

AUDIT COMMITTEE
Wednesday, May 22, 2024
2:00-3:30 p.m.

Join Zoom Meeting
<https://cpp.zoom.us/j/85435204178>
Meeting ID: 874 3574 2368

AGENDA

Committee Chair: Dr. David Speak
Members: John McGuthry, Lowell Overton, Stephanie Pastor, Oliver Santos, Ruby Suchecki, Joice Xiong
Staff: Claudia Burciaga-Ramos, Jared Ceja, Lisa Coats, Ernest Diaz, Tariq Marji (Committee Liaison)

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.

		Page
1. Approval of Audit Committee Minutes – September 13, 2023 ACTION: Approval	Dr. David Speak, Chair	2 - 4

III. GENERAL UPDATES

2. Introduction of Tariq Marji, Interim CFO (Attachment)	Jared Ceja, CEO	5
3. CEO's Report	Jared Ceja	6 - 7

IV. ACTION ITEMS

None

V. INFORMATION & DISCUSSION ITEMS

4. Upcoming University Village Follow-up Audit	Jared Ceja	8
5. Kellogg Legacy Grants & Scholarships Advisory Review	Tariq Marji, Interim CFO	9
6. CalTrans Audit Results (Attachment)	Tariq Marji	10 - 29

VI. OPEN FORUM

VII. ADJOURNMENT

Dr. David Speak

CAL POLY POMONA FOUNDATION, INC.
Audit Committee Meeting Minutes
Wednesday, September 13, 2023 at 3:00 p.m.

Notice is hereby given that a regular meeting of the Finance/Investment Committee was held by video conference/teleconference on Wednesday, September 13, 2023 at 3:00 p.m. to discuss matters on the posted agenda. The meeting notice in its entirety was posted on the internet at

<https://foundation.cpp.edu/content/d/Meeting%20Packets/Audit%20Committee%2009-13-23.pdf>

Present: Dr. David Speak, John McGuthry, Lowell Overton, Stephanie Pastor, Oliver Santos and Joice Xiong

Absent: Ruby Suchecki

Staff: Claudia Burciaga-Ramos, Jared Ceja, Lisa Coats, Ernest Diaz and Joanne Mathew

Guests: Jackie Richman- CohnReznick

CALL TO ORDER

Dr. David Speak, Audit Committee Chair called the meeting to order at 3:00 p.m.

CONSENT 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.

1. Approval of February 17, 2023 Minutes

A motion was made to approve the minutes; there was no opposition, and the minutes were approved.

GENERAL UPDATES

2. Introduction of Committee Members

Dr. David Speak commenced the meeting by introducing the committee members present and welcoming everyone. Committee members, staff, and guests cordially introduced themselves, providing their names, positions, and affiliations.

ACTION ITEMS

3. Draft 2022-2023 External Child Care Center Audit

Joanne provided an introductory overview of the Draft 2022-2023 External Child Care Center Audit, emphasizing CohnReznick's role in conducting the audit for the second consecutive year.

Jackie Richman of CohnReznick gave an in-depth overview of the Children's Center audit, emphasizing its funding structure, which is heavily reliant on grants from the California Department of Education (CDE). She elaborated on the regulatory oversight by the CDE, which necessitates regular audits to ensure compliance with grant obligations. Jackie reported a positive outcome of the audit, highlighting an unmodified opinion and the absence of findings, signifying adherence to regulatory standards.

In her walkthrough of the childcare financials, Jackie delved into key financial indicators, addressing both revenue and expense components. She noted substantial increases in revenue streams, particularly state and federal awards, attributing the growth to heightened campus attendance as the institution transitioned to post-COVID normalcy. Jackie also discussed fluctuations in ASI contributions, pointing out a decrease due to fewer non-certified children and changes in parent fees. Furthermore, Jackie provided insights into expenses, notably highlighting increases in food grant revenue, and discussing the impact on overall financial performance. She emphasized compliance testing, showcasing enrollment data to illustrate the significant uptick in operations. Specifically, she pointed out that certified days of enrollment nearly doubled from the previous year.

Regarding the draft report, Jackie mentioned the pending finalization by the California Department of Social Services and expressed optimism for its timely release. She concluded by reiterating the absence of findings in internal controls and proposing the approval of the report, contingent upon the final form's acceptance.

A motion was made by Oliver Santos and seconded by John McGuthry to conditionally approve the 2022-2023 External Child Care Center Audit draft report with the understanding that it will be forwarded to the Board of Directors for their approval at its next regularly scheduled meeting, contingent upon receiving the finalized form from the state agency and ensuring no substantive changes occur during the finalization process.

4. 2022-2023 Financial & Single Audit Reports

Joanne provided a comprehensive summary of the Financial and Single audits, noting CohnReznick conducted both audits for the first time this year. She emphasized that the financial audit included operating revenues of \$99 million and net change in position of just under \$17 million, resulting in a total net position increase to \$62 million. Joanne expressed satisfaction with the unmodified opinion and zero findings, contrasting them with the previous year's two findings. The single audit also yielded positive results, with total expenditures increasing from just under \$11 million to just under \$14 million, accompanied by an unmodified opinion and zero findings. She emphasized that the Foundation had moved back to being a low-risk auditee, which hadn't been the case over the past three years. Jared Ceja acknowledged the extensive documentation provided, recognizing it as the largest Audit Committee packet of the year and necessary for thorough vetting by the committee.

Jackie Richman with CohnReznick outlined the firm's responsibilities, scope, and timing of the audit, ensuring compliance with planned procedures. The report emphasized the absence of material weaknesses, significant deficiencies, or compliance findings, indicating a clean audit. Joanne assured the committee of the ongoing quality review process and offered Jackie's contact information for further inquiries or clarifications for committee members. Jackie confirmed their willingness to attend the Board meeting for a presentation if preferred and clarified that while this was their first year auditing the Cal Poly Foundation, the firm had extensive experience with other Cal State auxiliaries.

A motion was made by Joice Xiong and seconded by John McGuthry to approve the 2022–2023 Financial and Single Audit Reports as presented and forward the report to the Board of Directors for review and approval at its next regularly scheduled meeting.

GENERAL UPDATES

5. CEO's Report

Jared discussed the successful launch of the Poly Trolley Express, a new electric cart service on campus offering breakfast, lunch, coffee, and beverages. He highlighted the positive reception during promotional events, which included free burritos and coffees.

Transitioning to the Instant Access Complete program, Jared noted the extensive marketing efforts that resulted in a very positive response from students and parents. Despite initial concerns, the opt-out rate was better than budgeted at 23.3%, indicating strong engagement with the program. He emphasized ongoing efforts to reduce costs and negotiate with publishers to ensure affordability and accessibility for students.

Shifting focus to legislative matters, Jared informed the board about Senate Bill 640, which could impact campus partnerships and potentially raise prices for students if passed. Additionally, he discussed a proposed minimum wage increase for food service workers at large franchises, which may affect campus eateries.

In his update on staffing, Jared announced that Hui Chieng, previously serving as the interim Director of EH&S at CPP, is now working with the Foundation. Hui brings extensive expertise in environmental health and safety to our team. Jared elaborated on Hui's role in overseeing various aspects of employee well-being, including special event risk management within the organization, policy development, training, and auditing for our portfolio of businesses.

Lastly, Jared provides an overview of recent audits conducted by CohnReznick and Aldrich: single, financial, childcare, and philanthropic, all of which yielded positive results without any findings. He expressed gratitude for the hard work of the audit teams and concluded his report.

INFORMATION & DISCUSSION ITEMS

6. IT Security Audit Reports

Jared summarized the IT security audit, highlighting their collaborative approach with the university's IT department. The audit, conducted by the Chancellor's office, involved various assessments of their systems, including internal questionnaires, document requests, and team member interviews. Additionally, a National Guard vulnerability scan was performed to test system integrity, which yielded no findings. Jared expressed gratitude for campus IT support and overall satisfaction with the audit's outcome.

7. Tentative Committee Meeting Schedule

Jared presented the tentative meeting schedule for the year, highlighting the upcoming meeting on May 17, 2024. He emphasized the proactive approach to scheduling meetings well in advance and offered flexibility if there were any concerns about the chosen dates. Additionally, Jared provided a list of committee members for reference.

ADJOURNMENT

The meeting was adjourned at 4:30 p.m. by Community Director Oliver Santos with unanimous consent.

Dr. David Speak, Chair
Audit Committee

Welcome Back, Tariq!



Cal Poly Pomona Enterprises is pleased to announce that Tariq Marji has been appointed Interim CFO, effective April 15, 2024.

In his new role, Mr. Marji will oversee all financial departments, ensuring compliance with audit requirements and keeping our Enterprises informed on fiscal policies and financial matters. He will report directly to Jared Ceja, Chief Executive Officer of CPPE.

With more than 25 years of leadership in the CSU auxiliary system, Mr. Marji has demonstrated his ability in managing complex financial operations and fostering substantial growth. His career has been marked by exemplary leadership in the management of grants administration, children center, commercial operations, LA BioSpace Innovation center, risk management, and strategic organizational success.

His previous roles include serving as the Executive Director for Cal State L.A. University Auxiliary Services, Inc., where he provided administrative and executive leadership for a range of auxiliary operations. Before that, he was the Chief Financial Officer and Treasurer at CSUF Auxiliary Services Corporation, where he managed the financial stewardship of the organization for over thirteen years. Mr. Marji's professional journey also includes tenure as the General Financial Manager at Cal Poly Pomona Enterprises. Prior to working in higher education, Mr. Marji had a diverse professional career in the private sector including hotel services, property management, and manufacturing industries.

Mr. Marji received a master's degree in business administration from Woodbury University and has served as a Trustee for the Auxiliaries Multiple Employer Voluntary Employees' Beneficiary Association (VEBA), Treasurer for the National Association of College Auxiliary Services West (NACAS West), and various leadership roles within the Auxiliary Organization Association (AOA).



CAL POLY POMONA
ENTERPRISES

CEO's Report

May 22, 2024

Audit Committee

Topics

- ▶ Budget Assumptions Reminder
- ▶ Fundraising & Gift Processing Audit
- ▶ Change in UV Leadership
- ▶ C/O 2024 Numbers!





Memorandum

Date: May 20, 2024

To: Audit Committee
Cal Poly Pomona Foundation, Inc.

From: Jared Ceja, CEO

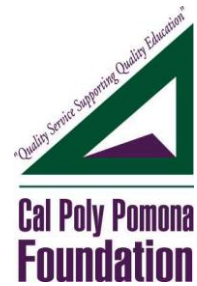
Subject: **Upcoming University Village Follow-up Audit**

The CSU Office of Audit & Advisory Services performed an Auxiliary-Owned Housing assessment of the University Village in 2021. The results did not meet standards. Seven findings were identified including:

1. Licensing Agreement Compliance
2. Resident Fee Monitoring
3. Cancellations & Refunds
4. Disbursements
5. Physical Access
6. Staff Hiring & Training
7. System Access Administration

Rectifying actions were submitted to and accepted by the Chancellor's Office following the audit. The CSU Office of Audit & Advisory Services also performed a broader Auxiliary Compliance review of the entire organization. That 2023 audit yielded extremely positive results.

A follow-up audit specific to University Village will commence in June. The auditor(s) will assess the Foundation's compliance with the approved rectifying actions. This return visit is a direct byproduct of the 2021 audit. Results of the follow-up should be available by the end of the summer for future presentation to the Audit Committee.



Memorandum

Date: May 20, 2024
To: Audit Committee
From: Tariq Marji, Interim CFO
Subject: **Kellogg Legacy Grants & Scholarships Advisory Review**

The Kellogg Legacy Grants & Scholarships program is a function of the Cal Poly Pomona Philanthropic Foundation (CPPPF) with back-office financial management support from the Foundation (CPPE) and scholarship administration support from the University. The Chancellor's Office completed an advisory review of the program on May 7, 2024. While the audit is not a formal audit of CPPE, Management is sharing key insights of areas that fall within the scope of CPPE support of this function.

The CSU found that *in general... the campus, Philanthropic Foundation, and CPP Enterprises had established an appropriate process to administer Kellogg Legacy Grants (KLG)*. However, opportunities to strengthen the oversight and administration were identified. Those that can be directly aided with support from CPPE include:

- Strengthening the process for training principal investigators (PIs) on the requirements for receiving and expending grant funds. This is primarily related to mandating training and monitoring completion.
- Work with Project Directors and CPPPF to ensure compliance on required mid-year and year-end reporting.

CPPE will have an indirect role in supporting many of the other identified areas for improvement via incorporating best practices into applicable trainings, reinforcing updates with stakeholders, and putting a redundant set of eyes on submitted documentation.



Memorandum

Date: May 20, 2024

To: Audit Committee

From: Tariq Marji, Interim CFO

Attached: Final Report: Cal Poly Pomona Pre-Award Audit

Subject: **CalTrans Pre-Award Audit Results**

Periodically, funding agencies (grantors) perform pre-award audits specific to project costs associated with funding that they have provided. CalTrans, which had provided previous funding and is planning to do so again, undertook such an audit that ended on April 15, 2024. The CalTrans Internal Audit Office (CIAO) evaluated payroll, accounts payable, procurement, contracts management, and the overall accounting system. The final report is attached.

CIAO found that *CPPF's accounting system does accumulate and allocate reasonable and allowable project costs*. This is the needed positive result that maintains our position as an appropriate grantee for CalTrans awards.

However, CIAO identified three areas to be improved. They include:

- CPPF's Schedule of Expenditure of Federal Awards (SEFA) for the fiscal year ending in 2022 does not reconcile with Caltrans' accounting system.
- CPPF paid unnecessary gratuities to the overall Federal award performance.
- CPPF's hours for salary reimbursement are not consistently listed on all invoices.

Proposed enhancements were submitted to CalTrans on April 12, 2024. CalTrans accepted those submissions and included them in the report as attachments. Management has already taken steps to put these changes into effect.

TO: **Dee Lam**
Division Chief
Division of Local Assistance (DLA)

FROM: **Ben Shelton**
Audit Chief,
Caltrans Internal Audits Office (CIAO)



DATE: 4/15/2024

FILE #: 24PRE.A01

SUBJECT: Pre-Award Audit of Cal Poly Pomona Foundation – Final Report Attached

The Caltrans Internal Audits Office (CIAO), California Department of Transportation (Caltrans), audited the financial management system (FMS) of the Cal Poly Pomona Foundation (CPPF). The scope of the audit was limited to reviewing and testing of CPPF's FMS, which includes payroll, accounts payable, procurement, and contract management. Auditors tested the FMS internal controls, and more specifically evaluated the ability of CPPF's accounting system to determine if it could accumulate and segregate reasonable and allowable costs that can be allocated to projects. The final audit report, which includes CPPF's response, is attached to this memo.

Based on the audit, CIAO determined CPPF's accounting system does accumulate and allocate reasonable and allowable project costs. However, the auditors found the following deficiencies:

- CPPF's Schedule of Expenditure of Federal Awards (SEFA) for the fiscal year ending in 2022 does not reconcile with Caltrans' accounting system.
- CPPF paid unnecessary gratuities to the overall Federal award performance.
- CPPF's hours for salary reimbursement are not consistently listed on all invoices.

Please provide CIAO with a Corrective Action Plan, including the timelines and addressing the recommendations in the report, within 60 business days from the date of this memo. If you have any questions, or if you would like to request a paper copy of this report, please contact Ben Shelton, Audit Chief, at (916) 858-9694 or by e-mail to: Audits@dot.ca.gov.

Attachment: CPPF Pre-Award Audit – Final Report

CC:

Joanne Mathew, Special Projects Administrator, CPPF

Susan Tanartkit, Assistant Director, Contracts and Project Management, CPPF

Joice Xiong, Deputy of Internal Audit, California State Polytechnic University, Pomona

Lilia Maciel, Assistant Director, Grants and Contract Manager, CPPF

california.lpa@dot.gov

Gloria Roberts, Director, District 7, Caltrans

Marlon Regisford, Deputy District Director, Transportation Planning, Goods Movement and Local Assistance, District 7, Caltrans

Steve Novotny, District Local Assistance Engineer, Local Assistance Office, Division Transportation Planning, Goods Movement and Local Assistance, District 7, Caltrans

Tanzeeba Kishwar, Chief, Office of Guidance and Oversight, Division of Local Assistance, Caltrans

Robert Nguyen, Chief, Office of Project Management Oversight South, Division of Local Assistance, Caltrans

Bing Luu, A&E Oversight Program Manager, Office of Guidance and Oversight, Division of Local Assistance, Caltrans

Daniel Burke, Civil Rights Manager, Office of Guidance and Oversight, Division of Local Assistance, Caltrans

Darlene Wulff, LoCode Coordinator, Office of Project Management Oversight North, Division of Local Assistance, Caltrans

Blair Thompson, Chief, Division of Risk and Strategic Management, Caltrans

Gerald Lee, Audit Manager, CIAO, Caltrans

CALTRANS INTERNAL AUDITS OFFICE

DEPARTMENT OF TRANSPORTATION



CALTRANS INTERNAL AUDITS OFFICE

DEPARTMENT OF TRANSPORTATION

FINAL REPORT: CAL POLY POMONA FOUNDATION PRE-AWARD AUDIT

Submission Date: 4/15/2024

Requested by: Caltrans Division of Local Assistance

Prepared by: Caltrans Internal Audits Office (CIAO)



TABLE OF CONTENTS

Audit Team	2
Summary & Objectives.....	3
Scope	3
Methodology.....	4
Views of Responsible Officials.....	4
Conclusion.....	4
Findings and Recommendations.....	5 - 9
- Finding One: Internal Controls.....	5 - 6
- Finding Two: Contract Management.....	6 - 7
- Finding Three: Payroll.....	7 - 9

Attachments

Attachment A: Copy of the Auditee's Response

AUDIT REPORT PREPARED BY:
Caltrans Internal Audits Office (CIAO)



AUDIT TEAM:

Ben Shelton, Audit Chief
Gerald Lee, Audit Manager
Dale Hydeman, Auditor-in-Charge

AUDIT 24PRE.A01

CONTACT INFORMATION:

Department of Transportation
Caltrans Internal Audits Office
1120 N Street, Sacramento, CA 95814
Audits@dot.ca.gov

SUMMARY

The Caltrans Internal Audits Office (CIAO), of the California Department of Transportation (Caltrans), audited the payroll, accounts payable, and procurement processes of the Cal Poly Pomona Foundation (CPPF). CIAO found that CPPF's financial system accumulates, and segregates costs based on project and funding profiles. Upon testing three separate contracts and obtaining general employee timesheet and procurement samples, CIAO found issues of non-compliance with CPPF's internal control data reliability regarding their 2022 Schedule of Expenditure of Federal Awards (SEFA), and with CPPF's contract management and payroll. The issue found with contract management concerned tips or gratuities paid; and payroll involved CPPF not consistently billing salary hours on invoices.

AUDIT OBJECTIVES

The objectives of the audit are to determine whether:

- CPPF's cost accounting system can accumulate and segregate reasonable, allocable, and allowable project costs.
- CPPF's policies and procedures are adequately supported in accordance with Federal and State regulations, as well as Caltrans agreement provisions.

AUDIT SCOPE

The audit focused on CPPF's financial management system, including payroll, accounts payable, and procurement. Auditors tested the financial management system's internal controls and evaluated the ability of CPPF's accounting system to determine if it could accumulate and segregate reasonable, allocable, and allowable costs that can be effectively allocated to projects. The audit was limited to financial and compliance activities from August 1, 2019, to August 1, 2023. Testing was completed on March 18, 2024. The conclusion is not applicable to changes to the financial management system after this date because they were not tested.

CPPF is responsible for the design and maintenance of their financial management system. Due to inherent limitations in any system, there is always a risk of mistakes or fraudulent activities going undetected. Projections of evaluations for the financial management system and procurement process for future periods are subject to the risk that the financial management system may become inadequate due to changes in conditions, or the degree of compliance with the policies and procedures may deteriorate.

METHODOLOGY

This audit was conducted in accordance with the Generally Accepted Government Auditing Standards. Auditors believe the evidence obtained in accordance with those standards provides a reasonable basis for findings and conclusions based on the audit objectives. The audit was less in-scope than an audit performed for the purpose of expressing an opinion on the financial statements of the CPPF. Auditors did not audit the financial statements and are therefore not expressing an opinion on them.

The audit consisted of interviewing CPPF personnel, reviewing prior audit reports, and requesting information from CPPF personnel to gain an understanding of CPPF's financial management system. CIAO evaluated its compliance with Title 2 Code of Federal Regulations (CFR) Part 200, Public Contracting Code (PCC), and Local Assistance Procedure Manual (LAPM). CIAO also tested the internal controls, the procurement process, and evaluated the accounting system's ability to accumulate and segregate reasonable, allocable, and allowable costs that can be effectively allocated to projects.

VIEWS OF RESPONSIBLE OFFICIALS

CIAO's findings and recommendations considers the CPPF's response to the April 8, 2024, dated draft report. A copy of CPPF's full written response is included as Attachment A.

If you have questions, please contact Ben Shelton, Audit Chief, at (916) 858-9694, or by e-mail to <mailto:Audits@dot.ca.gov>.

CONCLUSION

Based on the audit, CIAO determined CPPF's accounting system does accumulate and segregate project costs. However, CIAO found the following deficiencies:

1. CPPF's Schedule of Expenditure of Federal Awards (SEFA) for the fiscal year ending in 2022 does not reconcile with Caltrans' accounting system.
2. CPPF paid unnecessary gratuities to the overall Federal award performance.
3. CPPF's hours for salary reimbursement are not consistently listed on all invoices.

FINDINGS AND RECOMMENDATIONS

FINDING ONE: INTERNAL CONTROLS

SUMMARY OF FINDING

During review of CPPF's internal control process, auditors noted the Federal expenditures amounting to \$43,370 for the Caltrans contract number 88A0122 for the fiscal year ending in 2022 SEFA. The discrepancy found was that the payment period (the fiscal year ending in 2022) and the dollar amount (\$43,370) did not reconcile with Caltrans' accounting system. The Caltrans accounting system shows a payment of \$61,190.35 was paid to the foundation on February 20, 2019; which is outside of the fiscal year ending in 2022, however, according to CPPF's 2022 SEFA, Caltrans contract number 88A0122 was incurred in Fiscal year 2022.

CRITERIA

Title 2, Code of Federal Regulations (CFR), Part 200 excerpts:

2 CFR 200.302(b)(2) and (b)(3) Financial Management:

(b)(2) Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §§ 200.328 and 200.329.

(b)(3) Records that identify adequately the source and application of funds for federally funded activities. These records must contain information pertaining to Federal awards, authorizations, financial obligations, unobligated balances, assets, expenditures, income, and interest and be supported by source documentation.

CIAO RECOMMENDATIONS

1. CPPF will develop or update financial management system procedures to ensure annual federal awards expended are separated, accumulated, and reported in the single audit report consistent with [2 CFR 200.507\(b\)\(2\)](#).

SUMMARY OF AUDITEE'S RESPONSE

We concur.

CPPF will conduct a detailed review of the Single Audit Draft statement before sending approval to the CFO and Executive Director to ensure information has been accurately entered by Auditors.

The CPPF SEFA policy GC 110 has been updated to include the following statement:

“Once the Draft Single Audit is received from the auditors, Grants Specialist will review the report to ensure details are presented in alignment with the submitted SEFA and will be approved by the Grants Manager.”

ANALYSIS OF AUDITEE'S RESPONSE

CIAO appreciates the CPPF's response and acknowledges the steps that will be taken to implement recommendations.

FINDING TWO: CONTRACT MANAGEMENT

SUMMARY OF FINDING

During review of CPPF's contract management processes, auditors determined CPPF paid their bus driver gratuities or tips that were unnecessary to the overall operation of a CPPF Caltrans contract. The CPPF invoice numbered AR253116, dated November 29, 2023, for the “National Summer Transportation Institute,” Caltrans contract numbered 88A0161 detailed three instances where bus driver gratuities of 15% were paid. The gratuities were paid in the amounts of \$213.45, \$122.85, and \$142.50; totaling to \$478.80.

CRITERIA

Title 2, Code of Federal Regulations (CFR), Part 200 excerpts:

2 CFR 200.405(a) Allocable Costs:

(a) A cost is allocable to a particular Federal award or other cost objective if the goods or services involved are chargeable or assignable to that Federal award or cost objective in accordance with relative benefits received. This standard is met if the cost:

- (1) Is incurred specifically for the Federal award;

- (2) Benefits both the Federal award and other work of the non-Federal entity and can be distributed in proportions that may be approximated using reasonable methods; and
- (3) Is necessary to the overall operation of the non-Federal entity and is assignable in part to the Federal award in accordance with the principles in this subpart.

CIAO RECOMMENDATIONS

2(a) CPPF key personnel will complete the Caltrans, Division of Local Assistance's (DLA) Contract Management training.

2(b) CPPF will update their grant or contract management policies and procedures to ensure only allowable and eligible costs are invoiced consistent with Federal and State requirements.

SUMMARY OF AUDITEE'S RESPONSE

We concur.

CPPF will have 2 Grant & Contract staff members to complete Caltrans Division of Local Assistance Contract Management Training as soon as possible. CPPF has updated grant and contract management policies and procedures to ensure that all costs charged to the project must be allowable, reasonable, and necessary to the project.

ANALYSIS OF AUDITEE'S RESPONSE

CIAO appreciates the CPPF's response and acknowledges the steps that will be taken to implement recommendations.

FINDING THREE: PAYROLL

SUMMARY OF FINDING

During review of CPPF's contract management processes, auditors documented that CPPF did not consistently list hours worked on all invoices when billing for salary reimbursement. Invoice elements listed in the STD. 213 Cal Poly Pomona-Final, Exhibit B3 for the Caltrans contract numbered 88A0161 specifies "Time Worked" as part of the requirements for invoice elements.

CRITERIA

STD. 213 Cal Poly Pomona-Final, Exhibit B3 – Invoice Elements

STD. 213 Cal Poly Pomona-Final, Exhibit B3 – Invoice Elements Caltrans Contract #88A0161:

Detailed transaction ledger and/or payroll ledger for the invoice period

- University Fund OR Agency Award # (to connect to invoice summary)
- Invoice/Report Period (matching invoice summary)
- GL Account/Object Code
- Doc Type (or subledger reference)
- Transaction Reference#
- Transaction Description, Vendor and/or Employee Name
- Transaction Posting Date
- Time Worked
- Transaction Amount

CIAO RECOMMENDATIONS

3(a) CPPF key personnel will complete the Caltrans, Division of Local Assistance's (DLA) Contract Management training.

3(b) CPPF will update their grant or contract management policies and procedures to review grant requirements and reflect hours when required to comply with grant or contract guidelines.

SUMMARY OF AUDITEE'S RESPONSE

We concur.

CPPF will have 2 grant & contract staff members complete Caltrans Division of Local Assistance Contract Management Training as soon as possible. Our current Employee handbook states below:

Nonexempt employees are required to report accurate working hours for each pay period they work (exact arrival and departure times) and when they depart and return from their meal period. "Hours worked" is defined by law as all-time an employee is subject to the control of an employer and includes all time that an employee is suffered or permitted to work, whether or not required to do so.

We will update CPPF grant & contract management policies and procedures to reference to our employee handbook on reporting hours worked.

ANALYSIS OF AUDITEE'S RESPONSE

CIAO appreciates the CPPF's response and acknowledges the steps that will be taken to implement recommendations.

ATTACHMENTS

ATTACHMENT A

COPY OF AUDITEE'S RESPONSE

April 12, 2024

Dale Hydeman
Division of Risk and Strategic Management
Office of Internal Audits
Department of Transportation Admin MS80
1120 N Street
Sacramento, CA 95814



Subject: CAL POLY POMONA FOUNDATION PRE-AWARD AUDIT

Dear Mr. Hydeman,

Please find enclosed the corrective actions from Cal Poly Pomona Foundation Pre-Award Audit.

If you should have any questions or concerns, please feel free to contact Ms. Lilia Maciel, Grants and Contracts Manager, at 909-869-2903 or lmaciel@cpp.edu.

Sincerely,



Joanne Mathew
Chief Financial Officer, CPP Foundation

Cc: Jared G. Ceja, Executive Director, CPP Foundation
Lilia Maciel, Grants and Contracts Manager, CPP Foundation
Joice Xiong, Director of Internal Audit, CPP



CIAO RECOMMENDATION 1

CPPF will develop or update financial management system procedures to ensure annual federal awards expended are separated, accumulated, and reported in the single audit report consistent with 2 CFR 200.507(b)(2).

Response to Recommendation 1: Internal Controls

We concur.

CPPF will conduct a detailed review of the Single Audit Draft statement before sending approval to the CFO and Executive Director to ensure information has been accurately entered by Auditors.

The CPPF SEFA policy GC 110 has been updated to include the following statement:

“Once the Draft Single Audit is received from the auditors, Grants Specialist will review the report to ensure details are presented in alignment with the submitted SEFA and will be approved by the Grants Manager.”

CIAO RECOMMENDATION 2

(a) CPPF key personnel will complete the Caltrans, Division of Local Assistance's (DLA) Contract Management training.

(b) CPPF will update their grant or contract management policies and procedures to ensure only allowable and eligible costs are invoiced consistent with Federal and State requirements.



**Cal Poly Pomona
Foundation**

Response to Recommendation 2: Contract Management

We concur.

CPPF will have 2 Grant & Contract staff members to complete Caltrans Division of Local Assistance Contract Management Training as soon as possible. CPPF has updated grant and contract management policies and procedures to ensure that all costs charged to the project must be allowable, reasonable, and necessary to the project.



CIAO RECOMMENDATION 3

(a) CPPF key personnel will complete the Caltrans, Division of Local Assistance's (DLA) Contract Management training.

(b) CPPF will update their grant or contract management policies and procedures to review grant requirements and reflect hours when required to comply with grant or contract guidelines.

Response to Recommendation 3: Payroll

We concur.

CPPF will have 2 grant & contract staff members complete Caltrans Division of Local Assistance Contract Management Training as soon as possible. Our current Employee handbook states below:

Nonexempt employees are required to report accurate working hours for each pay period they work (exact arrival and departure times) and when they depart and return from their meal period. "Hours worked" is defined by law as all-time an employee is subject to the control of an employer, and includes all time that an employee is suffered or permitted to work, whether or not required to do so.

We will update CPPF grant & contract management policies and procedures to reference to our employee handbook on reporting hours worked.



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