

**STUDENT UNION BOARD OF DIRECTORS
MEETING MINUTES**

FOR THE MEETING OF: AUDIT COMMITTEE MEETING
September 8, 2017 at 11:00am
Student Union Meeting Room 6

Members Present: Sameer Saran, Rose Lee, Ninh Pham-Hi, Marco Alvarado, Joseph Sandoval-Rios, Sonja Daniels

Members Absent: None

Guests: Amy Guerra-Smith, Cathy Busalacchi, Cedric Woolfork, Kim Hagens, Lisa Wilson (by telephone conference), Matt Giorgio, Myles Correa, Helena Leung

I. Call to Order

Sameer Saran called the September 8, 2017 Student Union Board of Directors Audit Committee Meeting to order at 11:02am in the Student Union Meeting Room 6.

II. Roll Call

Sameer Saran asked Amy Guerra-Smith to do a roll call. Amy Guerra-Smith noted that she completed a visual roll call.

III. Approval of September 8, 2017 Audit Committee Meeting Agenda

Sameer Saran asked for any changes needed to the September 8, 2017 Audit Committee Meeting agenda. Seeing no changes needed, Sameer asked for a motion to approve the agenda as presented.

Ninh Pham-Hi moved to approve the September 8, 2017 Audit Committee Meeting Agenda as presented.

Rose Lee seconded the motion.

VOTE ON THE MOTION: 6-0-0 MOTION PASSED.

IV. Approval of Audit Committee Meeting Minutes from April 25, 2017

Sameer Saran asked for any changes needed to the April 25, 2017 Audit Committee Meeting Minutes. Seeing no changes needed, Sameer Saran asked for a motion to approve the April 25, 2017 Audit Committee Meetings Minutes as presented.

Rose Lee moved to approve the April 25, 2017 Audit Committee Meeting Minutes as presented.

Joseph Sandoval-Rios seconded the motion.

VOTE ON THE MOTION: 6-0-0 MOTION PASSED.

V. Information Items:

A. Introduction of RSM Audit Partner

Cathy Busalacchi introduced Matt Giorgio from RSM US LLP. Matt Giorgio noted that Lisa Wilson was not able to attend and that he brought his colleague, Myles Correa.

B. Presentation by Audit Partner of June 30, 2017 Financial Audit Draft

1. Audit Committee -Questions & Answer Session

2. Discussion of Findings

3. Review of Management Letter, if any

Matt Giorgio noted that the presentation of the report is draft but that RSM does not foresee any significant changes between now and when the report will be submitted to the University. Mr. Giorgio noted that RSM USA is prepared to issue an unqualified opinion, noting that this is the highest rating issued.

Mr. Giorgio noted that not included in the draft report but will be included in the final report is the required communications with regards to the responsibilities of management, the responsibilities of the auditor, and the MDA (the Management Discussion & Analysis). Matt Giorgio also noted that the supplemental information is required by the University but is not subjected to the audit.

Mr. Giorgio highlighted several points of the audited draft financials, noting that the Statement of Net Position the balances are consistent for year-over-year for a three year period. Mr. Giorgio noted that for 2016-17 the balances are consistent year over year with no significant changes. Mr. Giorgio noted that within the net position is the change within the investment in capital assets versus the Board designated amounts. Mr. Giorgio explained that in prior years, the Board approved designated amounts were spent during 2017 which is the reason for the increase. Noting that the most significant change within the Revenues, Expenses, and Changes in Net Position is the increase in student fees. Ms. Busalacchi explained that last year the Student Union requested student fees for capital projects which is the reason for the increase. Mr. Giorgio noted that another significant change is the increase in wages as new departments have been created, staff hired, and wages increase.

Mr. Giorgio noted that overall, number of events were down which is the cause for the decrease of event revenues as well as the event costs are down. Matt Giorgio noted that with the Cash Flows sales and services is down slightly. Mr. Giorgio noted that overall investments decreased for 2016-2017. Mr. Giorgio explained several of the notes which began on page 13 highlighting that a change in GASB 75 policy which is related to OPEB (other post-employment obligations) which needs to be reported in the financial statements will take effect for FY 2017-2018.

Matt Giorgio noted that note three relates to the investments and that the biggest change is within investment portfolio which is the fixed income.

Mr. Giorgio noted that note four relates to the increases in capital assets noting that the larger projects were completed by the end of the year.

Mr. Giorgio noted that this year RSM changed note eleven which was related to the FICA situation and is no longer relevant. Matt Giorgio noted that what is relevant was to disclose the \$3,000,000.00 commitment the Student Union made to Athletics to go to a sports complex.

Mr. Giorgio noted that pages twenty-one to thirty-two are required schedules by the University. Mr. Giorgio asked if any Audit Committee Members had any questions.

Helena Leung, Director of University Accounting Services, noted that Tower Foundation reported the commitment in Note 9 which is Related Party

Transactions. Ms. Leung asked if there could be some consistency between the Student Union and Tower Foundation financial statements, as it relates to recording a 'Due to' or 'Due From' on each parties respective books in order to appropriately reconcile to the University's financial statements. Ms. Busalacchi explained that the pledge is with the Student Union to Advancement. The pledge should have read, "On behalf of the Student Union the University will pay Advancement \$3,000,000.00" however this did not happen. Ms. Busalacchi noted that this transaction is not part of the Student Union operations. Cathy Busalacchi asked Lisa Wilson to clarify the reasoning why the Student Union reported it the way it did.

Ms. Wilson noted that RSM consulted with their subject matter expert within the RSM firm. She concluded that there is no liability for the Student Union and for the Student Union, this is considered an exchange transaction.

Discussion ensued about the next steps for the University, Advancement, and Athletics.

Mr. Giorgio inquired about where the disclosure should be moved to. Ms. Busalacchi noted that the Student Union wants that the transaction disclosed because the transaction was started prior to the end of FY 2017 but will not be completed until FY 2018.

Mr. Pham-Hi inquired if the Student Union capitalizes computer equipment. Mr. Woolfork noted that the Student Union capitalizes if the unit is over \$5,000.00.

Mr. Giorgio reviewed the required communications with the Audit Committee Members.

VI. Closed Session Items:

A. Overview of Audit Concerns (Closed Session)

The Audit Committee unanimously agreed that there was no need to move the meeting to closed session.

VII. Action Items:

A. Approval of YE June 30, 2017 Audited Financials Draft

Sameer Saran asked for a motion to approve the YE June 30, 2017 Audited Financials Draft.

Ninh Pham-Hi moved to approve the YE June 30, 2017 Audited Financials Draft as presented.

Sonja Daniels seconded the motion.

VOTE ON THE MOTION: 6-0-0

MOTION PASSED.

B. Approval of Recommendation of Audit Committee Chair and Vice Chair

Sameer Saran asked for any nominations for the Audit Committee Chair and Vice Chair positions for the 2017-2018 academic year.

Sameer Saran nominated himself for the position of Chair of the Audit Committee for the 2017-2018 academic year.

Ninh Pham-Hi was nominated for the Vice Chair of the Audit Committee. Mr. Pham-Hi declined the nomination.

Rose Lee was nominated as Vice Chair of the Audit Committee. Ms. Lee accepted the nomination.

Sameer Saran asked for a motion to approve the recommendation of the Audit Committee Chair and Vice Chair to the Board.

Ninh Pham-Hi moved to approve the recommendation of Sameer Saran as Chair and Rose Lee as Vice-Chair for the 2017-2018 academic year.

Sonja Daniels seconded the motion.

VOTE ON THE MOTION:

6-0-0

MOTION PASSED.

VIII. Meeting Adjournment

Sameer Saran asked for any other business to discuss. Seeing no other business to discuss, Sameer Saran asked for any objections to adjourn the meeting at 11:42am.

Seeing no objections, Sameer Saran noted that **the September 8, 2017 Audit Committee Meeting was adjourned at 11:42am by unanimous consensus.**