

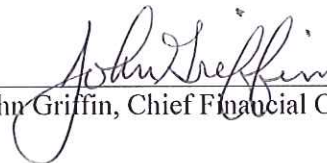


Procedure Number: AC036

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Updated: March 4, 2010

Revised: June 18, 2012


John Griffin, Chief Financial Officer

Title: Right to Audit Outsourced Commercial Service Providers

I. Purpose

As the primary supplier of commercial services to CSU Northridge, The University Corporation (TUC) has entered into agreements with outsource providers for a variety of food and retail services on campus. Each agreement for an outsourced commercial enterprise on campus is unique. When TUC compensation is based on a percentage of sales, it is appropriate that TUC have the right to audit the outsource provider.

II. Policy

Several TUC agreements with outsource providers require the outsource providers to retain records so that TUC may audit them. When TUC compensation is based on a percentage of sales, agreements with outsource providers for commercial services physically located on campus, in a store, food service outlet, or in a vending machine capacity, will include language allowing TUC to audit the outsource provider's related accounting records. Right-to-audit language is not appropriate for agreements where TUC compensation is a predetermined fee or rental payment. It is the policy of TUC to audit the books and records of outsourced commercial units where such contractual right exists. TUC shall exercise its contractual right to audit at intervals not exceeding 36 months.

III. Procedure

Each audit will be conducted in the manner set forth in the agreement. The audit will be done by a designated TUC staff member or an agent retained by TUC for this purpose. A summary and conclusion of the findings of an audit will be retained in the appropriate TUC contract file. Activities found not to be in accordance with the terms of the agreement will be reported to the Director of Commercial Services and/or the Executive Director of TUC for appropriate and immediate action.

Currently TUC Has Contractual Right to Audit:

1. Follett Higher Education Group
2. First Class Vending
3. Pepsi-Cola Corporation
4. Los Angeles Pierce Community College
5. El Pollo Loco
6. Panda Express
7. Cal State University, Channel Islands/University Glen

Internal units TUC has elected to audit periodically:

1. Grab and Go program

Note: retention of this listing is not required per policy.