

**Humboldt State University Center
Audit Committee**

Zoom Meeting on Friday, October 30, 2020
<https://humboldtstate.zoom.us/j/84562911601>
8:00-9:00AM

The Humboldt State University Center Finance Committee met on the above date online via Zoom, consistent with the CA Governor's Executive Order N25-20, suspending certain open meeting law restrictions. The meeting was called to order at 8:00 a.m.

Members Present: Jeremiah Finley, Amber Blakeslee, Jourden Lamar
Members Absent: Eboni Turnbow
Others Present: Wendy Sotomayor, Casey Park
Notes: Armeda Reitzel resigned from the University Center Board of Directors

--MINUTES--

SUBJECT: [Minutes](#) dated October 16, 2020 – **Action**

MOTION: It was moved (Lamar) and seconded (Blakeslee) to approve the minutes dated October 16, 2020.

ACTION: The minutes were approved unanimously.

SUBJECT: Chancellor's Office Update – Discussion

Sotomayor presented the Humboldt State University IT Summary of Observations which has preliminary observations listed in regards to IT Organization and IT Control Environment, inventory of Protected Data, Acceptable US Policy, PCI-DSS, Audit Logging, Vulnerability Management, Password and Lockout Configurations, User Access Review, Remote Access, Disaster Recovery, Backup Recovery, Vendor Access, etc. In IT Organization and Control, there were three main observations that the UC lacks governance, maintenance, support and resourcing that does not acknowledge CSU Information Technology and Information Security, that newly purchased workstation computers resides in the data center but remained unboxed and unused and the UC was dependent on one individual for all essential information technology services and support, which was also noted in the 2016 Audit of the UC. Sotomayor spoke to the process of how these become final observations and recommendations and how the University Center will be working to address and rectify as soon as possible. Blakeslee spoke in support of short and long term solutions. For inventory of Protected Data, the auxiliary does not maintain a current inventory of sensitive

data but does contain Level 1 and 2 data as defined by ICSUAM 8065. For Acceptable Use Policy, the UC employees are not required to formally acknowledge and accept Responsible Use Policy for CSU Information Assets. Other preliminary observations were generally needing to update applications, instituting annual review of users to access, a checklist or collaboration with HSU ITS to do the review.

Sotomayor moved to present the Audit and Advisory Services Preliminary Observations about Agreements, Budget, Conflict of Interest, Reserves, Cost Reimbursement, LAIF, Bookstore Commission Receipts, Bookstore Commission Receipts, Alcohol Training, Overtime, Bookstore Commission Receipts, Alcohol Training, Purchasing Policy, Credit Card, Reserves, Cash Training, etc. Preliminary Observations of note were as follows: For Agreements, contracts are noted as contracts between UC and third-party vending services providers have expired, have not regularly gone through legal counsel and do have examples of having typos or lack an indemnification clause. For Conflict of Interest, the policy for the Board members does not acknowledge training and the UC has recent history of not having all Board members successfully complete the current Conflict of Interest. For Reserves, the planning and analysis of reserves was not adequately documents, although reserves were discussed during the Finance Committee meetings, the capital replacement and panned future operations reserves did not have sufficient documented analysis. Blakeslee spoke to the note on Reserves and said she could look into the exact policy to see what level this review needs to rise to. For Cost Reimbursement, the campus did not timely execute annual business service agreements with the UC. The observation reads, "We found that the 2019-20 Business Service Agreement the campus and UC was not executed until June 1, 2020." For LAIF, the recommendation is to make the LAIF Policy more detailed. Sotomayor intends to provide proposals to the Finance Committee and Audit Committee. The note on the Bookstore Commission Receipts is already being addressed. Alcohol Training for Dining is noted to be done well, but not documented well by the UC. The Purchasing Policy needs improvement as it does not specifically address informal and formal bidding procedures, including the threshold. Sotomayor has been sent a policy from another auxiliary and accounting is reviewing it for implementation at University Center. For Credit Cards, the administration of credit cards and its reconciliation process needed improvement. The cardholders needed to submit receipts within five days of the purchase to the business Office. The Business Office performed monthly reconciliations by matching receipts. The cardholders should have a secondary signer to approve the purchases. Despite the process, it was determined the nature of the expenditures appeared appropriate. For Fiscal Viability, HSU Dining Services will not be operating a on a self-sufficient basis per the revised FY 2020/21 budget. Dining needs to be strictly self-operating and should not be tapping into student fee reserves to subsidize. This observation has complicated implications as there has been a hold on the approved fee increase, dining plan increases have been stalled, and campus is asking UC Dining to keep more locations open to serve students during the pandemic. Blakeslee suggested

that, going forward, the UC could design separate reserve funds for the Dining and other reserves. Blakeslee advocated for looking at the 5-year financial plan so that the UC can try to illustrate the fiscal picture over multiple years. For Cash Training, it was found that the UC did not have a process to ensure that all cash-handling employees received cash-handling training upon employment and periodically thereafter and retained training documents. The UC CenterArts did not maintain documentation that staff were trained. The proposed solution is to establish one Business Office employee as the cash trainer for all cash handlers. For MOUs, the memo between HSU and the UC was cited as the services to be performed by state employees for the benefit of the auxiliary did not specify the required provisions. The auxiliary must explicitly acknowledge that the University Center does not retain the right to hire, supervise, or otherwise determine how to fulfill the obligations of the campus to provide the specified services. It was also noted that the UC should acknowledge that the UC standards and evaluations do apply. Sotomayor provided an example of a stateside employee reimbursed by the UC who was terminated where the state would give a severance package, where in contrast, the UC does not have a practice or policy to provide a severance package.

SUBJECT: Consider Charge of the Committee ([UC Bylaws](#)) – Discussion

Sotomayor prompted the Committee to look at the Audit Committee's charge to prepare for the full Board conversation next Thursday where the Board will give direction to the Executive Committee on amendments to the Bylaws. Sotomayor noted that there could be an addition of the Committee ensuring that findings are addressed and closed, which is potentially only vaguely covered by, "Consultation with auditor to satisfy committee members that the organization's financial affairs are in order." Long spoke in support of a potential addition noting that when non-annual audits occur, like the Chancellor's Office Audit, that the Audit Committee could have a 6th item identifying that those audits are reviewed by them.

SUBJECT: [Notice of Termination](#) Items I-V – Discussion

Sotomayor spoke to the Items related to the Pool (See [Attachment 1](#), [Attachment 2](#), [Attachment 3](#)). She noted that the contract with the Arcata Community Pool has been a Board approved contract since 1993 and has passed through several audits, starting in 2002 and does align with the University Center's mission. It was noted that potentially, after the initiation of the contract, that this contract should have been worked into the Operating Agreement between HSU and the UC.

Due to time, this conversation will continue at the next Audit Committee meeting.

SUBJECT: Bank Resolution #30 – Discussion

Due to time, this item of discussion will table to the next meeting.

SUBJECT: Adjournment

The meeting was adjourned at 9:09 a.m.