

Wednesday, October 07, 2020

1:00 pm to 2:30 pm

Zoom Meeting Conference: <https://csudh.zoom.us/j/99654873769>

Dial: +1 669 900 6833 (US Toll) or +1 346 248 7799 (US Toll)

Meeting ID: 996 5487 3769

### **Audit Committee Meeting Minutes**

Members Present: Wayne Nishioka, Gil Ivey, and Thomas Norman

Members Absent: None

Guests: Syed Farhan (CLA), Jerome Groomes (Executive Director), Jinna Matzen (Manager Business Process Improvement, Customer & Board Relations), Dave Robydek (CLA), Cherisse Ross (Interim Controller), Bob Sesnon (Interim CFO), Dana Ward (Community member BOD), and Lorena Raymundo-Yusuf (CSUDH Accounting Manager)

I. Roll Call

All members present. All guests present.

II. Call to Order – Chair Wayne Nishioka

Nishioka moved, and Norman seconded. Motion carried.

Meeting called to order by Nishioka at 1:11 PM.

III. Approval of Meeting Agenda

Nishioka moved, and Norman seconded. Motion carried.

IV. Approval of Previous Meeting Minutes

- September 20, 2019

Nishioka presented the previous meeting minutes with an understanding that current committee members were not members of the Audit Committee in FY19-20 and were not present at the September 20, 2019 Audit Committee meeting. Nishioka summarized the previous meeting minutes and asked members if they had questions regarding the distributed previous meeting minutes or if any members present had objections to Nishioka formally approving the previous meeting minutes. Norman abstained from

voting since he was not on the Audit Committee last year and said it was appropriate for Nishioka to move forward with his approval. No objections were noted.

Nishioka approved the previous meeting minutes of September 20, 2019, as the only current Audit Committee member present at the September 20, 2019 Audit Committee Meeting. Motion Carried.

## V. Public Comment

No one was present to represent the public

## VI. Informational Items

### a) Financial Statements and Audit Report Presentation by Clifton Larson Allen

Dave Robydek and Syed Farhan of Clifton Larson and Allen provided a presentation to attendees that described the audit services team, audit scope, and deliverables, engagement timeline, audit process – risk based approach, financial statement highlights, audit findings, and steps for finalization of the audit report. The complete draft audit report was provided in the committee's meeting packet.

Discussions were held between committee members, guests, and auditors on the progress of year two of CLA's engagement. Progress and improvements noted included Foundation's improvement regarding last year's four material weaknesses, noting no material weaknesses were identified this year. CLA cited improvements this year regarding the overall audit process, the considerable progress in the engagement timeline, and improvements in coordination and collaboration. These improvements were attributed to the new Foundation accounting staff who were not present during last year's audit. Attendees discussed the significant deficiencies identified in this year's audit.

They noted that significant improvements were made in regard to increased communication and collaboration with Grants and Contracts even though three (3) significant deficiencies were identified as a repeat of last year. It was noted that the severity of the findings were significantly downgraded. Another deficiency discussed as being a repeat with a fair amount of improvement was the finding on accounting processes and year-end close. Two (2) new significant deficiencies were identified in Major Federal Programs related to unapproved payroll expenses and the procurement bid process. The auditors explained that although a sizeable amount of post-close entries and accounting were happening well after the audit started, exchanges were a lot easier this year. The cycle time was much more clear and direct.

The committee reviewed each finding, discussed the reasoning behind them and the proposed resolutions to fix them. The committee concluded the audit discussion noting the need for Board approval before a final report could be issued. Committee members thanked auditors CLA for their diligence and provided praise to Foundation and Stateside accounting staff for their collaborative efforts. All attendees recognized the tremendous efforts put forth by Interim Controller Cherrisse Ross in coordination and oversight of the Foundation's single audit.

## VII. Action Items

### a) Recommendation of Audit Report and Financial Statements to Board of Directors

Nishioka moved to amend the motion to approve the audit report, and financial statements with the following modifications (1) remove the misprint on page 64, note 7, capital lease obligation schedule as it is already present on Page 62, note 5. (2) Add management's response of current year findings (3) Add a schedule and resolutions of prior year finding.

Norman moved to approve the Audit Report and Financial Statements to the Board of Directors, pending the modifications noted by Audit Committee Chair, Nishioka. Ivey Seconded.

Motion Carried

VIII. Other Items

None

IX. Adjournment

Nishioka moved, and Norman seconded. Motion carried.

Meeting Adjourned at 2:24 PM