

Approved October 7, 2022

MINUTES

Governors present: **Glen Thomas, Chair**; Jay Gilbert; Doug Guerrero; David Heinsen; Robert Kittredge; Mike Prime;

Ex Officio present: **Absent:** Ahmad Boura, Vice President for University Advancement (CEO);

Staff: Pam Hollis, Robin Carter, University Advancement. Vance Kelly, Chico State Enterprises

Guests: Bobby LaCour, Aldrich CPAs + Advisors LLP

Audit Committee Chair Glen Thomas called the meeting to order at 11:34 a.m.

Chair Thomas explained the history and significant improvements to the internal controls of the University Foundation. Thomas ascribes to the concept of continuous improvement. He believes the auditors can contribute to this improvement by providing advice and guidance regarding best practices. Bob Kittredge also commented that Chico State Enterprises (CSE) accounting and reporting has improved substantially over the last three years and provides a good service to the foundation on an ongoing basis under the guidance of Vance Kelly.

Kelly's role is the bridge between the foundation and the auditors. Kelly has established a strong working relationship with Pam Hollis and Dwight Seuser and has no concerns about the foundation or its operations, however, they can continue to fine tune processes. Kelly informed the committee that he initiated the request for proposal (RFP) process for auditing services. However, there were some delays on the CSE side with respect to the auditing cycle, and the RFP process start was delayed. In the interim CSE has received price quotes from three auditing services including a "ballpark" quote from Moss Adams which was comparable to the Aldrich pricing. CSE has been happy with Aldrich's previous services and their understanding of the foundation's operations. Kelly recommended to retain Aldrich's services for one more year. A full RFP will go out this summer requesting a three-year quote.

David Heinsen made a motion to retain Aldrich for one more year. Doug Guerrero seconded and the motion was approved.

Presentation from Auditor: Bobby LaCour

Bobby LaCour joined the meeting at 11:47 a.m. Aldrich's responsibility is to provide an opinion on the financial statements that management provides. They consider the internal controls of the Foundation and design their audit processes as appropriate. Aldrich will not review all transactions, but a sampling of transactions. If there are any deficiencies, management would be notified as soon as possible. The hybrid/remote workforce has changed processes and Aldrich will look at new controls throughout the course of the year. Aldrich will have meetings with the Board of Governors prior to and at the conclusion of the audit, and other times as deemed appropriate. Two different reporting standards (FASB and Governmental) may create some differences in how the information is presented.

The Foundation's mission is to support CSU, Chico's strategic plan by raising, investing and disbursing funds to fuel the growth and excellence of the University.

**BOARD OF GOVERNORS
Audit Committee**

Via Zoom

Wednesday, June 8, 2022

11:30 a.m. – 12:30 p.m.



LaCour and Megan Fennessy will remain the client service team for the University Foundation work. LaCour also discussed the service timeline which is already in the interim fieldwork phase. Final fieldwork should be completed around August 12, 2022. This timeline is predicated on the Chancellor's Office deadline, which this year is September 23, 2022. Aldrich performs audits for all three auxiliaries on campus (Chico State Enterprises, University Foundation and Associated Students).

Kittredge asked about the presentation to the Board of Governors. He asked if the committee will meet prior to the Chancellor's office deadline (September 23, 2022). LaCour replied in the affirmative, adding that the Audit Committee has the authority to approve the audit and will review the statements prior to the deadline. Historically, the Foundation audit is concluded prior to the CSE audit. If there are any delays, Aldrich will notify management.

Significant audit areas and issues – the audit will focus on significant risk of material misstatement: Cash, investments, liabilities under deferred gift agreements, revenue recognition, net asset restrictions, functional expense allocations, subsequent events, controls associate with in-kind gifts.

Aldrich is not conducting the audit relating to fraud activities, but if they find any concerns, management will be alerted. Aldrich included their peer review report. A peer review audit is conducted every three years.

Kittredge asked about gifts in kind. There were previously some issues with disposing of gifts in-kind and they were discouraged in the past. The Foundation now requires pre-approval of any gifts in-kind. The acceptance of non-cash, tangible gifts may not be a significant change to the Foundation's reporting. The Foundation is the vehicle for the donation, but transference has been made to the appropriate campus departments.

Technology continues to be a focus because of the level of risk to donor information and how it is being protected. Aldrich will be reviewing practices and will make a security assessment. New auditing standards have changed to enhance the communication value and relevance of the reports. The audit opinion has been moved from the last to the first paragraph of the report.

Thomas asked for any other questions or discussion. He thanked LaCour for Aldrich's services and time attending the meeting. LaCour will be on sabbatical for the next 6 weeks, returning August 1, 2022. Questions may be directed to Megan Hennessey.

New Business: Thomas

No new business. Thomas will be in Italy in September and would like as much notice as possible to be able to attend the next meeting remotely. The meeting will not be able to be scheduled until mid to late August.

Thomas adjourned the meeting at 12:26 p.m.

The Foundation's mission is to support CSU, Chico's strategic plan by raising, investing and disbursing funds to fuel the growth and excellence of the University.