

**University Enterprises Corporation at CSUSB**  
San Bernardino, California

Single Audit Report on Federal Awards

Year Ended June 30, 2019

# University Enterprises Corporation at CSUSB

Single Audit Report on Federal Awards  
Year Ended June 30, 2019

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## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

### Independent Auditor's Report

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To the Board of Directors of  
University Enterprises Corporation at CSUSB  
San Bernardino, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of University Enterprises Corporation at CSUSB (the UEC) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, statement of expenses by natural classification and statement of cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 12, 2019.

#### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered UEC's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of UEC's internal control. Accordingly, we do not express an opinion on the effectiveness of the UEC's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying *Schedule of Findings and Responses* as item 2019-001 that we consider to be a significant deficiency.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether UEC's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **UEC's Response to Findings**

UEC's response to the findings identified in our audit is described in the accompanying *Schedule of Findings and Responses* plan. UEC's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the UEC's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Rogers, Anderson, Malody & Scott, LLP.*

San Bernardino, California  
September 12, 2019

## **2019-1 Segregation of Duties**

### *Conditions and Criteria*

During our audit of the University Enterprises Corporation, we noted a lack of segregation of duties in the newly integrated Accounting Services department process. In the current audit year, the Accounting function within the University's Finance and Administration Services division began an organizational restructuring in which the former Auxiliary Accounting department was consolidated with the former University General Accounting department to form the new Accounting Services department. The reorganization was implemented to improve service delivery and continuity, reduce operational redundancies, eliminate unnecessary administrative functions, and strengthen communication between functions.

During the consolidation of the two departments, the proper segregation of duties for accounting staff was not maintained and several key functions of the accounts payable and payroll processes are able to be completed by the same individuals. Proper segregation of duties dictates that the function of recording, authorization, custody and execution are not dominated by one individual. An adequate segregation of duties requires that one individual does not handle a transaction from its inception to its completion. Adequately segregated duties helps to reduce the possibility of fraud and defalcations from occurring and to ensure the integrity of the information provided by the Accounting Services department's financial reporting system.

### *Auditor's Recommendation*

As stated above, an adequate segregation of duties requires that one individual does not handle a transaction from its inception to its completion. However, we realize that this is due to the reorganization of the Auxiliary's Accounting department and turnover of key personnel. Unless the University's Finance and Administration department performs a detailed review of the roles and responsibilities of each staff member and segregate their duties appropriately, there may be no practical corrective action possible for this inherent weakness. We believe it is important for management and the Board of Directors to be aware that whenever there is a lack of segregation of duties, the system is far more susceptible to errors or other irregularities, either intentional or unintentional, not being discovered.

### *Management's Response*

As of June 30, 2019, the reorganization was still in process. Management is currently reviewing the roles and responsibilities of each staff as well as developing the appropriate processes and procedures for the new Accounting Services department to ensure that proper segregation of duties is in place.



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## REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

### Independent Auditor's Report

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To the Board of Directors of  
University Enterprises Corporation at CSUSB  
San Bernardino, California

### Report on Compliance for Each Major Federal Program

We have audited University Enterprises Corporation at CSUSB's (UEC) (a nonprofit organization) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of UEC's major federal programs for the year ended June 30, 2019. UEC's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### *Management's Responsibility*

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on compliance for each of UEC's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about UEC's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of UEC's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, UEC complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

### **Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2019-002. Our opinion on each major federal program is not modified with respect to these matters.

UEC's response to the noncompliance finding identified in our audit is described in the accompanying corrective action plan. UEC's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control over Compliance**

Management of UEC is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered UEC's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of UEC's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of UEC as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise UEC's basic financial statements. We issued our report thereon dated September 12, 2019 which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Rogers, Anderson, Malody & Scott, LLP.*

San Bernardino, California

October 23, 2019 (except for the Schedule of Expenditures of Federal Awards, as to which the date is September 12, 2019)



# University Enterprises Corporation at CSUSB

## Schedule of Expenditures of Federal Awards (FEIN: 95-6067343) Year Ended June 30, 2019

Federal Grantor/Pass-through Grantor Program Title	Federal CFDA Number	Agency or Pass-through Number	Contracting Agency	Federal Expenditures	Pass Through to Subrecipients		
<b>MAJOR PROGRAMS - Other</b>							
U.S. Department of Education - Direct							
S0861 FF21119-SAIL PROGRAM YR.1		TRIO_Student Support Services	84.042	P042A150778 -19	U.S. DEPARTMENT OF EDUCATION	\$ 397,548	\$ -
S0951 FF21211-Talent Search SanBmdn	84.044			P044A160723-18	U.S. DEPARTMENT OF EDUCATION	312,247	-
S0952 FF21212-Talent Search Rialto	84.044			P044A160727	U.S. DEPARTMENT OF EDUCATION	305,007	-
S0953 FF21213-Talent Search Colton	84.044			P044A160733-18	U.S. DEPARTMENT OF EDUCATION	298,103	-
		TRIO_Talent Search				915,357	-
S0527 FF20777-Upward Bound SB 5/13	84.047			P047A121599 16	U.S. DEPARTMENT OF EDUCATION	(989)	-
S0528 FF20778-UpwardBound Rialto5/13	84.047			P047A120164 -16	U.S. DEPARTMENT OF EDUCATION	(4,025)	-
S0601 FF20856-Upward Bound MS Prgm	84.047			P047M120029-5	U.S. DEPARTMENT OF EDUCATION	(5)	-
S1007 FF21267-Upward Bound San Bern	84.047			P047A170630 - 19	U.S. DEPARTMENT OF EDUCATION	309,035	-
S1008 FF21268-Upward Bound Rialto	84.047			P047A170631-19	U.S. DEPARTMENT OF EDUCATION	314,582	-
S1054 FF21314-UpwardBound Math/Scnce	84.047			P047M170043 #4	U.S. DEPARTMENT OF EDUCATION	290,538	-
		TRIO_Upward Bound				909,136	-
S0791 FF21049-GEAR UP	84.334	Gaining Early Awareness and Readiness for Undergraduate Programs		P334A140110-17 4	U.S. DEPARTMENT OF EDUCATION	2,690,897	-
		<b>TOTAL U.S. Department of Education</b>				<b>4,912,938</b>	<b>-</b>
U.S. Department of Health and Human Services - Pass Through							
S1027 GG21287-MSW 6/18	93.658			9252-A1	REGENTS OF THE UNIVERSITY OF CALIFORNIA	(5,606)	-
S1028 GG21288-BSW 6/18	93.658			9252-A1	REGENTS OF THE UNIVERSITY OF CALIFORNIA	(2,038)	-
S1029 GG21289-PTWY 6/18	93.658			9252-A1	REGENTS OF THE UNIVERSITY OF CALIFORNIA	(169)	-
S1102 GG21363-TITLE-IVE 2018/19	93.658	Foster Care_Title IV-E		9252-A1	REGENTS OF THE UNIVERSITY OF CALIFORNIA	2,515,417	-
		<b>TOTAL U.S. Department of Health and Human Services</b>				<b>2,507,604</b>	<b>-</b>
U.S. Small Business Administration - Pass Through							
S0890 NG21149-INLAND EMPIRE SBDC	59.037			S-6128-CSUSB AMEND1	CSU FULLERTON AUX SRVC CORP	(367)	-
S0979 NG21239-Inland Empire SBDC	59.037			LETTER OF INTENT	CSU FULLERTON AUX SRVC CORP	(81)	-
S1066 NG21326-Inland Empire SBDC	59.037			S-6683 CSUSB	CSU FULLERTON AUX SRVC CORP	493,243	-
S1147 NG21408-INLAND EMPI SBDC 18/19	59.037			S-7056 CSUSB	CSU FULLERTON AUX SRVC CORP	184,047	-
S1156 GG21417 - GG21417-STEP	59.037	Small Business Development Centers		18-0421-002-ST	STATE OF CALIFORNIA	35,295	-
		<b>TOTAL U.S. Small Business Administration</b>				<b>712,137</b>	<b>-</b>
		<b>TOTAL Major Programs</b>				<b>8,132,679</b>	<b>-</b>
<b>OTHER PROGRAMS - RESEARCH</b>							
U.S. Department of Agriculture - Direct							
S0868 FF21127-USDA Exp Learning 8/19	10.223	Hispanic Serving Institutions Education Grants		2015-38422-24058	U.S. DEPARTMENT OF AGRICULTURE	447,303	41,683
						447,303	41,683
U.S. Department of Agriculture - Pass Through							
S0984 GG21244-Cogent ArgumentsSystem	10.000			E2040774	GEORGE MASON UNIVERSITY	16,843	-
		<b>TOTAL U.S. Department of Agriculture</b>				<b>464,146</b>	<b>41,683</b>
U.S. Department of Commerce - Direct							
S0878 FF21137-CAE CommunityMtg7/1/16	11.609			60NANB150306	U.S. DEPARTMENT OF COMMERCE	169	-
S0965 FF21225-CA Educ&Aware 8/21	11.609			60NANB160309	U.S. DEPARTMENT OF COMMERCE	200,017	-
S0982 FF21242-NICE CHLNGS2016-1/2020	11.609	Measurement and Engineering Research and Standards		60NANB170010	U.S. DEPARTMENT OF COMMERCE	467,250	-
		<b>TOTAL U.S. Department of Commerce</b>				<b>667,436</b>	<b>-</b>
U.S. Department of Defense - Direct							
S1119 FF21380 - FF21380-CAE-CO SYMP	12.902			H98230-18-1-0339 -1	NATIONAL SECURITY AGENCY	14,210	-
S1124 FF21385 - FF21385-CAECO CNFL	12.902			H98230-18-1-0340	NATIONAL SECURITY AGENCY	17,770	-
S1049 FF21309 - FF21309-2018 CNRC E	12.902			H98230-17-1-0421	NATIONAL SECURITY AGENCY	640,155	-
S1118 FF21379 - FF21379-DOD SCHOLAR	12.902			H98230-18-1-0293	NATIONAL SECURITY AGENCY	107,634	-
S1071 GG21331 - GG21331-INSuRing Cy	12.902			4104-84258	NATIONAL SECURITY AGENCY	11,988	-
		Information Security Grant Program				791,757	-
S0989 FF21248-2017CNRC 4/10/18	12.905			H98230-17-1-0244	NATIONAL SECURITY AGENCY	118,433	-
S0998 FF21258-ONAP CURRICULUM4/18/18	12.905			H98230-17-1-0286	NATIONAL SECURITY AGENCY	444,696	-
		CyberSecurity Core Curriculum				563,129	-
S1035 GG21295-CASCADE IECE	12.617	Economic Adjustment Assistance for State Governments		OPR17109 A1	STATE OF CALIFORNIA OFFICE OF PLANNING & RESEARCH	123,076	-
S1037 NG21297-PredictiveToxiclgy8/17	12.630	Basic, Applied, and Advanced Research in Science and Engineering		D01-W9115R-14-2-001-	MINORITY SERVING INSTITUTIONS SCIENCE TECHNOLOGY ENGINEERING & MATHEMATICS RESEARCH & DEV	122,403	-
		<b>TOTAL U.S. Department of Defense</b>				<b>1,600,365</b>	<b>-</b>
USGS National Grants Branch - Direct							
S1093 FF21354 - FF21354-EarthquakeRecurrence	15.807	Earthquake Hazards Reduction Program		G18AP00040	USGS NATIONAL GRANTS BRANCH	43,055	-
		<b>TOTAL USGS National Grants Branch</b>				<b>43,055</b>	<b>-</b>
U.S. Department of Justice - Direct							
S1060 FF21320-Untangling WebViolence	16.540	Juvenile Justice and Delinquency Prevention_Allocation to States		2017-JF-FX-0043	U.S. DEPARTMENT OF JUSTICE	35,286	-
		<b>TOTAL U.S. Department of Justice</b>				<b>35,286</b>	<b>-</b>

See accompanying notes to schedule of expenditures of federal awards.

# University Enterprises Corporation at CSUSB

## Schedule of Expenditures of Federal Awards (FEIN: 95-6067343) Year Ended June 30, 2019

Federal Grantor/Pass-through Grantor Program Title	Federal CFDA Number	Agency or Pass-through Number	Contracting Agency	Federal Expenditures	Pass Through to Subrecipients			
<b>OTHER PROGRAMS - RESEARCH (CONTINUED)</b>								
National Aeronautics and Space Administration - Direct S1009 FF21269-Research Opp in Space			Aerospace Education Services Program	43.001	NNX17AK73G	NATIONAL AERONAUTICS AND SPACE ADMINISTRATION	18,117	-
National Aeronautics and Space Administration - Pass Through S1089 FF21350-Functl Anlys Abnd Cndt			Aerospace Education Services Program	43.001	GR06102.02	WYLE LABS	21,649	-
			<b>TOTAL National Aeronautics and Space Administration</b>				<b>39,766</b>	<b>-</b>
National Endowment for the Humanities - Pass Through S0862 NG21120-COMM Stories 6/17			Promotion of the Humanities, Federal/State	45.129	COS15-443	CAL HUMANITIES	9	-
			<b>TOTAL National Endowment for the Humanities</b>				<b>9</b>	<b>-</b>
National Science Foundation - Direct S0788 FF21046-AGE ECM MUSCL PRF/GAIT			Engineering Grants	47.041	CMMI-1436569	NATIONAL SCIENCE FOUNDATION	7,577	-
S0376 FF20621 Evolution of Comets				47.049	AST-1010012	NATIONAL SCIENCE FOUNDATION	16,750	15,853
S1092 FF21353-REU Site 18/21				47.049	1758020	NATIONAL SCIENCE FOUNDATION	98,492	-
S1040 FF21300-MRI				47.049	1726380	NATIONAL SCIENCE FOUNDATION	188,204	-
			Mathematical and Physical Sciences				303,446	15,853
S1010 FF21270-Garlock Fault				47.050	1650364	NATIONAL SCIENCE FOUNDATION	56,973	-
S1011 GG21271-GEOSCIENCE PATHWAYS				47.050	28-1773	NATIONAL SCIENCE FOUNDATION	9,954	-
			Geosciences				66,927	-
S0901 FF21160-Bio/Aigarchaenta 4/19			Biological Sciences	47.074	1557058	NATIONAL SCIENCE FOUNDATION	76,090	-
S0085 FF20522-MATH ACES 2010-2016				47.076	DRL-0962778	NATIONAL SCIENCE FOUNDATION	231,219	-
S0719 FF20976-TUES Trmsfrmng Undrgrd				47.076	DUE 1408106	NATIONAL SCIENCE FOUNDATION	5,852	-
S0725 FF20982-CREST 1/19				47.076	HRD-1345163	NATIONAL SCIENCE FOUNDATION	867,090	-
S0824 FF21082-CREST Supplement 1/19				47.076	1345163	NATIONAL SCIENCE FOUNDATION	61,718	61,720
S0949 FF21209-SFS CyberCorps 8/21				47.076	1565574	NATIONAL SCIENCE FOUNDATION	781,956	-
S0966 FF21226-STEM Pre&Post Trfr Scs				47.076	1644261	NATIONAL SCIENCE FOUNDATION	778,561	344,471
S0970 FF21230-SFS-GENCYBER EVAL 8/21				47.076	1565574	NATIONAL SCIENCE FOUNDATION	15,000	-
S1069 FF21329-SSUES - X				47.076	1727086	NATIONAL SCIENCE FOUNDATION	364,710	-
S1083 FF21344-Math&Scns Schlrs fr IE				47.076	1758500	NATIONAL SCIENCE FOUNDATION	96,657	-
S1111 FF21372-ADVNCAdpDPTHASTEMB/21				47.076	1760765	NATIONAL SCIENCE FOUNDATION	223,451	-
S1133 FF21394-Collabora tiveRsch 8/21				47.076	1842132	NATIONAL SCIENCE FOUNDATION	115,013	-
			Education and Human Resources				3,541,227	406,191
National Science Foundation - Pass Through S1112 GG21373-IPT NOYCE MSTR TCHNG			Education and Human Resources	47.076	25-0536-0045-003	Board of Regents University of Nebraska-Lincoln	4,211	-
S1125 NG21386-NSF LSAMP PHV1Yr18/19			Education and Human Resources	47.076	532981	UNIVERSITY ENTERPRISES, INC.	12,029	-
			<b>TOTAL National Science Foundation</b>				<b>4,011,507</b>	<b>422,044</b>
U.S. Department of Education - Direct S0801 FF21059-SLP & ICE for HP			Undergraduate International Studies and	84.016	P016A140064-16	U.S. DEPARTMENT OF EDUCATION	778	-
			Undergraduate International Studies and Foreign Language Programs					
S0955 FF21215-CSUSB COYOTEFIRST STEP				84.031	P0315160239	U.S. DEPARTMENT OF EDUCATION	579,307	-
S0956 FF21216-Here to Career 9-30-21				84.031	P0315160209	U.S. DEPARTMENT OF EDUCATION	527,877	106,050
S0969 FF21229-Advsng 4 UndrgrdSuccess				84.031	P031C160207-17 Act2	U.S. DEPARTMENT OF EDUCATION	663,321	-
			Higher Education, Institutional Aid				1,770,505	106,050
S0815 FF21072-TEEM			Investing in Innovation (i3) Fund	84.411	U411C140073	U.S. DEPARTMENT OF EDUCATION	336,015	123,659
U.S. Department of Education - Pass Through S0978 GG21238-CA Math Readiness Chlg			Improving Teacher Quality State Grants	84.367	NONE	CALIFORNIA DEPARTMENT OF EDUCATION	335,469	276,862
S1154 LU21415-MRWC 18/19			Investing in Innovation (i3) Fund	84.411	C1006753	RIVERSIDE COUNTY OFFICE OF EDUCATION	169,082	112,701
S0884 NG21143-CSUF HEP 6/16			Migrant Education, High School Equivalency Program	84.141	S-5890-CSUSB	CSU FULLERTON AUX SRVC CORP	7,354	-
			<b>TOTAL U.S. Department of Education</b>				<b>2,619,203</b>	<b>619,272</b>
U.S. Department of Health and Human Services - Direct S0673 FF20929-Ontgny of C/P Function			Mental Health Research Grants	93.242	SSC1MH102930-04	NATIONAL INSTITUTE OF HEALTH	(9,896)	-
S0555 FF20806-DIDARP 4/13				93.279	5R24DA033877-05	NATIONAL INSTITUTE OF HEALTH	(32,914)	-
S0575 FF20826-DIDARP LaChausse 6/17				93.279	5R24DA033877-02	NATIONAL INSTITUTE OF HEALTH	(4,690)	-
			Drug Abuse and Addiction Research Programs				(37,604)	-
S0624 FF20879-CSUSB RISE Program				93.859	5R25GM10082905 REVIS	NATIONAL INSTITUTE OF HEALTH	87,381	-
S0840 FF21098-CSUSB MARC				93.859	2T34GM083883-06A1	NATIONAL INSTITUTE OF HEALTH	1,413	-
S0857 FF21115-PARADOXUS EPS 7/18				93.859	1R15GM116173-01	NATIONAL INSTITUTE OF HEALTH	38,417	-
S0910 FF21169-MARC YR.7				93.859	5T34GM083883-07	NATIONAL INSTITUTE OF HEALTH	(2,062)	-
S0999 FF21259-CSUSB MARC				93.859	5T34GM083883-08	NATIONAL INSTITUTE OF HEALTH	(6,416)	-
S1162 FF21424- CSUSB MARC				93.859	5T34GM083883-10	NATIONAL INSTITUTE OF HEALTH	32,992	-
S1084 FF21345-CSUSB MARC Program				93.859	5T34GM083883-09	NATIONAL INSTITUTE OF HEALTH	329,414	-
			Biomedical Research and Research Training				481,139	-
U.S. Department of Health and Human Services - Pass Through S0986 NG21245-Untreated Psychosis 8/17			Mental Health Research Grants	93.242	55932151	UNIVERSITY OF SOUTHERN CALIFORNIA	19,933	-
			<b>TOTAL U.S. Department of Health and Human Services</b>				<b>453,572</b>	<b>-</b>

See accompanying notes to schedule of expenditures of federal awards.

# University Enterprises Corporation at CSUSB

## Schedule of Expenditures of Federal Awards (FEIN: 95-6067343) Year Ended June 30, 2019

Federal Grantor/Pass-through Grantor Program Title	Federal CFDA Number	Agency or Pass-through Number	Contracting Agency	Federal Expenditures	Pass Through to Subrecipients
<b>OTHER PROGRAMS - OTHER</b>					
U.S. Department of Agriculture - Pass Through CCR01 Childrens Center Food Program					
Child and Adult Food Care Program Summer Food Service Program for Children	10.558	36-1527-0A	CALIFORNIA DEPARTMENT OF EDUCATION	15,782	-
S0165 GG20268 Upward Bnd Summer Food 8/08 F4	10.559	36-77360V	CALIFORNIA DEPARTMENT OF EDUCATION	6,896	-
S0990 GG21249-CalFresh Outreach	10.561	SUB16-057	CSU CHICO RESEARCH FOUNDATION	6,945	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program				29,623	-
<b>Total U.S. Department of Agriculture</b>				<b>29,623</b>	<b>-</b>
U.S. Department of Defense - Direct S1048 FF21308 - FF21308-DoD IASP Sc					
Information Security Grant Program	12.902	H98230-17-1-0362	NATIONAL SECURITY AGENCY	5,347	-
S1160 FF21422 - GENCYBER HS 19	12.903	H98230-19-1-0169	NATIONAL SECURITY AGENCY	11,160	-
S1077 FF21337-GEN CYBER HS 3/27/2019	12.903	H98230-18-1-0073	NATIONAL SECURITY AGENCY	(7,329)	-
S1079 FF21340-GEN CYBER MS 3/27/19	12.903	H98230-18-1-0270	NATIONAL SECURITY AGENCY	56,114	-
S1161 FF21423 - GENCYBER MS 19	12.903	H98230-19-1-0148	NATIONAL SECURITY AGENCY	128,229	-
GenCyber Grants Program Economic Adjustment Assistance for State Governments				188,174	-
S1034 GG21294-CASCADE 5/19	12.617	OPR17103	STATE OF CALIFORNIA OFFICE OF PLANNING & RESEARCH	70,842	-
<b>TOTAL U.S. Department of Defense</b>				<b>264,363</b>	<b>-</b>
U.S. Department of Housing and Development - Pass Through S1038 LL21298-MorenoValley CDBG17/18 S1117 LL21378-City of CoronaCDBG6/19 S1144 LL21405-Riverside Micro Enterp S1047 LL21307-City of Corona CDBG					
NEED	14.218		CITY OF MORENO VALLEY	16,334	-
89489-431	14.218		CITY OF CORONA	20,000	-
CA18-0529	14.218		CITY OF RIVERSIDE	43,116	-
89488-431	14.218		CITY OF CORONA	(4,692)	-
Community Development Block Grants/Entitlement Grants				74,758	-
<b>TOTAL U.S. Department of Housing and Development</b>				<b>74,758</b>	<b>-</b>
National Endowment for the Arts - Direct S0988 FF21247-Multidisc Works 12/18					
Promotion of the Arts_Grants to Organizations and Individuals	45.024	17-5400-7069	NATIONAL ENDOWMENT FOR THE ARTS	359	-
<b>TOTAL National Endowment for the Arts</b>				<b>359</b>	<b>-</b>
National Science Foundation - Direct S0589 FF20840-RENEW IAEP/SFS 7/2018 S0684 FF20940-SFS Conference 7/18 S0054 F20425-CSUSBNOYCEMath Fellows S0349 F20593-CSUSBNOYCEPHASEII 8/18					
1241541	47.076		NATIONAL SCIENCE FOUNDATION	2,104	-
1241541	47.076		NATIONAL SCIENCE FOUNDATION	5,322	-
934761	47.076		NATIONAL SCIENCE FOUNDATION	124,433	-
1035229	47.076		NATIONAL SCIENCE FOUNDATION	25,009	-
Education and Human Resources				156,868	-
National Science Foundation - Pass Through S0885 GG21144-15/19 CYBERWATCH S1044 NG21304-NSF ISAMP Phase V Yr 5					
1500375	47.076		WHATCOM COMMUNITY COLLEGE	88,622	-
SUB523891	47.076		UNIVERSITY ENTERPRISES, INC.	4,955	-
Education and Human Resources				93,577	-
<b>TOTAL National Science Foundation</b>				<b>250,445</b>	<b>-</b>
U.S. Small Business Administration - Direct S1050 FF21310-Coachella Valley WBC S1052 FF21312-Inland Empire WBC S1127 FF21310-Coachella Valley WBC S1129 FF21312-Inland Empire WBC					
58HQ-17-W-0002	59.043		U.S. SMALL BUSINESS ADMINISTRATION	53,453	-
SBAHQ-17-W-0003	59.043		U.S. SMALL BUSINESS ADMINISTRATION	29,663	-
58HQ-17-W-0002	59.043		U.S. SMALL BUSINESS ADMINISTRATION	129,548	-
SBAHQ-17-W-0003	59.043		U.S. SMALL BUSINESS ADMINISTRATION	100,017	-
Women's Business Ownership Assistance				312,681	-
<b>TOTAL U.S Small Business Administration</b>				<b>312,681</b>	<b>-</b>
<b>OTHER PROGRAMS - OTHER</b>					
U.S. DEPARTMENT OF EDUCATION - Direct S0797 FF21055-LongTermRehbCnsIngPrg					
Rehabilitation Long-Term Training	84.129	H129B140025-17	U.S. DEPARTMENT OF EDUCATION	200,115	-
S1120 FF21381-CCAMPIS MAIN	84.335	P335A180097	U.S. DEPARTMENT OF EDUCATION	40,556	-
S1121 FF21383-CCAMPIS ITLS	84.335	P335A180097	U.S. DEPARTMENT OF EDUCATION	140,313	-
S1121 FF21382-CCAMPIS CHILDREN CENTER	84.335	P335A180097	U.S. DEPARTMENT OF EDUCATION	39,459	-
Child Care Access Means Parents in School				220,328	-
U.S. DEPARTMENT OF EDUCATION - Pass Through S1025 GG21285-WorkAbility IV 17/18 S1107 GG21368-WorkAbility IV 18/19					
AGRMT 30435 PO48942	84.126		CSU SAN BERNARDINO	(762)	-
AGRMT 30435 PO48942	84.126		CSU SAN BERNARDINO	277,462	-
Rehabilitation Services_Vocational Rehabilitation Grants to States				276,700	-
S1101 GG21362-ESSA18 CMP - 6/19	84.367	15CMP-SAN BERNARDINO	UNIVERSITY OF CALIFORNIA OFFICE OF THE PRESIDENT	31,104	-
S1105 GG21366-RIMS ESSA 18/19	84.367	ESSA18-TCAP-SB RIMS	UNIVERSITY OF CALIFORNIA OFFICE OF THE PRESIDENT	75,500	-
S1104 GG21365-TCAP ESSA 18/19	84.367	ESSA18-TCAP-SO	UNIVERSITY OF CALIFORNIA OFFICE OF THE PRESIDENT	110,400	-
S1020 GG21280-NCLB 14 6/18	84.367	14CMP-SAN BERNARDINO	UNIVERSITY OF CALIFORNIA OFFICE OF THE PRESIDENT	112	-
S1021 GG21281-CSMP State TCAP SO	84.367	NCLB14-TCAP-SO	UNIVERSITY OF CALIFORNIA OFFICE OF THE PRESIDENT	3,644	-
S1023 GG21283-CSMP RIMS CAP	84.367	NONE	UNIVERSITY OF CALIFORNIA OFFICE OF THE PRESIDENT	361	-
Improving Teacher Quality State Grants				221,121	-
S0968 GG21228-Ca PROMISE 16/18	84.418	30124	CALIFORNIA DEPARTMENT OF REHABILITATION	48,074	-
Promoting Readiness of Minors in Supplemental Security Income				48,074	-
<b>TOTAL U.S. Department of Education</b>				<b>966,338</b>	<b>-</b>

See accompanying notes to schedule of expenditures of federal awards.

**University Enterprises Corporation at CSUSB**

Schedule of Expenditures of Federal Awards  
 (FEIN: 95-6067343)  
 Year Ended June 30, 2019

Federal Grantor/Pass-through Grantor Program Title	Federal CFDA Number	Agency or Pass-through Number	Contracting Agency	Federal Expenditures	Pass Through to Subrecipients
<b>OTHER PROGRAMS - OTHER (CONTINUED)</b>					
U.S. Department of Health and Human Services - Pass Through S1143 NG21404-All of Us 18/19	93.310	OT20D023206	AMERICAN ASSOCIATION OF COLLEGES OF NURSING	10,000	-
Trans-NIH Research Support				10,000	-
U.S. DEPARTMENT OF HOMELAND SECURITY - Pass Through S1123 LL21384 - LL21384-CCTA-GAP ANALYSIS	97.133	EMW2016GR00237	SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT	23,078	-
Preparing for Emerging Threats and Hazards				23,078	-
U.S. Department of Health and Human Services - Pass Through S0938 FF21198-NurseFacultyLoanPg6/17 S1100 FF21361-NurseFac Loan Pgm 6/19	93.264	E01HP27050-02-00	HEALTH RESOURCES AND SERVICES ADMINISTRATION	82,699	-
Nurse Faculty Loan Program (NFLP)	93.264	E01HP27050-02-00	HEALTH RESOURCES AND SERVICES ADMINISTRATION	14,400	-
				97,099	-
CCR01 Children's Center	93.596	CCTR-8197	U.S. Department of Education	15,216	-
CCR01 Children's Center	93.596	CSPP-8433	U.S. Department of Education	13,667	-
CCR01 Children's Center	93.596	CCTR-8197	U.S. Department of Education	6,992	-
CCR01 Children's Center	93.596	CSPP-8433	U.S. Department of Education	6,277	-
				42,152	-
<b>TOTAL U.S. Department of Health and Human Services</b>				<b>172,329</b>	<b>-</b>
<b>TOTAL OTHER FEDERAL PROGRAMS</b>				<b>12,005,241</b>	<b>1,082,999</b>
<b>TOTAL ALL PROGRAMS</b>				<b>20,137,920</b>	<b>1,082,999</b>

See accompanying notes to schedule of expenditures of federal awards.

**University Enterprises Corporation at CSUSB**

Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2019

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**NOTE 1: BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the UEC under programs of the federal government for the year ended June 30, 2019. The information in this schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the UEC, it is not intended to and does not present the financial position, changes in net assets or cash flows of the UEC.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

**NOTE 3: INDIRECT COST RATE**

A nonfederal entity may have a federally negotiated indirect cost rate that is being used for federal awards. In general, under 2 CFR 200.414(f), if an entity has never received a negotiated indirect cost rate, the entity may elect to use a 10 percent de minimis indirect cost rate. The entity has elected not to use the 10 percent de minimus indirect cost rate allowed under the Uniform Guidance.

**University Enterprises Corporation at CSUSB**

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2019

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**I. SUMMARY OF AUDITOR'S RESULTS**

***Financial Statements***

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<u>          </u>	Yes	<u>  X  </u>	No
Significant deficiency(ies) identified?	<u>  X  </u>	Yes	<u>          </u>	None reported
Noncompliance material to financial statements noted?	<u>          </u>	Yes	<u>  X  </u>	No

***Federal Awards***

Internal Control Over Major Programs:

Material weakness(es) identified?	<u>      </u> Yes	<u>  X  </u> No
Significant deficiency identified?	<u>      </u> Yes	<u>  X  </u> None reported

Type of auditor's report issued on compliance for major federal programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?   X   Yes        No

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of federal program or cluster</u>
84.042, 84.044, 84.047	TRIO Cluster
93.658	Foster Care – Title IV-E
59.037	Small Business Development Centers
84.334	Gaining Early Awareness and Readiness for Undergraduate Programs

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as a low-risk auditee?   X   Yes        No

## University Enterprises Corporation at CSUSB

Schedule of Findings and Questioned Costs (continued)  
For the Year Ended June 30, 2019

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### II. FINDINGS – FINANCIAL STATEMENT FINDINGS

#### Finding Number 2019-001

##### *Significant Deficiency – Segregation of Duties*

##### Criteria

Proper segregation of duties should be in place for accounts payable and payroll processes.

##### Condition and Context

During our audit, we noted that there was a lack of segregation of duties in the University's Accounting process due to management and personnel turnover and the organizational restructuring in the current year. In fiscal year 2019, the former Auxiliary Accounting department and the University General Accounting department were consolidated into the new Accounting Services department. During the consolidation of the two departments, the proper segregation of duties for accounting staff was not maintained and several key functions of the accounts payable and payroll processes are able to be completed by the same individuals.

##### Cause

The entity did not have proper segregation of duties in place due to the reorganization of the Auxiliary's accounting department and turnover of key management.

##### Effect

Proper segregation of duties dictates that the function or recording, authorization, custody and execution are not dominated by one individual. Adequately segregated duties helps to reduce the possibility of fraud and defalcations from occurring and to ensure the integrity of the information provided by the Accounting Services financial reporting system.

##### Recommendation

We recommend that management perform a review of the roles and responsibilities of the Accounting Services department and modify access permissions, as able.

##### Views of Responsible Officials and Planned Corrective Actions

See Schedule of Findings and Responses attached to the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* on page 3 of the single audit report.

**University Enterprises Corporation at CSUSB**

Schedule of Findings and Questioned Costs (continued)  
For the Year Ended June 30, 2019

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**III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**Finding Number 2019-002**

*Noncompliance*

Federal Program

Small Business Development Centers – CFDA 59.037

Criteria

Based on subcontract number S-7056-CSUSB, the entity is required to submit a semi-annual report within fifteen days after the end of the second quarter.

Condition

The entity did not submit the semi-annual report by the reporting deadline.

Cause

The entity did not report to the granting agency in a timely manner.

Effect

The entity could jeopardize future funding from the granting agency.

Questioned Costs

None.

Identification as a Repeat Finding

This is not a repeat finding.

Recommendation

We recommend the entity communicate to the program personnel the importance of adhering to reporting deadlines and implementing automatic reminders for upcoming reporting deadlines.

Views of Responsible Officials

See attached Corrective Action Plan.



**University Enterprises Corporation at CSUSB**

Summary Schedule of Prior Audit Findings  
For the Year Ended June 30, 2019

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There were no prior year audit findings to report

Academic Research  
Office of Associate Provost for Research and Dean of Graduate Studies

October 11, 2019

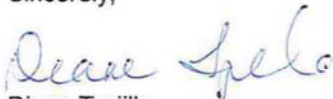
**Finding Number 2019-002 Noncompliance**  
Federal Program - Small Business Development Centers – CFDA 59.037  
**Corrective Action Plan:**

The CSUSB Sponsored Programs Administration (SPA) office has undergone numerous changes in staff over the past several months. Since December 2018 we have been working on updating forms and developing a SPA Desk manual. Included in this process has been the revising of existing checklists and developing new checklists to assist the Research Analyst (RA) in the management of their sponsored projects.

As part of the corrective action, the following will be incorporated into the SPA business processes to communicate to the program personnel the importance of adhering to reporting deadlines and implementing reminders for upcoming reporting deadlines:

- When PI orientation is conducted, PI's will continue to be advised of reporting responsibilities and will now be advised of the anticipated due dates for reports.
- PI's will continue to be provided a copy of their award document as reference for them to track reporting requirements and applicable due dates.
- PI's will be advised to develop an internal tracking method to remind them of reports due. Suggested methods include using their Outlook to input their reminders.
- PI's will be required to "cc" the RA on all submissions of reports. If submission is through a specific portal which does not allow the RA to be cc'd, then the PI will be required to email a copy of the report and provide a copy of the submission receipt or other documentation showing the date submitted, to the RA.
- As awards are set up, PI's are sent a Grant/Contract Award Notification which was updated prior to this finding and now includes anticipated due dates for required reports.
- Anticipated reports due will continue to be input in the Sponsored Programs Grant Module "reports" tab to track financial, programmatic, progress, technical and other types of reports.
- The Reporting Attributes report in CFS Data Warehouse (DW) can be used as a tool for the RA's to track required financial, programmatic, progress, technical and other types of reports. This will enable RA's to send reminders to PI's regarding reports due.
- The RA will retain all reports and submission receipts in the project files.

Sincerely,



Diane Trujillo  
Director – CSUSB Sponsored Programs Administrations

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