individuals. Action has been initiated as of the date of this letter, in discussion and collaboration with department supervisors and program administrators, to customize the system to track the approvals and delegations for this purpose.

2021-003 Significant Deficiency in Internal Control over Compliance – Equipment and Real Property Management

Program: R&D Program

Criteria: Per the Uniform Grant Guidance (2 CFR 200.313(d)(2)) "A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years."

Condition: A physical inventory of equipment has not been taken since 2018.

Cause: The campus was operating at a reduced level due to the Coronavirus pandemic. There was limited access to the various buildings where the equipment is maintained.

Effect: As many of the employees of the campus were working remote and there has been limited ability to oversee and monitor the equipment, there is a risk that it may have been misplaced or be in disrepair and management would not be aware.

Questioned costs: None

Context: There are several federal award programs with property and equipment purchased utilizing federal funds. This finding impacts all awards with equipment purchases. OMB issued Memo M-21-20 which included wording regarding a possible extension for 12 months "Awarding agencies may provide grantees up to a 12-month extension for the biennial physical inventory of equipment purchased under a Federal award" and that the extension was not obtained by the Foundation.

Recommendation: We recommend that a full inventory of all property and equipment be completed as soon as possible.

Views of responsible officials: The Foundation began full physical inventory of all property and equipment purchased using federal funds beginning in August 2021 when facilities began to reopen. The inventory count is on track to be completed in October 2021.

CAL POLY POMONA FOUNDATION, INC.

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2021

Section IV – Schedule of Prior Audit Findings

2020-001

Criteria: Management should have controls in place over cash disbursements that prevent misappropriation of assets to the greatest extent possible.

Condition: During the fiscal year, a series of events occurred that made the accounting department aware of fiscal impropriety occurring within an enterprise unit of the Foundation. After appropriate investigations, it was concluded that material amount of misappropriation of assets took place over a span of time. There were significant internal control weaknesses that allowed for this material misappropriation of assets to occur. These internal control weaknesses largely related to the ability of an enterprise manager to sign off on AP Check Listings and enter check runs into the system, but also related to the employee's ability to create vendors in the accounting system from when this employee worked in a different department.

Status: Management has implemented controls related to vendors and disbursements to address the deficiencies that allowed for the impropriety.

September 24, 2021

Corrective Action Plan Response on Single Audit in accordance with Uniform Guidance 2 CFR 200, of the schedule of expenditures of federal awards of Cal Poly Pomona Foundation, Inc.

Fiscal Year ended June 30, 2021

Financial Statement Findings (Section II):

2021-001 Significant Deficiency over Preparation of the SEFA and Grants and Contracts Reporting

Recommendation: Additional training be provided to the Grants and Contracts Manager on year end procedures as well as general compliance with federal awards.

Action Taken: The Foundation will be using the services of independent consultants, established in the field, to do the necessary training on year end procedures with the Grants and Contracts Manager. In addition, they will be engaged to assist with enhancing the financial system's application to provide greater accuracy and efficiency in SEFA, and Grant and Contracts reporting.

2021-002 Significant Deficiency in Internal Control over Compliance – Allowable Costs

Recommendation: Program administrators be assigned as the approver of the timesheets for any individual working on their program. If they do not have the capacity or ability to perform this function then they assign the authority, in writing, to another individual who is knowledgeable of the terms and conditions for their specific grant award.

Action Taken: The payroll system in use has the ability to allow program administrators to not only approve timesheets, but also to assign authority for approvals to other individuals. Action has been initiated as of the date of this letter, in discussion and collaboration with department supervisors and program administrators, to customize the system to track the approvals and delegations for this purpose.

2021-003 Significant Deficiency in Internal Control over Compliance – Equipment and Real Property Management

Recommendation: A full inventory of all property and equipment be completed as soon as possible.

Action Taken: The Foundation began full physical inventory of all property and equipment purchased using federal funds beginning in August 2021 when facilities began to reopen. The inventory count is on track to be completed in October 2021.

For further information or questions, please reach out to me at (909) 869-2950 or jmathew@cpp.edu.

Sincerely,



Joanne Mathew
Director of Financial Services/
Chief Financial Officer

CC: Jared Ceja, Executive Director/Chief Executive Officer
Andy Maffia, Aldrich CPAs + Advisors, LLP