**Financial Affairs Collaboration Team (FACT)**

**June 3, 2015**

**Agenda**

**Present:**

Aguirre, Ahmed, Alejandre, Calderon, Chester, Contreras, DeLeon, Escamilla, Farre, Fuller, Guzman, Hansen, Henderson, Iannolo, Kuenz, Lewis, Lindsey, Prado, Smith, Valencia, Watkins

**Absent:**

Anderson, Brown, Maculsay

**Guest**

**Monir Ahmed – Internal Controls**

Monir encouraged the group to participate and provide feedback in the upcoming open forums. Over the past few weeks there have been open forums for the positions of Chief of Police, Associate Vice President of Facilities, and UEC Executive Director. Monir mentioned the importance of attending the Master Plan Update scheduled for June 4. There will be two sessions containing the same content to accommodate for schedule conflicts.

Monir presented on the benefits of internal controls and provided information as a guide to tailor a more cohesive approach (see Appendix).

**General**

1. Year-End Deadlines

**STATE:**

June 5 – Purchase Requisitions

June 8 – Travel, Independent Contractors, Direct Expenditures

June 9 – Petty Cash

June 10 – Construction Costs, OfficeMax

June 12 – CPO Requests

June 15 – Pro Card Purchases

June 18 – RFI, TOE, Request for Chargeback, Budget Transfers

June 25 – Deposits to Bursar

**AUXILIARY:**

June 19 – Equipment, RFI, Supplies

June 25 – Travel, Reimbursements

June 30 – Deposits

The group was reminded of the year-end deadlines and asked to share with departments. The deadline for Auxiliary deposits is 2pm on June 30. The deadline for deposits to Bursar is noon on June 25.

**Accounting**

1. Deadline for scholarship disbursements

Matias expressed the ongoing concerns of undispersed scholarships. Concerns included donor perceptions and summer school disbursements. The preference is to disburse before June 30. This item will be on the next meeting’s agenda for further discussion.

**Auxiliary Financial Services**

No updates.

**Budget**

1. Lottery swap to reduce balances

Dena shared that lottery funds are almost down to 50%. Dena will reach out to those departments which are not at 50% for possible swaps. The 50% is a Chancellor’s Office guideline.

1. Review outstanding encumbrances

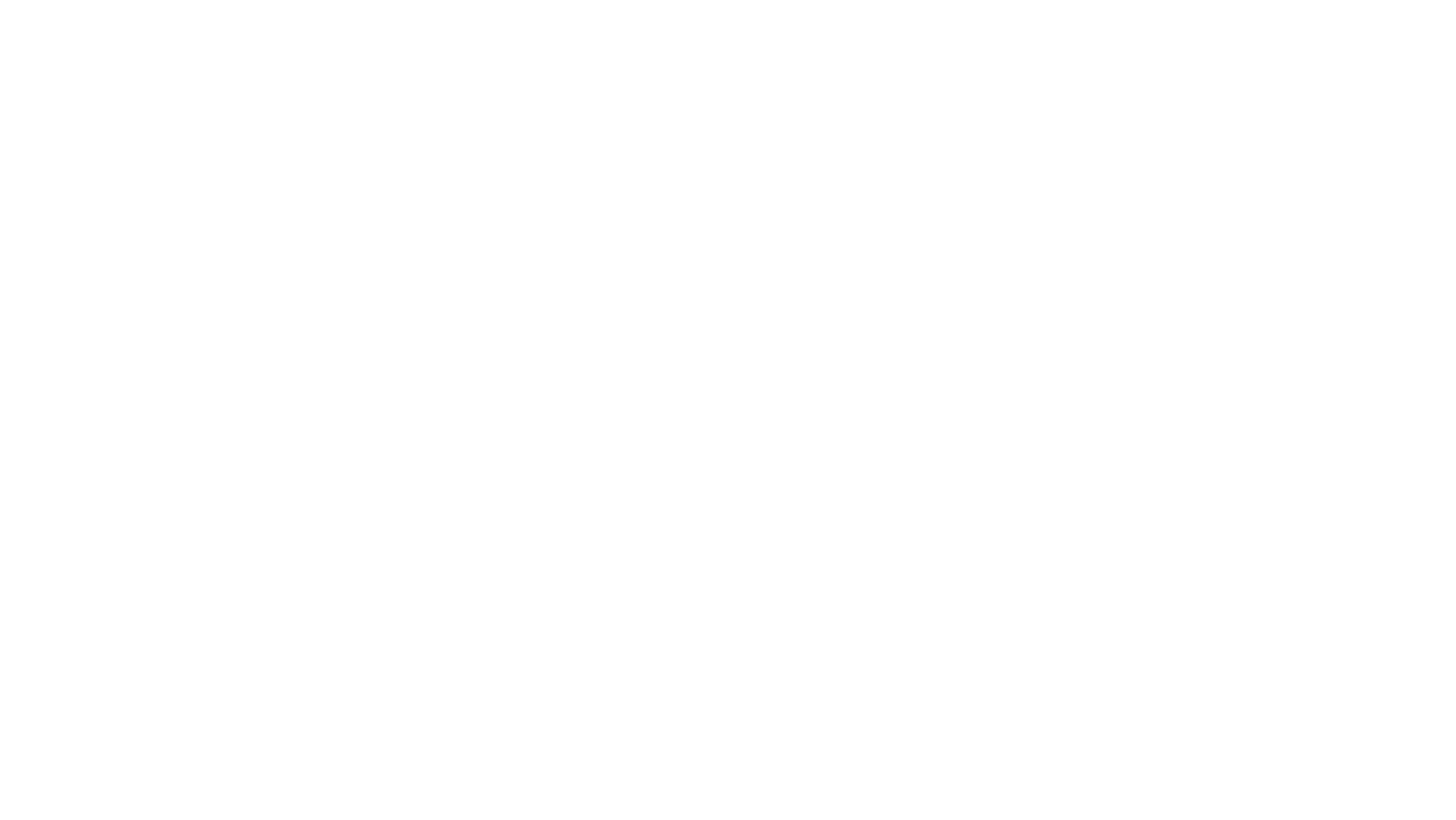
Dena reminded the group to check on encumbrances. The deadline to disencumber is June 30.

**Support Services**

No updates.

***Next meeting: Wednesday, July 1 at 8:30am***

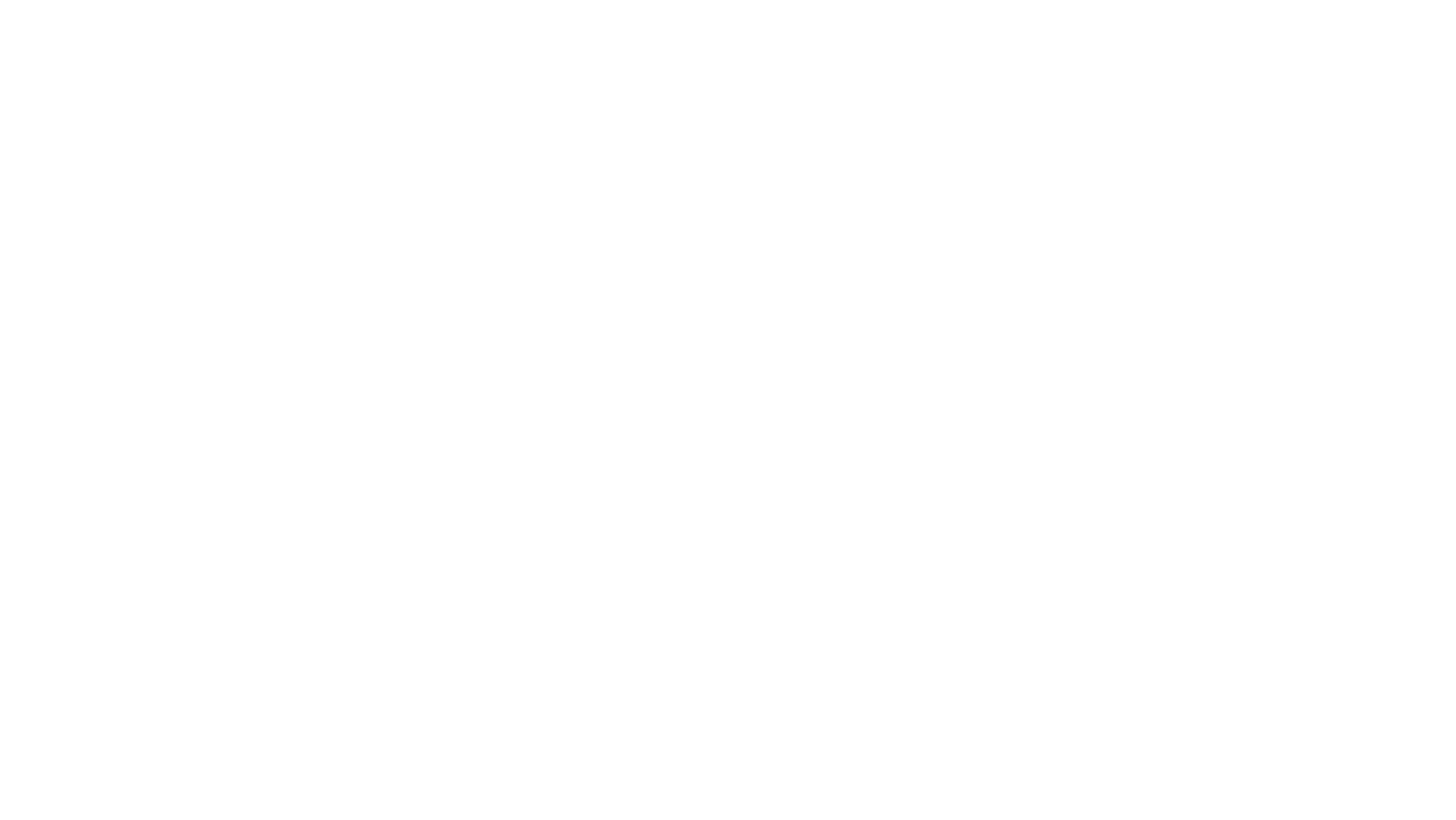
**APPENDIX**



**Internal control**, as defined in **accounting** and auditing, is a process for assuring achievement of an organization's objectives in operational effectiveness and efficiency,

reliable financial reporting, and compliance with laws, regulations and policies.

Administration & Finance 1



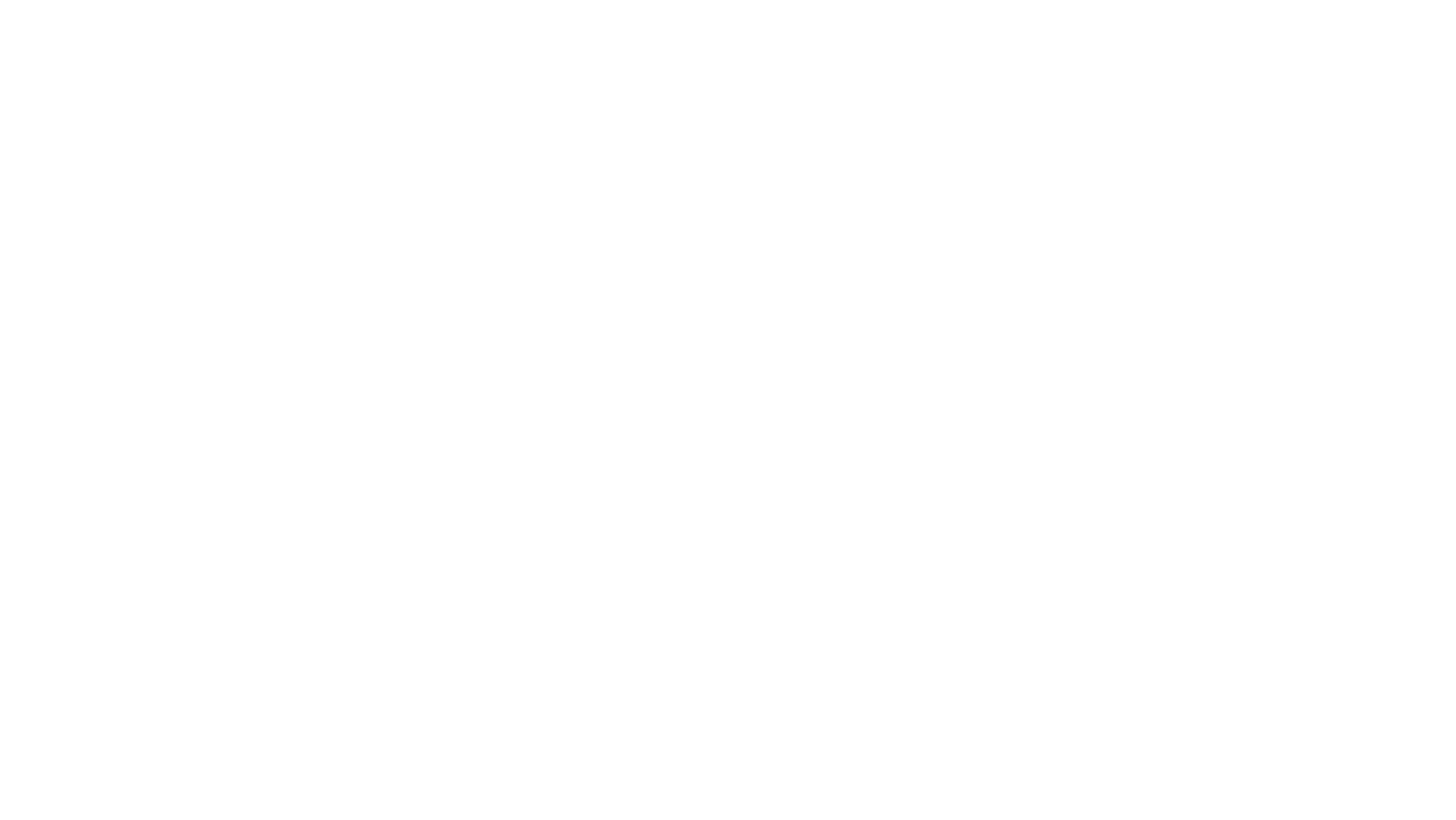
Internal Control Objectives:

1. Protect the University's Assets
2. Ensure Records Are Accurate
3. Promote Operational Effectiveness and Efficiency
4. Encourage Adherence to Policies
5. Ensure Compliance with Laws, Regulations, and Contracts
6. (Be Transparent)

https[://www.c](http://www.calstate.edu/audit/internal.shtml)a[lstate.edu/audit/internal.shtml](http://www.calstate.edu/audit/internal.shtml)

OBJECTIVES

INTERNAL CONTROLS



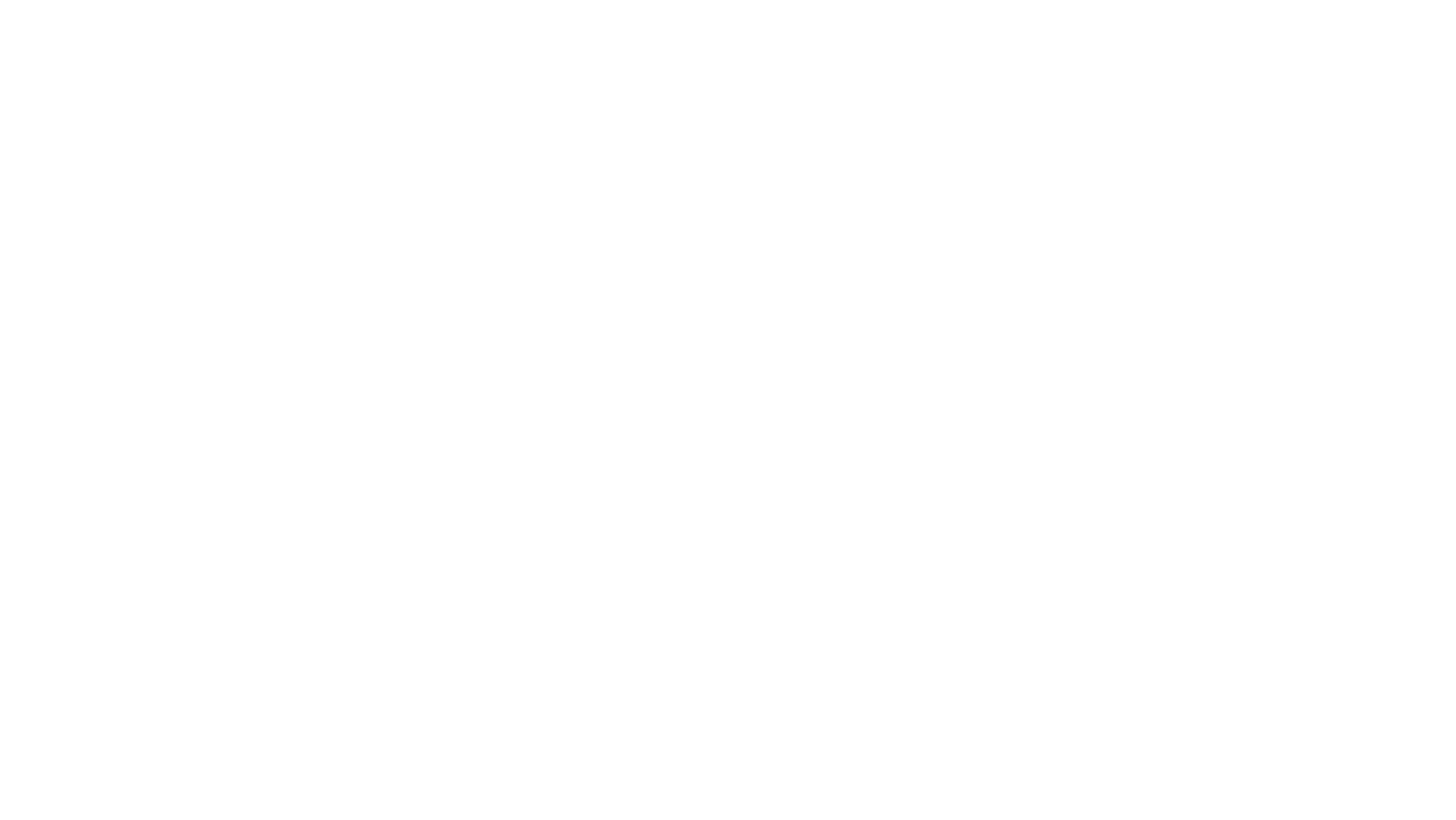
**Monitoring Risk Assessment**

**Control Environment**

**Information & Control**

**Communication Activities**

COSO => Committee of Sponsoring Organizations



There are five components of internal control in the COSO Model:

1. Control Environment

Examples ‐

* + The philosophy, ideology, and operating style of management
  + The structure of the organization, key personnel and their applicable roles, responsibilities, and duties

1. Risk Assessment

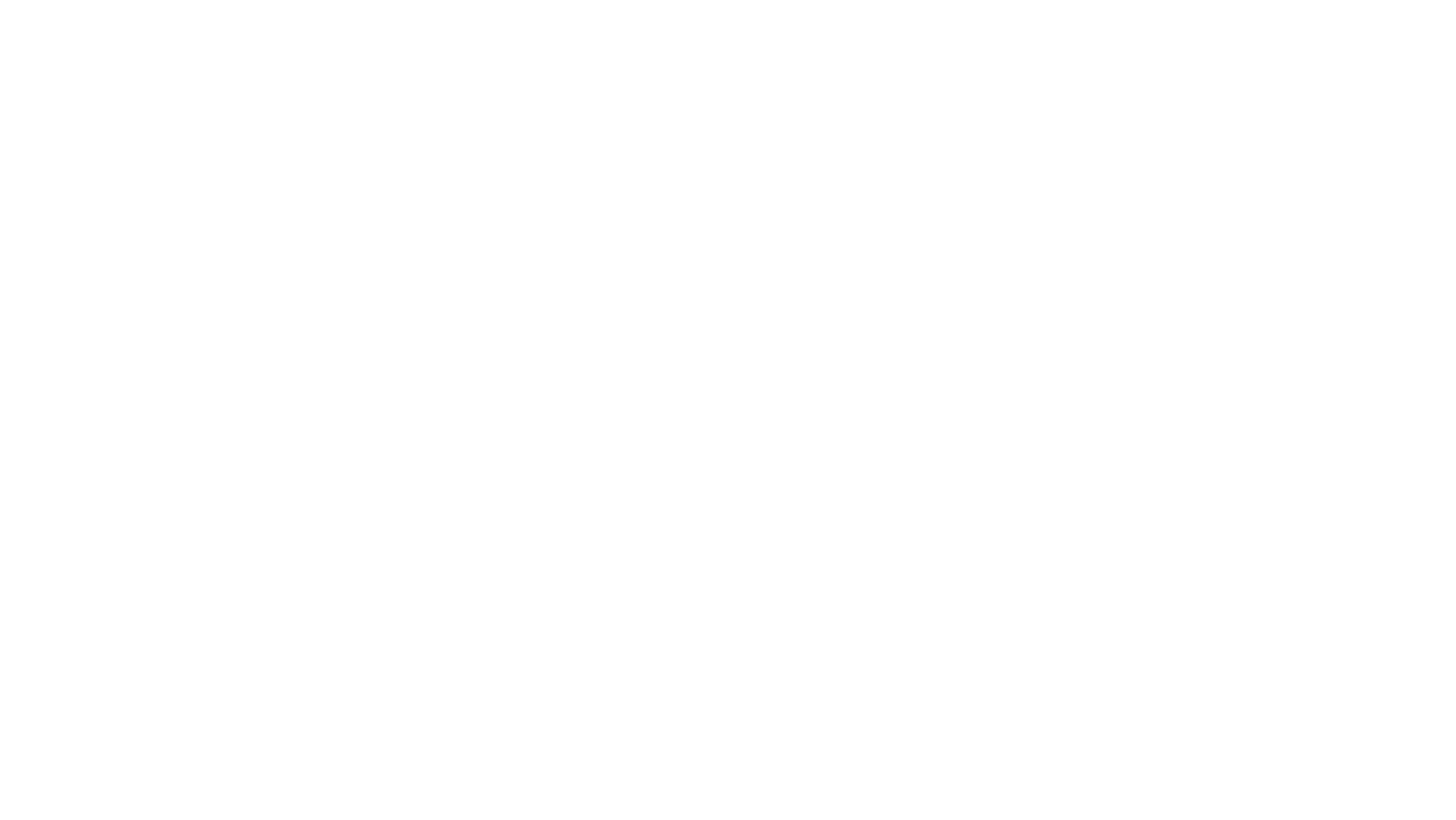
Example

* + Annual Audit Plan

1. Control Activities
2. Information and Communication
3. Monitoring

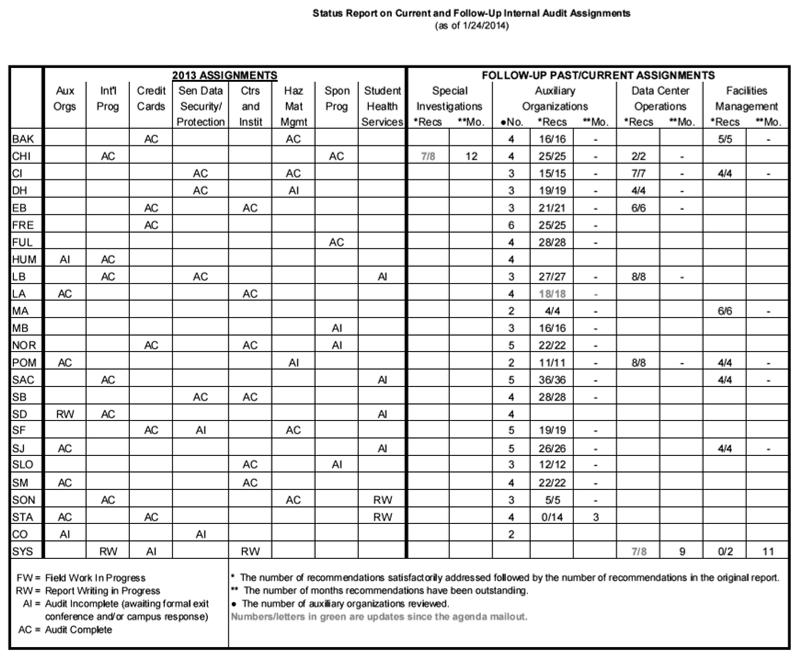
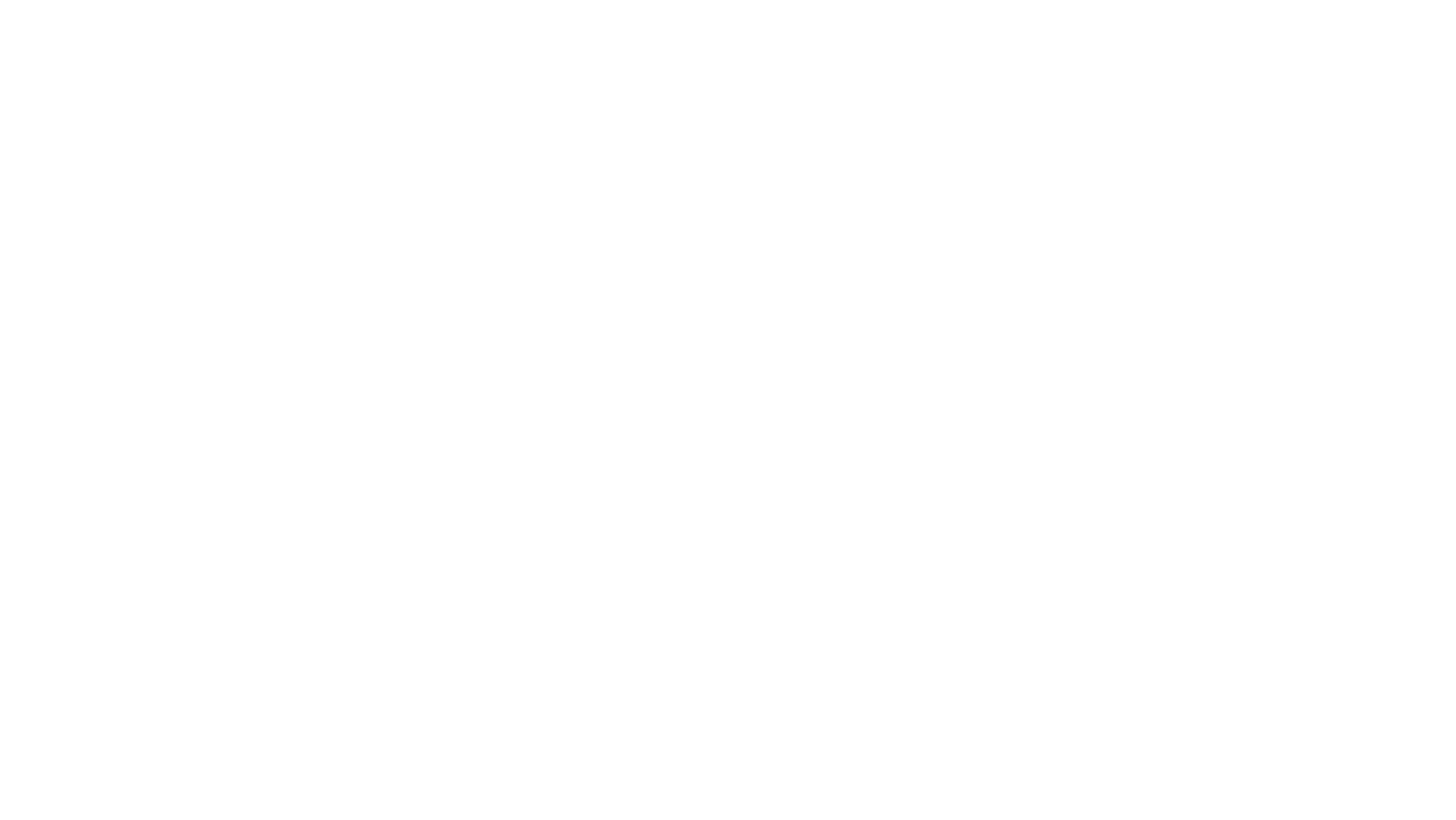
KEY COMPONENTS OF CONTROL

**COSO’S INTERNAL CONTROL FRAMEWORK… FIVE INTER-RELATED STANDARDS**



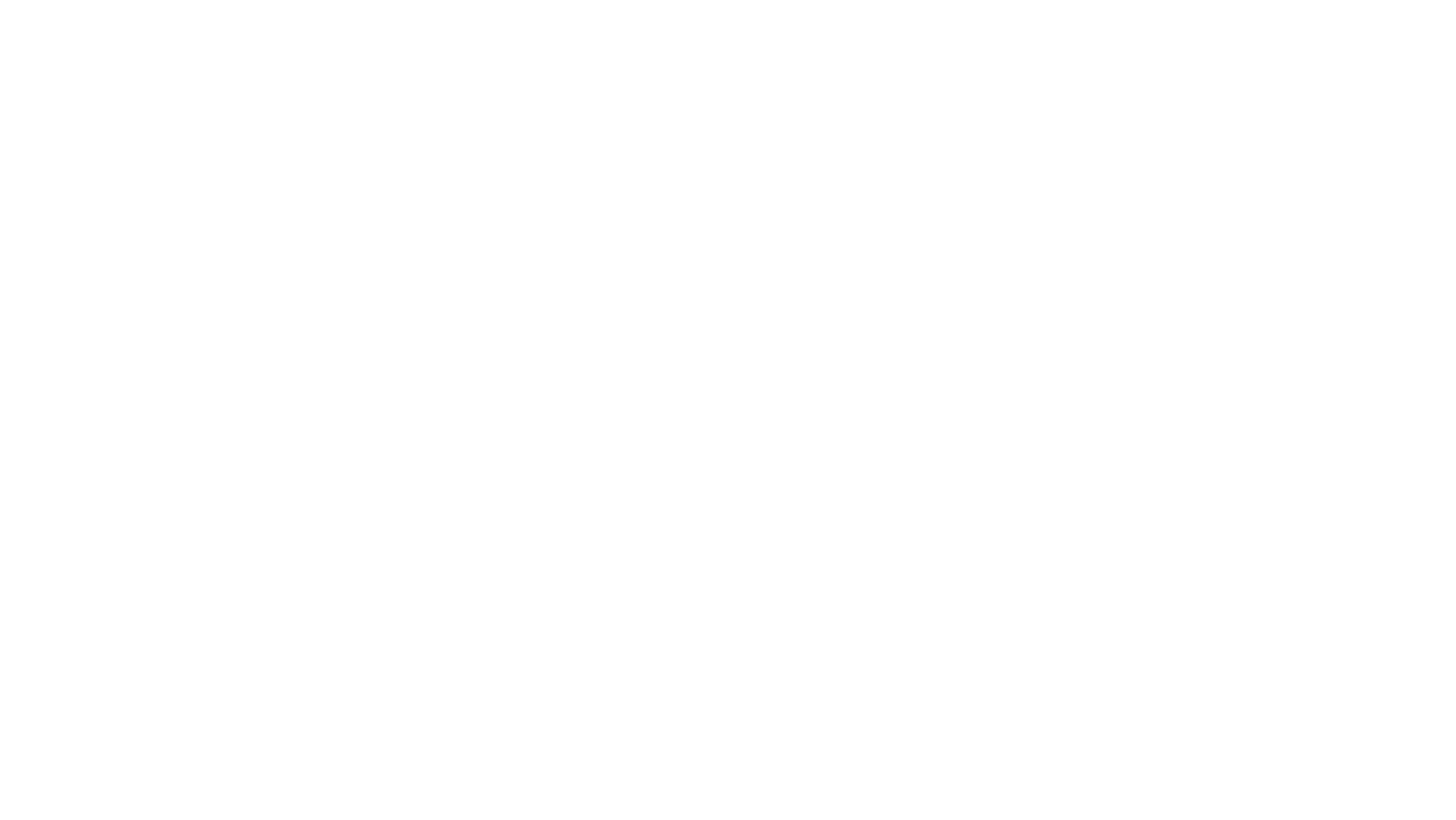
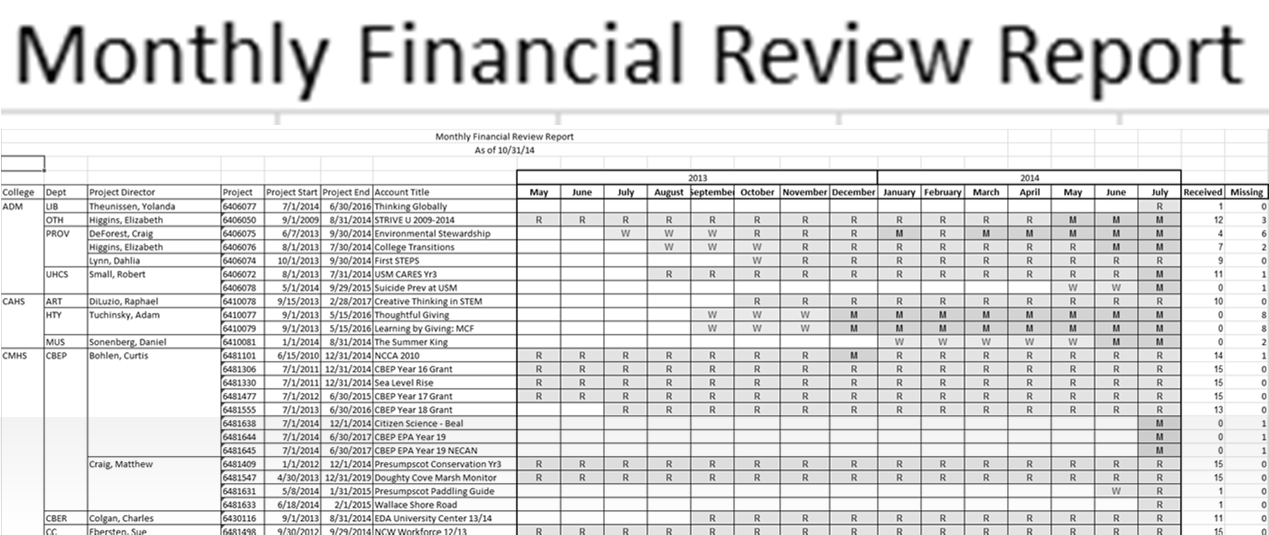
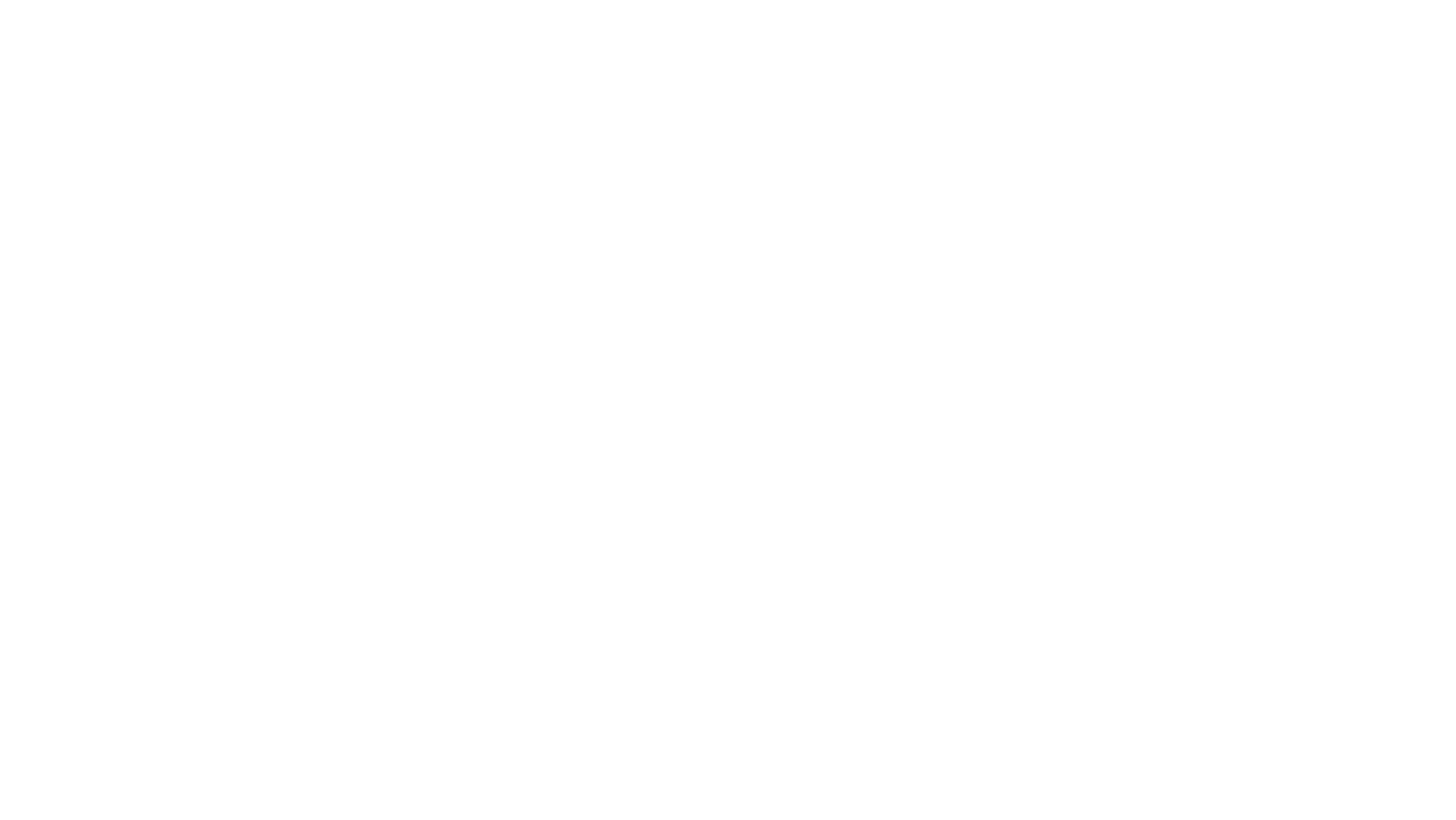
Selected activities that are intended to create a sound fiscal environment for the university:

1. Access Control
   1. Appropriate Authorization
   2. Required Training
   3. Periodic Review
2. Delegation of Authority
   1. Hierarchal
   2. Need Based
   3. Separation of Duties
3. Reconciliation Process
4. Periodic Financial Management Review



RISK ASSESSMENT – AUDIT LOG

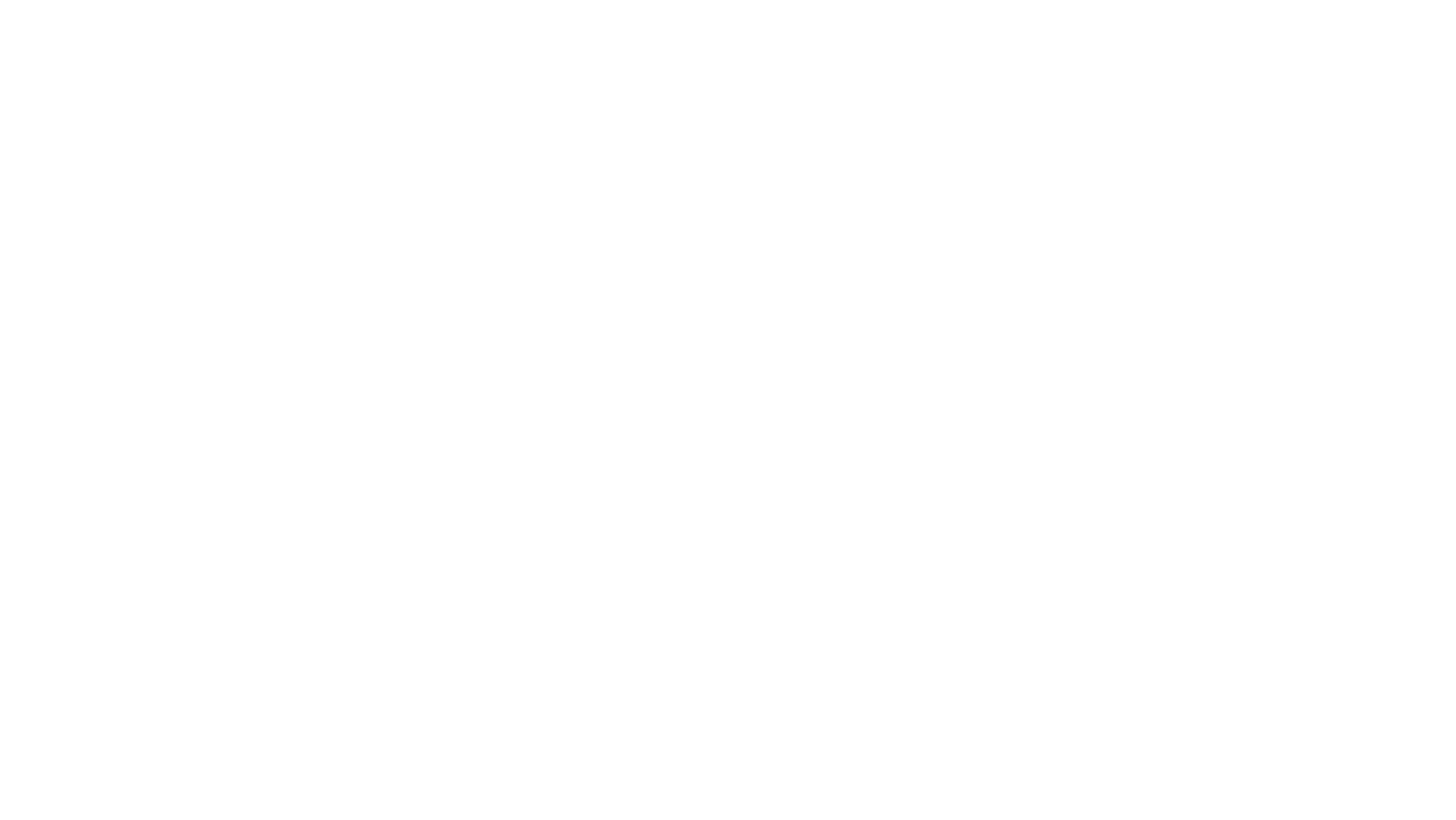
**INTERNAL CONTROL INITIATIVES**



1. Formation of Controls Working Group
2. Control Self Assessment Questionnaire
3. Establish Monitoring
4. Communicate
5. Review, Modify & Repeat

**MONITORING**

**WHAT’S NEXT**



**NEXT STEPS**