

**AUDIT COMMITTEE MEETING**

Tuesday, September 12, 2023

9:00-10:00 a.m.

Join via Zoom: <https://csudh.zoom.us/j/84167970043>

Or Dial-in: (669) 900 6833 Meeting ID: 841 6797 0043

**AUDIT COMMITTEE MEETING MINUTES**

Members Present: Tony Jake, Ed.D., Fran Fulton, and Sheree Schrager, Ph.D.

Staff Present: Tranitra Avery, Kelvin Blunt, Lea Medina

Guest Present: Lorena Raymundo-Yusuf, Nicole Stan, Jackie Richman

**I. Roll Call**

This meeting was held via Zoom virtual platform. Members and guests could be heard clearly. Quorum met.

**II. Call to Order**

Meeting called to order by Chair Tony Jake at 9:01am

**III. Approval of Meeting Agenda**

Schrager moved, Fulton seconded. Motion carried.

**IV. Approval of Minutes of Previous Meeting**

A. May 4, 2023

Fulton moved, Schrager seconded. Motion carried.

**V. Public Comments**

No one was present to represent the public.

**VI. Informational Item**

A. Financial Statements and Audit Report – Presentation by CohnReznick, LLC

Nicole Stan and Jackie Richmond from Con Resnick discuss the Toro Auxiliary Partners' final financial statements and independent audit report for fiscal year 22-23 along with an overview of the audit process. They reported that the audit was about 80% complete with no significant issues or material adjustments identified, and they expect to issue an unqualified opinion, which signifies high assurance and no significant errors. However, they noted some delays in the audit process due to late information provision and the emergence of a major program during testing, which could potentially lead to a slight delay in the final report.

Financially, the total assets increased by approximately \$4.3 million, primarily due to an increase in the investment portfolio and accounts receivable. Operating revenues have seen a rise, mainly from grants and contracts, while liabilities have remained consistent.

The auditors also discussed investments, particularly emphasizing that Level 3 investments, despite their lack of transparency, are not inherently risky.

A significant issue discussed was the Aramark agreement, where Toro Auxiliary needs to reimburse Aramark \$712,000 for the first year due to discrepancies in the understanding of the agreement terms. The auditors also highlighted their strict adherence to compliance and ethics to maintain independence.

Looking forward, the auditors plan to enhance future financial presentations by adding comparative columns for better clarity and recommended standardizing executive sessions post-audit presentations to improve communication. Questions were raised about the ongoing single audit testing and its deadline for submission to the Chancellor's Office, with assurances given that a strong draft would likely be ready in time, followed by the final version. The auditing team's approach underscores a commitment to thoroughness, transparency, and accountability in their financial review processes.

VII. Accounting Update

A. Property, Equipment, and Inventory Audit (Conducted by CSU Chancellor's Office)

ED Avery shared during the review that started in May, the Chancellor office identified several processes related to asset management that require updates to improve synchronization between our operations and university protocols. Key findings include the need for timely tagging and reporting of items. Plans are underway to implement new processes within the next one to two months, which will be communicated to both the audit committee and the board.

The review yielded 14 findings, with six specifically related to loans to our auxiliary partners. Efforts are ongoing, in collaboration with state-side colleagues, to address these issues as part of the property audit. Additional details have been included in the documentation provided to the board members, and they are encouraged to review these materials for a more comprehensive understanding.

VIII. Action Item

A. Advance Audit Report and Financial Statements to Board of Directors for Approval

Schrager motion provided the information shared during this day's session is presented to the Board of Directors. Fulton seconded. Motion carried.

IX. Other Items

None

X. Adjournment

Fulton moved, and Schrager seconded. The meeting was adjourned at 9:32 a.m.