

**UNIVERSITY STUDENT UNION
CALIFORNIA STATE UNIVERSITY, NORTHRIDGE
AUDIT COMMITTEE
MINUTES
SEPTEMBER 04, 2014**

I. Call to Order

The meeting was called to order by Chair, Ron Clouse at 10:34 a.m.

II. Roll Call

Present	Absent	Staff/Guests
R. Clouse, Committee Chair		Debra Hammond, Executive Director
T. Cubas, Student Representative		David Haygood, NSBN
S. Eichten, University Representative		Joe Illuminate, Executive Secretary
E. Matirosov, Student Representative		Jonathan Navarro, Accounting Manager
A. Zelyonaya, Student Representative		

Taylor Cubas arrived at 11:03 a.m.

III. Approval of Agenda

M/S/P (A. Zelyonaya/S. Eichten) Motion to approve the agenda of September 04, 2014.

Motion passes by general consensus

IV. Approval of Minutes

M/S/P (E. Matirosov/A. Zelyonaya) Motion to approve the minutes of April 30, 2014.

Motion passes by general consensus

V. Chair's Report

None

VI. Action Items

A. 2013-2014 Audit Report

M/S/P (S. Eichten/A. Zelyonaya) Motion to accept the 2013-2014 fiscal year-end USU Financial Audit Report prepared by NSBN LLP.

David Haygood was pleased to report that the USU received an unmodified opinion which is the best opinion an audit firm can award. An "unmodified opinion" means

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that the USU's financial statements present, fairly in all material respects, the financial position of the USU as of June 30, 2014 in accordance with the United States generally accepted accounting principles.

David Haygood also explained the "Communications with those in Charge with Governance" letter. This professional standards letter requires that NSBN provide the Audit Committee with information in regards to the completed audit such as:

1. The most sensitive disclosure is "related party transactions" in Note 5 describing transactions between the University and the USU
2. NSBN did not encounter significant difficulties in dealing with management in performance of the audit
3. No known misstatements were identified during the audit
4. No disagreements with management noted as a financial accounting, reporting, or auditing matter
5. The USU did not consult with any other accounting firm besides NSBN in regards to the audit
6. NSBN reconciled the supplementary information in the audit report to the underlying accounting records used to prepare the financial statements

M/S/P (S. Eichten/E. Matirosov) Amendment to the main motion to change the last paragraph in Note 5 – Related Party Transactions section of the audit report to read: *"In June 2014, the Union transferred \$6.5 million to the University for the purpose of funding future construction projects. The reduction in net assets is solely a result of the cash transfer and not as a result of any financial difficulties the Union is experiencing."*

The prior note had only indicated that the USU *"transferred \$6.5 million to the University for the purpose of funding future construction projects."* The committee concluded that this terminology was incomplete and could imply that the USU was experiencing financial difficulties.

M/S/P (S. Eichten/A. Zelyonaya) Amendment to the amendment to physically move the paragraph stated in the amendment to the main motion (the first paragraph of the Note 5- Related Party Transactions section in the audit report).

The committee determined that that the note described above should have a more prominent place in the Note 5- Related Party Transactions section of the audit report due to the significance of the cash transfer. Therefore, it was decided to move the paragraph from the end of the related party section to be the first paragraph of the related party section.

Amendment to the Amendment passed 4-0-0

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Amendment passed 4-0-0

Main Motion, as amended, passed 4-0-0

VII. Discussion Items

A. 2014-15 Audit Firm Update

J. Illuminate stated the USU will be meeting with its counterparts from The University Corporation, Associated Students, and the Foundation in October or November to discuss issuing joint Request for Proposal (RFP) for audit and tax preparation services for the 2014-15 audit season. The goal would be to issue the RFP by calendar year end and make a selection no later than March 31, 2015. NSBN has been the USU's auditor for four fiscal years.

VIII. Announcements

None

IX. Adjournment

The meeting was adjourned by Chair, Ron Clouse, at 11:27 a.m.

Respectfully submitted by,

Joseph Illuminate
Associate Director, Finance & Business Services