

**STUDENT UNION BOARD OF DIRECTORS
AUDIT COMMITTEE MEETING MINUTES**

**September 10, 2019 at 4:00pm
In the Student Union Meeting Room 6**

Voting Members Present: Jeanne Trang, Branden Parent, Cynthia Fernandez-Rios, Ninh Pham-Hi (by telephone conference), Sonja Daniels

Voting Members Absent:

Guests: Tamsen Burke, Amy Guerra-Smith, Kim Hagens, David Alves, Lisa Wilson, Brianna Turk (by telephone conference)

I. Call to Order

Jeanne Trang facilitated the September 10, 2019 Audit Committee Meeting. Jeanne Trang called the September 10, 2019 Audit Committee Meeting to order at 4:04 pm in the Student Union Meeting Room 6.

II. Roll Call

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

III. Approval of September 10, 2019 Audit Committee Meeting Agenda

Jeanne Trang asked for any changes needed to the SEPTEMBER 10, 2019 AUDIT COMMITTEE MEETING AGENDA. Seeing no changes needed, Ms. Trang asked for a motion to approve the September 10, 2019 Audit Committee Meeting Agenda as presented.

Ninh Pham-Hi moved to approve the September 10, 2019 Audit Committee Meeting Agenda as presented.

Cynthia Fernandez-Rios seconded the motion.

VOTE ON THE MOTION: 4-0-0 MOTION PASSED.

IV. Approval of Audit Committee Meeting Minutes from May 2, 2019

Jeanne Trang asked for any changes to the MAY 2, 2019 AUDIT COMMITTEE MEETING MINUTES. Seeing no changes needed, Jeanne Trang asked for a motion to approve the Audit Committee Meeting Minutes from the May 2, 2019 meeting.

Branden Parent moved to approve the Audit Committee Meeting Minutes from the May 2, 2019 meeting as presented.

Cynthia Fernandez-Rios seconded the motion.

VOTE ON THE MOTION: 1-0-3 MOTION FAILED.

The motion failed as a result of most of the committee members abstaining from approving the meeting minutes due to not being present at the May 2, 2019 Audit Committee meeting.

V. Information Items:

1. Introduction of RSM Audit Partner

Lisa Wilson, Audit Partner of RSM and Brianna Turk, Audit Manager from RSM provided a brief introduction of themselves to the Audit Committee and guests present.

2. **Presentation by Audit Partner of June 30, 2019 Financial Audit Draft**

a. **Questions & Answers Session**

b. **Discussion of Findings**

c. **Review of Management Letter, if any**

Lisa Wilson gave the Audit Committee members a detailed presentation of the draft June 30, 2019 Financial Audit report noting the key highlights for this year's audit. Lisa Wilson noted that the report presented is a draft version but does not anticipate any significant material

changes between the draft report and the final version. Ms. Wilson noted that the report is consistent with previous reports and noted that the most significant changes were the opening of the Spartan Recreation and Aquatic Center (SRAC) last April which was a new element of this audit and impacted the operations, and last year the organization adopted a new accounting standard which required the Student Union to record a liability for OPEB (other post-employment benefits), a \$600,000 liability for 2017-18 that increased to about \$200,000 for 2018-19 due to the change in benefit terms when dental benefits were added.

Lisa Wilson explained the Management, Discussion and Analysis provides a financial summary and explanation about what occurred over the year that is new or different.

Ms. Wilson went over the Statement of Net Position, which is also referred to as the Balance Sheet. Ms. Wilson explained that the Statement of Net Position is a snapshot of a point in time of assets and liabilities and provided an explanation of the organization's significant assets and liabilities.

Ms. Wilson went on to discuss the Income Statement noting that the most significant note on the Income Statement is the Student Fees, which is received from the University at the beginning of the fiscal year. Ms. Wilson noted the significant increase in Student Fees due to the SRAC operation.

Ninh Pham-Hi inquired about the restatement balance of 2017 noted in the Management, Discussion and Analysis and if this happened before it went to the Chancellor's office. Ms. Wilson explained the requirement to show a minimum of 3 years of activity. Lisa Wilson noted that the pension standard was adopted during the 2018 Audit. Because of this, the earliest year is 2017 is required to be presented. The 2017 balance was restated to reflect the adoption of that standard and there was no impact to the financial statements for this year.

Ms. Wilson explained the footnote on page 15 is regarding the reporting of the OPEB liability. Ms. Wilson noted that the remainder of the footnotes are very similar year-to-year, explaining the various footnotes throughout the draft June 30, 2019 Audited Financials report. Lisa Wilson asked the Audit Committee members if there were any questions. Committee Member, Ninh Pham-Hi, inquired about the interest from possessory taxes resulting from leases between a non-governmental and governmental agency. Lisa Wilson and David Alves indicated that they did not know the answer to the question and suggested to address the question offline.

Brianna Turk explained the highlights of the Governance letter to the Audit Committee, noting that the letter is a high-level summary of what was agreed to, the timing of the audit, and summarizes the key accounting practices. Ms. Turk noted that the letter also communicates that there were no uncorrected misstatements identified. Ms. Turk noted that the final letter will also include a representation letter signed by all RSM Personnel who worked on the audit.

Lisa Wilson informed the Audit Committee members that RSM did not have any findings or internal control issues and that they did not have any disagreements with management, and that RSM is issuing an unqualified opinion.

Audit Committee Member, Cynthia Fernandez-Rios, inquired about the seven audit findings referred to in the May 2, 2019 meeting minutes. Ninh Pham-Hi provided the clarification that those seven audit findings were a result from an audit on policies and procedures conducted by the CSU Chancellor's Office, whereas the audit completed by RSM is a financial audit.

VI. Closed Session Items:

I. Overview of Audit Concerns (Closed Session)

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

VII. Action Items:

1. Approval of YE June 30, 2019 Audited Financials Draft

Jeanne Trang asked for a motion to approve the draft YE June 30, 2019 Audited Financials Draft as presented.

Branden Parent moved to approve the draft YE June 30, 2019 Audited Financials as presented.

Cynthia Fernandez-Rios seconded.

VOTE ON THE MOTION: 5-0-0 MOTION PASSED.

2. Approval of Recommendation of 2019-2020 Audit Committee Chair and Vice Chair

Jeanne Trang asked for any nominations for the 2019-2020 Audit Committee Chair. Cynthia Fernandez-Rios self-nominated for the 2019-2020 Audit Committee Chair. Jeanne Trang asked for a motion to approve the Audit Committee recommendation of Cynthia Fernandez-Rios for the 2019-2020 Audit Committee Chair.

Branden Parent moved to approve the Audit Committee recommendation of Cynthia Fernandez-Rios for the 2019-2020 Audit Committee Chair.

Ninh Pham-Hi seconded the motion.

VOTE ON THE MOTION: 3-0-1 MOTION PASSED.

Jeanne Trang asked for any nominations for the 2019-2020 Audit Committee Vice Chair. Branden Parent self-nominated for the 2019-2020 Audit Committee Vice Chair.

Jeanne Trang asked for a motion to approve the Audit Committee recommendation of Branden Parent for the 2019-2020 Audit Committee Vice Chair.

Sonja Daniels moved to approve the Audit Committee recommendation of Branden Parent for the 2019-2020 Audit Committee Vice Chair.

Ninh Pham-Hi seconded the motion.

VOTE ON THE MOTION: 3-0-1 MOTION PASSED.

VIII. Meeting Adjournment

Jeanne Trang asked for any other business to discuss. Seeing no other business to discuss, Jeanne Trang asked for a motion to approve the September 10, 2019 Audit Committee Meeting adjourn at 4:43pm.

Branden Parent moved to approve to adjourn the September 10, 2019 Audit Committee Meeting adjourn at 4:43pm.

Ninh Pham-Hi seconded the motion.

VOTE ON THE MOTION: 4-0-0 MOTION PASSED.