


Minutes

ASI Audit Committee

 Wed July 22nd, 2020

 2:00pm - 3:00pm PDT

 <https://fullerton.zoom.us/j/3961401195>

 **In Attendance**

Call to Order

Jakob-Kohl Wright, ASI Audit Committee Chair, called the meeting at 2:01 p.m.

Roll Call

Members Present: Aquino, Hanna, Merida, Sanchez, Scialdone, Wright

Members Absent: Fernandez (E), Thomas (E)

Ex-Oficio Member Present: Linares

Management Present: Allen, Edwards, McDoniel, Miller, Udell

Internal Auditors: Kristen Guzman, Andy Maffia

According to the ASI Policy Concerning Board of Directors Operations, attendance is defined as being present prior to the announcement of Unfinished Business and remaining until the scheduled end of the meeting.

* Indicates that the member was in attendance prior to the start of Unfinished Business, but left before the scheduled ending of the meeting.

** Indicates that the member was in attendance for a portion of the meeting, but not in attendance prior to the announcement of Unfinished Business.

Decision:

(Aquino-m/Hanna-s) A motion was made and seconded to excuse Fernandez who was in class and Thomas who had a work obligation by unanimous consent.

Approval of Agenda

Decision:

(Sanchez-m/Aquino-s) The agenda was approved by unanimous consent.

Approval of Minutes

9/12/19

Decision:

(Aquino-m/Hanna-s) The minutes from the September 12, 2019 were approved by unanimous consent.

Public Speakers

Members of the public may address the Audit Committee members on any item appearing on this posted agenda.

There were no public speakers.

Reports

a. Chair

Wright had no report.

Unfinished Business

There were no unfinished business items.

New Business

a. Information: Review the Purpose of the Audit Committee

Wright yielded to Dave Edwards, ASI Executive Director.

Edwards spoke about the purpose and structure of the Audit Committee.

b. Information: Overview of Corporate Audit and Introduction of Audit Firm

Wright yielded to Carol McDoniel, ASI Director of Administration.

McDoniel introduced Andy Maffia and Kristen Guzman from the audit firm, Aldrich CPAs and Advisors LLP.

Maffia introduced himself and spoke about the firm's role in the audit.

Guzman introduced herself.

Maffia went over the scope of services.

Maffia stated that they would issue an opinion on the financial statements, review internal controls and prepare tax forms.

Maffia went over the timeline of the audit. There is a September 14 deadline to file the audit with the Chancellor's Office.

Maffia stated that they review significant audit areas and issues. They would focus on certain areas. With the COVID-19 pandemic, there may be limits of some of the functions. Typically, they would come to campus for some of the procedures. This year, they would not be able to visit the campus, but they already have a good system in place. They did not do a remote audit last year, but they have done remote audits for other clients in the past. It would take more time and diligence, but they are confident that they would get through the audit process in a timely manner.

Maffia stated that there were two new standards adopted related to revenue. These standards were adopted prior to the COVID-19 pandemic. The start of one of the standards has been delayed system-wide and would not begin until next year. The other standard is related to not-for-profit organizations and has not been delayed. It is not a significant to ASI, but they would have to analyze certain revenue streams that has not been done in the past.

Maffia stated that the information letter prepared for the members contains other useful information. One other piece of information is the report done by an outside firm that reviews the audit work of Aldrich. This review is required to be done every few years. The last review was done in fall 2017. The next review would be done in fall 2020.

Guzman stated that there have been some staff changes. They are working on internal controls that were pointed out last year. This is an on-going process.

Edwards stated that they would share last year's audit with the Committee members. There were some significant changes to internal controls. The Director of Financial Services, Lionel Lawrence, has left the organization. Gerald Miller has temporarily been contracted to help ASI with his years of experience as a controller and in accounting. They are preparing work for the audit and internal control review. Carol McDoniel is currently overseeing the Financial Services department. Last year, there were several findings. Some were accounting practices. Some of the findings have been resolved with others being in progress. When changing audit firms after being with one firm for many years, it is common to find areas that need to be improved.

Wright stated that a break out room has been set up for the Audit Committee voting members to ask the auditors questions apart from management.

The members entered the break out room at 2:40 p.m.

Break out room attendees: Aquino, Hanna, Merida, Sanchez, Scialdone, Wright, Linares, Maffia, Guzman

Linares asked what would happen if the audit received a fail. Would there be another audit report? Would it cost extra money?

Guzman stated that there is not a pass or fail. Last year, there were a lot of accounting error and deficiencies. Recommendations were made. They have never withdrawn or not issued a report. They work with the organization. It may take more time.

Maffia stated that there were additional fees assessed due to extra work that need to be done. They want to get a clean opinion, but it may take more time to achieve this. They may need to address faults in internal controls. They would be looking at last year's items to see if there have been any improvements.

Merida asked what questions on last year's recommendations were still outstanding and how would it affect this year's report.

Guzman stated that there has been staff turnover. There were challenges in getting the audit planning done this year. The internal control update narrative was received last year. They have not continued the overall assessment. For the most part, the issues from last year would be issues this year. Most items would not be in place until July 1, 2020.

The break out room was closed and the members returned to the Zoom meeting.

Announcements/Member's Privilege

Linares thanked everyone for being part of the Committee and congratulated Wright on a good job as Chair.

Edwards stated that the members could also reach out to Rob Scialdone and Cindy Merida as other resources.


Wright thanked the members for their participation.

Adjournment

Jakob-Kohl Wright, Chair, adjourned the meeting at 2:50 p.m.


Jakob Wright (Aug 25, 2020 14:34 PDT)

Jakob-Kohl Wright, Committee Chair



Deserita Ohtomo, Recording Secretary