Cal State L.A. University Auxiliary Services, Inc.

SINGLE AUDIT REPORT

Year Ended June 30, 2024

Aldrich

CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.
Single Audit Report
Year Ended June 30, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Audit Committee
Cal State L.A. University Auxiliary Services, Inc.

Report on the Audit of the Schedule of Expenditures of Federal Awards

Opinion

We have audited the schedule of expenditures of federal awards of Cal State L.A. University Auxiliary Services, Inc. for the year ended June 30, 2024, and the related notes (the schedule).

In our opinion, the accompanying schedule of expenditures of federal awards presents fairly, in all material respects, the expenditures of federal awards of Cal State L.A. University Auxiliary Services, Inc. for the year ended June 30, 2024, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of the Schedule section of our report.

We are required to be independent of Cal State L.A. University Auxiliary Services, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Schedule

Management is responsible for the preparation and fair presentation of the schedule in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the schedule that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Schedule

Our objectives are to obtain reasonable assurance about whether the schedule as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the schedule.

Auditor's Responsibilities for the Audit of the Schedule, continued

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the schedule, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the schedule.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Cal State L.A. University Auxiliary Services, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the schedule.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Aldrich CPAs + Advisors LLP

Brea, California
October 11, 2024

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INDEPENDENT AUDITOR'S 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*

To the Audit Committee
Cal State L.A. University Auxiliary Services, Inc.

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 Cal State L.A. University Auxiliary Services, Inc. (a nonprofit organization), which comprise the statement of net position as of June 30, 2024, the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 11, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Cal State L.A. University Auxiliary Services, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Cal State L.A. University Auxiliary Services, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Cal State L.A. University Auxiliary Services, Inc.'s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying schedule of findings and questioned as item 2024-001 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2024-002 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cal State L.A. University Auxiliary Services, Inc.'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 financial statements. 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*.

INDEPENDENT AUDITOR'S 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*, CONTINUED

Cal State L.A. University Auxiliary Services, Inc.'s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Cal State L.A. University Auxiliary Services, Inc.'s response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Cal State L.A. University Auxiliary Services, Inc.'s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 entity'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.

Aldrich CPAs + Advisors LLP

Brea, California
October 11, 2024

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Audit Committee
Cal State L.A. University Auxiliary Services, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Cal State L.A. University Auxiliary Services, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Cal State L.A. University Auxiliary Services, Inc.'s major federal programs for the year ended June 30, 2024. Cal State L.A. University Auxiliary Services, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Cal State L.A. University Auxiliary Services, Inc. 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, 2024.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Cal State L.A. University Auxiliary Services, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Cal State L.A. University Auxiliary Services, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Cal State L.A. University Auxiliary Services, Inc.'s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Cal State L.A. University Auxiliary Services, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Auditor's Responsibilities for the Audit of Compliance, continued

Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Cal State L.A. University Auxiliary Services, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Cal State L.A. University Auxiliary Services, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Cal State L.A. University Auxiliary Services, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Cal State L.A. University Auxiliary Services, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2024-003, 2024-004, 2024-005, and 2024-006. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Cal State L.A. University Auxiliary Services, Inc.'s response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Cal State L.A. University Auxiliary Services, Inc.'s response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness and a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

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 a 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.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE, CONTINUED

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-003 to be a material weakness. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2024-004, 2024-005, and 2024-006 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on Cal State L.A. University Auxiliary Services, Inc.'s response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Cal State L.A. University Auxiliary Services, Inc.'s response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Aldrich CPAs + Advisors LLP

Brea, California
October 11, 2024

CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2024

Federal Grantor and Program/Cluster Title	Assistance Listing Number	Pass-Through Grantor	Pass-Through Grantor Number	Passed Through to Subrecipients	Total Federal Expenditures
Research and Development Cluster:					
U.S. Department of Agriculture					
Hispanic Serving Institutions Education Grants:					
e-Farms: Education Reform in Food	10.223			$ 16,332	$ 50,235
Growing Food in the City: Urban Food Gardens for Research and Education	10.223			-	51,193
				16,332	101,428
Agriculture and Food Research Initiative (AFRI):					
Training Diverse Undergraduate Students in Experiential Research	10.310			-	28,966
U.S. Department of Defense					
Basic and Applied Scientific Research:					
Naval STEM Program at Cal State LA	12.300			-	64,697
U.S. Department of Interior					
Water Conservation Field Services (WCFS):					
Sustainable Tech & Applications	15.530	Metropolitan Water District of Southern California	191319	-	1,666
U.S. Department of Justice					
National Institute of Justice Research, Evaluation, and Development Project Grants:					
Longitudinal Research Delinquency	16.560	University of Oregon	238420A	-	36,042
U.S. Department of Transportation					
University Transportation Centers Program:					
2017-2018 University Transportation Center for Underground Transportation Infrastructure	20.701	Colorado School of Mines	401208-5801 Amend. 1	-	61,087
National Aeronautics and Space Administration					
Science:					
Diversifying Student Pipelines	43.001			-	32,392
JPL Development of Wide Operating Temperature Batteries via Design-of-Experiment	43.001	Jet Propulsion Laboratory	RSA No. 1688198	-	33,330
JPL Support for AIRS Drought	43.001	Jet Propulsion Laboratory	1693225	-	21,460
The SOFIA Archive Protostar Catalog: Connecting High and Low Mass Star Formation	43.001	University of Maryland	80738-Z6219201	-	1,529
				-	88,711

Federal Grantor and Program/Cluster Title	Assistance Listing Number	Pass-Through Grantor	Pass-Through Grantor Number	Passed Through to Subrecipients	Total Federal Expenditures
National Aeronautics and Space Administration, continued					
Space Operations:					
Air Pollutants Prediction	43.007	Jet Propulsion Laboratory	JPL RFP LP 31203	-	33,345
MSI Space Biology Bioinformatics Workshop	43.007	Jet Propulsion Laboratory	1699808	-	1,000
				-	34,345
Office of STEM Engagement (OSTEM):					
Addictive Manufacturing on the Moon	43.008			-	91,661
Space Technology:					
An Addictively Manufactured Deployable Radiator with Oscillating Heat Pipes (AMDROHP)	43.012			76,252	144,867
National Science Foundation					
Engineering:					
MRI: Acquisition of a Confined Bi-Directional Cyclic Shear Apparatus for Research and Education	47.041			-	47,951
PFI-TT: Developing Antifreeze Polypeptide-Based Systems for Organ Preservation	47.041			1,411	54,382
RUI: Indirect Measurement	47.041			-	34,171
REU Site: Collaborative Proposal: Research Experience	47.041			-	21,342
SBIR Phase IIA: Novel Field	47.041	IDEM, LLC	None	-	21,317
Supplement: PFI-TT: Developing Antifreeze Polypeptide-Based	47.041			-	16,242
				1,411	195,405
Mathematical and Physical Sciences:					
CCI Phase I: Center for Interfacial Ionics	47.049	University of Oregon	2016V0F	-	33,133
Collaborative Research: Center	47.049			-	37,440
Collaborative Research: LSC Center	47.049			-	10,049
CAREER: Development of New Plasmonic Electrochemical Microscopy Centered Techniques	47.049			-	114,178
NRAO-Student Observing Support	47.049	National Radio Astronomy Observatory (NRAO)	SOSPADA-023	-	31,275
PREC Track 1: Cal State LA	47.049			33,496	215,457
PREM: Cal State LA & Penn State Partnership for Materials Research and Education Development	47.049			-	101,839
REU Site: Research Experience Undergrad	47.049			-	122,598
RUI: Multiscale Analysis of Adhesion and Friction Coupling Enabled by Bio-Inspired Anisotropic Fibrillar Adhesives	47.049			-	74,566
				33,496	740,535
Geosciences:					
REU Site: Changing Dynamics of Hydrological Systems in Urban Areas: Response to Human Disturbance	47.050			-	135,442

CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.

Schedule of Expenditures of Federal Awards, continued

Year Ended June 30, 2024

Federal Grantor and Program/Cluster Title	Assistance Listing Number	Pass-Through Grantor	Pass-Through Grantor Number	Passed Through to Subrecipients	Total Federal Expenditures
National Science Foundation, continued					
Computer and Information Science and Engineering:					
Collaborative Research: Elements: Software	47.070			-	13,337
Collaborative Research: BPC-A	47.070			-	22,524
NRI: FDN: Communicate, Share	47.070	University of Southern California	141902498	-	14,795
Spokes: Medium: Collaborative: Big Data to Promote Community Learning Impact	47.070			-	29,407
				-	80,063
Biological Sciences:					
CAREER: Elucidating the Spatiotemporal	47.074			-	113,249
CAREER: Microclimate Ameliorate	47.074			-	366,458
CAREER: Ontogeny and Evolution of Avian Locomotion	47.074			-	99,418
CAREER: Water Movement in Leaves and Roots	47.074			-	133,260
Collaborative Research: ARTS: Understanding Tropical Invertebrate Diversity	47.074			-	7,917
Collaborative Research: RUI: Keystone Molecules and Estuarine Foodwebs: Chemical Defense	47.074			-	101,240
EAGER: The Role of Native and Nonnative Plants in Structuring Food Webs in Urban Ecosystems	47.074			-	30,150
MCA: Genomic Diversification	47.074			28,359	158,011
				28,359	1,009,703
Social, Behavioral, and Economic Sciences:					
Collaborative Research: Should Regulators Have Independence from Political Pressures?	47.075			-	21,616
Long Term Coastal Adaption	47.075	Board of Regents, NSHE Obo University of Nevada, Reno	UNR-24-44	-	25,838
				-	47,454
STEM Education (formerly Education and Human Resources):					
22-23 CSU Louis Stoke STEM NSF	47.076	University Enterprises, Inc., CSU Sacramento	533125-A5 Amend. No.5	-	28,258
23-24 CSU Louis Stoke STEM NSF	47.076	University Enterprises, Inc., CSU Sacramento	533126-A6 Amend. No.6	-	1,549
A Simulation-Based Pedagogical	47.076			-	76,484
Academic Support, Career Training	47.076	San Diego State University Research Foundation	D6160-04-SA00-59814A	-	4,491
ADVANCE Partnership: Empower	47.076			-	30,440
ADVANCE Partnership: Kindling	47.076	CSU Fresno Foundation	SC330590-21-01	-	17,083
Collaborative Research: HSI Implementation and Evaluation Project: Commitment to Learning Instilled by Mastery-Based Undergraduate Program	47.076			105,464	237,986
Conference: The Grading Conference Higher Education STEM Focus	47.076			-	35,737
CREST CATSUS Supplement	47.076			-	750

Federal Grantor and Program/Cluster Title	Assistance Listing Number	Pass-Through Grantor	Pass-Through Grantor Number	Passed Through to Subrecipients	Total Federal Expenditures
National Science Foundation, continued					
STEM Education (formerly Education and Human Resources), continued:					
CREST Center for Advancement	47.076			-	829,753
Culturally Adaptive Pathway to Success (CAPS)	47.076			-	88,396
Developing Critically-Conscious Aerospace Engineers through Macro-Ethics Curricula	47.076			-	39,098
Distributed Learning for Undergraduate Programs in Data Science	47.076	Emory-Riddle Aeronautical University	GC87062-S1	-	21,440
Increasing Participation	47.076			16,120	216,395
LSAMP BD: Bridge to the Doctoral at CSULA	47.076			3,782	384,118
Transforming STEM Education using an Asset-based Ecosystem Model (The Eco-STEM)	47.076			36,726	370,425
Using Virtual Reality Mathematics	47.076			-	30,329
				162,092	2,412,732
U.S. Department of Energy					
Office of Science Financial Assistance Program:					
Designing Photoresponsive Nanosponges for Efficient Capture and Release of Carbon Dioxide	81.049			-	201,326
Catalyzing STEM Training	81.049			-	80,584
Mobile Fuel Cell Generator	81.049	RockeTruck, Inc.	None	-	6,019
				-	287,929
Fossil Energy Research and Development:					
Developing Highly-Porous Metal	81.089			-	134,395
R&D Scoping Study and Infrastructure Self-Assessment of Fossil Energy	81.089			-	129,456
				-	263,851
U.S. Department of Education					
Higher Education Institutional Aid:					
CSULA Reclaiming Pedagogy	84.031S			-	156,867
Exito-Building Student Support	84.031S			-	475,908
				-	632,775
Child Care Access Means Parents in School:					
Child Care Access Means Parents in School (CCAMPIS)	84.335A			-	178,356
U.S. Department of Health and Human Services					
Research Related to Deafness and Communication Disorders:					
Speech Sound Perception	93.173			18,916	202,764
Drug Abuse and Addiction Research Programs:					
Rising STARS Program	93.279	University of Southern California	SCON-00003765	-	28,516

Federal Grantor and Program/Cluster Title	Assistance Listing Number	Pass-Through Grantor	Pass-Through Grantor Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Health and Human Services, continued					
Trans-NIH Research Support:					
COVID-19 and Southeast Asian Americans	93.310	The University Corporation, CSU Northridge	A22-0039-S001	-	42,434
Cancer Detection and Diagnosis Research:					
Linking Churches with Parks to Increase Activity Among Latinos	93.394	RAND Corporation	9920180082	-	33,819
Extramural Research Programs in the Neurosciences and Neurological Disorders:					
Modern Approach to Electrical Conductivity Mapping of Spinal Cord Tissues	93.853	Northwestern University	60061662 CSAUS	-	2,500
Provide New Insights in Alpha-synuclein	93.853			-	163,994
Supercomputer-Based Models	93.853	Northwestern University	600061958 UCS LA	-	25,993
				-	192,487
Biomedical Research and Research Training:					
Bridges to the Baccalaureate Program	93.859			-	37,622
Bridges to the Doctoral Program	93.859			5,914	125,354
Bridges to the Doctoral Program	93.859			6,086	767,527
Bridges to the Future	93.859			-	54,271
Cal State LA MARC U-STAR	93.859			-	168,923
Engineering of PPR Base	93.859			-	184,807
ID and Molecular Basis	93.859			-	78,340
Improving the Accuracy of Implicit Solvents with a Physics-Guided Neural Network	93.859			-	179,534
IRACDA at UCLA	93.859	Regents of the University of California	14450000034149 Amend. 2	-	27,774
Research Initiative for Scientific Enhancement (RISE)	93.859			-	194,330
U-RISE at Cal State LA	93.859			-	2,296
U-RISE at Cal State LA	93.859			-	351,588
U-RISE at Cal State LA	93.859			-	68,023
				12,000	2,240,389
Child Health and Human Development Extramural Research:					
SPROUT: Human Development & Disability	93.865			19,452	119,953
Vision Research:					
A High Resolution Tactile Display Based on Variable Stiffness Polymer	93.867	University of California, Los Angeles	0190 G XB283	-	45,602
Detection of Disease Progression in Advanced Glaucoma	93.867	Regents of the University of California	1850 G XC937	-	54,155
				-	99,757
Total Research and Development Cluster				$ 368,310	$ 9,597,834

CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.

Schedule of Expenditures of Federal Awards, continued

Year Ended June 30, 2024

Federal Grantor and Program/Cluster Title	Assistance Listing Number	Pass-Through Grantor	Pass-Through Grantor Number	Passed Through to Subrecipients	Total Federal Expenditures
SNAP Cluster:					
U.S. Department of Agriculture					
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program:					
2022-2023 CalFresh Outreach	10.561	CSU Chico Research Foundation	A22-0055-S012	$ -	$ 33,055
2023-2024 CalFresh Outreach	10.561	CSU Chico Research Foundation	A22-0055-S012 Amend. 1	-	34,273
Food Pantry and Distribution Site	10.561	County of Los Angeles	PH-005264	-	43,665
Total SNAP Cluster				$ -	$ 110,993
TRIO Cluster:					
U.S. Department of Education					
TRIO Upward Bound:					
Upward Bound Regular - Los Angeles	84.047A			$ -	$ 367,880
Upward Bound Regular - Pasadena	84.047A			-	541,851
Upward Bound Math/Science - Los Angeles	84.047M			-	329,785
Upward Bound Math/Science - Pasadena	84.047M			-	353,804
Total TRIO Cluster				$ -	$ 1,593,320
Child Care and Development Fund Cluster:					
U.S. Department of Health and Human Services					
Child Care and Development Block Grant:					
2023-2024 General Child Care Program	93.575	California Department of Social Services	CCTR-3085	$ -	$ 37,334
Child Care Mandatory and Matching Funds of the Child Care and Development Fund:					
2023-2024 General Child Care Program	93.596	California Department of Social Services	CCTR-3085	-	68,172
Total Child Care and Development Fund Cluster				$ -	$ 105,506

CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.

Schedule of Expenditures of Federal Awards, continued

Year Ended June 30, 2024

Federal Grantor and Program/Cluster Title	Assistance Listing Number	Pass-Through Grantor	Pass-Through Grantor Number	Passed Through to Subrecipients	Total Federal Expenditures
Other Awards:					
U.S. Department of Agriculture					
Child and Adult Care Food Program:					
Child Adult Food Program 2022-2023	10.558	California Department of Education	04676-CACFP-19-NP-IC	$ -	$ 20,516
Child Adult Food Program 2023-2024	10.558	California Department of Education	04676-CACFP-19-NP-IC	-	42,380
				-	62,896
Research Joint Venture and Cost Reimbursable Agreements:					
Socio-Ecological Diversity	10.707			-	7,241
U.S. Department of Defense					
Mentor Protégé Program:					
Mentor Protégé Program - Fuse	12.UKNOWN	Raytheon Company	PO 4202614799	-	1,526
Mentor Protégé Program - eMagin	12.UKNOWN	Raytheon Company	PO 4202810151	-	71,632
Mentor Protégé Program - Oceanetics	12.UKNOWN	Raytheon Company	PO 4202614791	-	1,020
				-	74,178
U.S. Department of Justice					
Juvenile Justice and Delinquency Prevention:					
An Assessment of Dual System	16.540			23,066	80,375
Second Chance Act Prisoner Reentry Initiative:					
BJA FY23 Second Chance Act	16.812			72,987	91,623
Equity and Transformation	16.812			-	952
				72,987	92,575
Postconviction Testing of DNA Evidence:					
Postconviction DNA Testing	16.820			-	337,028
U.S. Department of the Treasury					
Volunteer Income Tax Assistance (VITA) Matching Grant Program:					
The CSUN VITA Program	21.009	The University Corporation, CSU Northridge	A16-0069-S006-A1	-	9,526

CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.

Schedule of Expenditures of Federal Awards, continued

Year Ended June 30, 2024

Federal Grantor and Program/Cluster Title	Assistance Listing Number	Pass-Through Grantor	Pass-Through Grantor Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of the Treasury, continued					
Coronavirus State and Local Fiscal Recovery Funds:					
Californians for All - Planning	21.027	California Volunteers	CCSFRF008	815,156	965,080
Californians for All - Phase 1	21.027	California Volunteers	CCSFRF008	462,719	567,619
Economic Mobility Initiative	21.027	County of Los Angeles	ARP-EMI-07	-	239,348
LA County Economic Opportunity	21.027	County of Los Angeles	ARP-EOG-02	-	96,712
				1,277,875	1,868,759
U.S. Department of Energy					
Battery Workforce Challenge:					
Cal State LA Battery Workforce	81.UNKNOWN			-	74,670
U.S. Department of Education					
National Resource Centers Program for Foreign Language and Area Studies or Foreign Language and International Studies Program and Foreign Language and Area Studies Fellowship Program:					
UCLA Latin American Institute	84.015	Regents of the University of California	1250 G LA011	-	15,183
Overseas Programs - Group Projects Abroad:					
African Knowledge Systems: Performing Arts in South Africa During Apartheid and Beyond	84.021			-	64,660
Minority Science and Engineering Improvement:					
VOICES in STEM	84.120	Pasadena Area Community College District (PCC)	B240292	-	10,503
Rehabilitation Services Demonstration and Training Programs:					
Braille Brain: A Braille Training Program for Pre/in-service Teachers	84.235E			-	88,300
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities:					
Project CREST	84.325D			10,180	160,992
Project LMAESTRO	84.325D			20,134	43,533
Program Improvement and Personnel Preparation (PIPP) of Experts Working with School-Aged Students who are Blind or Visually Impaired	84.325K			-	107,432
Project PEDS: Preparing Effective Dual Specialists to Serve Children with Visual Impairments	84.325K			-	43,348
Project PISCES: Partners in Improving Social Communication in Early Childhood Special Education	84.325K			-	70,480

CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.

Schedule of Expenditures of Federal Awards, continued

Year Ended June 30, 2024

Federal Grantor and Program/Cluster Title	Assistance Listing Number	Pass-Through Grantor	Pass-Through Grantor Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Education, continued					
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities, continued:					
Project BIENVENIDOS	84.325M			-	35,784
Project CIELO	84.325M			-	70,203
Project PEDOMS	84.325M			-	50,207
Project PEOMS	84.325R			-	163,388
				30,314	745,367
Gaining Early Awareness and Readiness for Undergraduate Programs:					
Gear Up 3 - LA Central	84.334	LA Unified School District	4400011242	-	52,241
Gear Up 4 - LA Southeast	84.334	LA Unified School District	4400011242	-	53,953
Gear Up 5	84.334	LA Unified School District	4400011242	-	25,671
LAUSD - Gear Up 4 - LA Southeast	84.334	LA Unified School District	4400007123	-	15,096
LAUSD - Gear Up 4 - LA Central	84.334	LA Unified School District	4400007141	-	19,924
LAUSD - Gear Up 5 @ Cal State LA	84.334	LA Unified School District	4400008270	-	7,237
				-	174,122
Teacher Quality Partnership Grants:					
LAUTR: The Community Collaborative	84.336			47,190	236,942
U.S. Department of Health and Human Services					
Substance Abuse and Mental Health Services Projects of Regional and National Significance:					
Center for Child Trauma	93.243	Northwestern University	60059566 CSULA	-	52,269
Advanced Nursing Education Workforce Grant Program:					
ANEW (Advanced Nursing Education Workforce)	93.247	AltaMed Health Services Corporation	T4932883	-	36,357
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response:					
CSU Public Health Policy Conference	93.354	California Department of Public Health	22-11121	-	106,252
Nurse Education, Practice Quality and Retention Grants:					
NEPQR RNPC Training Project	93.359	AltaMed Health Services Corporation	UK146119	-	105,849

CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.

Schedule of Expenditures of Federal Awards, continued

Year Ended June 30, 2024

Federal Grantor and Program/Cluster Title	Assistance Listing Number	Pass-Through Grantor	Pass-Through Grantor Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Health and Human Services, continued					
Foster Care Title IV-E:					
CalSWEC	93.658	Regents of the University of California	00011203 and Amend. 1	-	991,923
LA County DCFS + UCLA Training Staff	93.658	Regents of the University of California	1187 S ZA117 Amend. 1	-	9,750
LA County DCFS + UCLA Training Staff	93.658	Regents of the University of California	1187 S ZA117 Amend. 2	-	334,886
				-	1,336,559
U.S. Department of Health and Human Services					
AmeriCorps State and National:					
2022-2023 Jumpstart ELA	94.006	Jumpstart for Young Children, Inc.	3270230	-	14,887
2023-2024 Jumpstart	94.006	Jumpstart for Young Children, Inc.	3270240	-	58,842
CA for All College Fellowship	94.006	California Volunteers	CCSFRF008-A1	55,729	88,631
				55,729	162,360
Total Other Awards				$ 1,507,161	$ 5,741,971
Total Expenditures of Federal Awards				$ 1,875,471	$ 17,149,624

See independent auditor's report and notes to schedule of expenditures of federal awards.

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of Cal State L.A. University Auxiliary Services, Inc. under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of Cal State L.A. University Auxiliary Services, Inc., it is not intended to and does not present the statement of net position, changes in net position, or cash flows.

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, where certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 - Indirect Cost Rate

Cal State L.A. University Auxiliary Services, Inc. did not elect to use the 10% de minimis cost rate as covered in the Uniform Guidance 2 CFR section 200.414 Indirect Costs.

CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.

Schedule of Findings and Questioned Costs

Year Ended June 30, 2024

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Significant deficiency(ies) identified?	Yes
Material weakness(es) identified?	Yes
Noncompliance material to the financial statements noted?	No

Federal Awards

Internal control over major programs:	
Significant deficiency(ies) identified?	Yes
Material weakness(es) identified?	Yes
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance, 2.CFR.200.516(a)?	Yes

Identification of major programs:

Assistance Listing Number	Name of Federal Program or Cluster
16.820	Post Conviction DNA Testing
21.027	Coronavirus State and Local Fiscal Recovery Funds
84.047	TRIO Cluster – TRIO-Upward Bound

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as a low-risk auditee Under the Uniform Guidance, 2.CFR.200.520?	Yes

Section II - Financial Statement Findings

Material Weakness

2024-001 Financial Close and Reporting

Criteria: In accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and accrual accounting, goods and services must be recorded in the year they were received or performed. Revenues and expenses should match the timing of when they were recognized or incurred. Estimates for accruals and the allowance for doubtful accounts should accurately reflect the financial condition of the entity. OPEB reporting should take into account differences between the actuarial measurement date and fiscal year for accounting and reporting accuracy.

An effective financial close and reporting process should include reconciling accounts, reviewing transactions, posting adjusting entries, preparing financial statements, and analyzing performance.

Condition: Transactions for goods received and services performed in fiscal year 2023 were reported in fiscal year 2024. Transactions for goods received and services performed in fiscal year 2024 were not accrued at year-end. Revenues and receivables related to cost-reimbursement grant activity were matched with when this activity was reported. Benefit accrual accounts were not reconciled and the methodology for establishing the allowance for doubtful accounts was outdated and calculations were not updated. Deferred outflows for contributions to the OPEB plan made after the measurement date were not recorded appropriately.

Cause: Invoices for goods received and services performed in fiscal year 2023 were received by UAS after the end of the fiscal year and after the internal cutoff for year-end close. Other transactions without invoices, like payroll, were not captured in the year-end closing process. Grant activity was not monitored sufficiently to identify when accruals were necessary. Leadership transitions at year-end contributed to the oversight of closing procedures.

Effect: A significant amount of collective transactions related to cost-reimbursement grants were recorded in fiscal year 2024, instead of correctly in fiscal year 2023 causing an overstatement of expenses and liabilities and an overstatement of related revenues and receivables for the year ended June 30, 2024. Due to the nature of these transactions, this had no effect on UAS's ending net position at June 30, 2023 or 2024.

Federal grant transactions in the amount of $750,841 occurring in fiscal year 2024 were not reported until fiscal year 2025 causing an understatement of expenses and liabilities and an understatement of related revenues and receivables. As a result, the schedule of expenditures of Federal awards was also understated. Similarly, non-Federal grant and non-grant transactions occurring in fiscal year 2024 were not reported until fiscal year 2025, understating liabilities and expenses.

Benefit accruals were overstated by $900,553 and the allowance for doubtful accounts lacked support based on current conditions. Deferred outflows of $194,360 related to the OPEB plan were not recorded.

Context: Leadership transitions at UAS contributed to the thoroughness of year-end closing procedures. Reconciliations were not performed and accounts were not evaluated for continued reasonability. The allowance methodology was based on a study from 2010 and balance was not in accordance with stated methodology.

Repeat Finding: No.

Recommendation: At year-end, extend the closing date to allow more time for invoices to be received and necessary accruals to be made. In addition, review vendor activity, especially related to grants, at year-end to evaluate whether all invoices for services performed have been received and make necessary accruals and/or estimates for known services performed. Establish monthly and annual reconciliation procedures for all accounts, including those related to the OPEB plan, and perform a robust review of UAS's receivables to establish a relevant allowance methodology.

Views of Responsible Officials: Management agrees with the finding and a response is included in the corrective action plan.

Significant Deficiency

2024-002 Capitalization of Assets

Criteria: U.S. GAAP requires the capitalization of costs when a future benefit for expenditure exists. Per 2 CFR section 200.1, equipment is tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes, or $5,000. UAS's capitalization policy is defined as an asset with an original total cost of $5,000 or greater (total cost including all expenditures, reasonable and necessary, in acquiring or receiving the asset) with a useful life of more than one year. Additionally, any assets purchased for the use of University campus projects or grants and contracts are not considered UAS capital assets as they are transferred to the University.

Condition: Purchases meeting the requirements per UAS's capitalization policy were expensed.

Cause: Equipment and related expense accounts were not reviewed thoroughly for items meeting the capitalization policy.

Effect: Expenses were overstated and capital assets were understated by $259,147.

Context: Most activity was related to grant expenditures in which assets were transferred to the University. Leadership transitions at UAS contributed to the thoroughness of year-end closing procedures, including review of equipment expense accounts.

Repeat Finding: No.

Recommendation: Evaluate whether the policy to expense grant-related assets is achieving the Uniform Guidance objectives of asset tracking and ongoing management. If assets transferred to the University are still being utilized for grant purposes by UAS, ensure that sufficient monitoring procedures are in place to ensure compliance with Federal award terms and conditions. Review equipment expense accounts at year-end, or on a more frequent basis, for items meeting UAS's capitalization policy and record as appropriate.

Views of Responsible Officials: Management agrees with the finding and a response is included in the corrective action plan.

Section III - Federal Award Findings and Questioned Costs

Material Weakness

2024-003	Subrecipient Monitoring
Program:	21.027 Coronavirus State and Local Fiscal Recovery Funds
Criteria:	Per 2 CFR sections 200.332(d) through (f), a pass-through entity must monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, complies with the terms and conditions of the subaward, and achieves the performance goals. Per 2 CFR section 200.502(a), the determination of when a Federal award is expended must be based on when the activity related to the Federal award occurs which is generally expenditure/expense transactions associated with awards.
Condition:	Subrecipients were not monitored timely enough to perform the necessary evaluation on subrecipient activities or to report expenditures on the schedule of expenditures of federal awards in the appropriate fiscal year.
Cause:	UAS did not receive invoices for certain subrecipients until after year-end close and for amounts covering an entire fiscal year and no amounts were accrued.
Effect:	Activities of the subrecipient could not be reviewed timely to ensure authorized use or for allowability with grant terms and conditions. Subrecipient expenditures on the schedule of expenditures of federal awards were understated by $344,948.
Questioned Costs:	The conditions did not result in questioned costs greater than $25,000.
Context:	Although subrecipient invoices were submitted after year-end close, UAS grant personnel reviewed expenses submitted for allowability and did not identify any disallowed costs.
Repeat Finding:	No.
Recommendation:	Establish a timeline for subrecipients to provide required reports to UAS in order to receive information during the fiscal year for monitoring during the post-award process. Review grant and subrecipient activity at year-end to evaluate whether all activity has been submitted and recorded.
Views of Responsible Officials:	Management agrees with the finding and a response is included in the corrective action plan.

Significant Deficiencies

2024-004	Payroll Allocation
Programs:	16.820 Post Conviction DNA Testing 21.027 Coronavirus State and Local Fiscal Recovery Funds 84.047 TRIO Cluster – TRIO-Upward Bound
Criteria:	Per 2 CFR section 200.405, a cost is allocable to a particular Federal award if the goods or services involved are chargeable or assignable to that Federal award in accordance with relative benefits received, which can be met if the cost is incurred specifically for the Federal award.
Condition:	A payroll allocation change for an employee working on multiple grants was submitted in April 2024, but allocation was not updated in the payroll system timely.
Cause:	Human error and oversight resulted in delays in updating the change in allocation between grants.
Effect:	The 21.027 Coronavirus State and Local Fiscal Recovery Funds grant was overcharged by $4,673 for related payroll costs.
Questioned Costs:	The conditions did not result in questioned costs greater than $25,000.
Context:	While payroll allocation changes were properly approved in April 2024 and total pay to the employee was correct, human error resulted in delays in updating the change in allocation between grants. When the error was identified, updates were made to the allocation in September 2024.
Repeat Finding:	No.
Recommendation:	Grant management personnel should enhance review procedures for payroll-related expenditures after grant allocation changes are made to ensure that changes submitted are properly reflected in the accounting records in the appropriate period.
Views of Responsible Officials:	Management agrees with the finding and a response is included in the corrective action plan.
2024-005	Suspension and Debarment
Programs:	16.820 Post Conviction DNA Testing 21.027 Coronavirus State and Local Fiscal Recovery Funds
Criteria:	The Uniform Guidance and 2 CFR section 180.300 require that, for covered transactions, the non-Federal entity verify that entities are not suspended, debarred, or otherwise excluded.
Condition:	UAS's suspension and debarment procedures only apply to subrecipient contracts and goods and services obtained via purchase order which allows for covered transactions to occur without sufficient review of entity status if not transacted in one of these two ways.
Cause:	UAS's policy does not define when suspension and debarment procedures should be performed.

Significant Deficiencies, continued

Effect:	UAS engaged in covered transactions without reviewing the entity's suspended or debarred status.
Questioned Costs:	The conditions did not result in questioned costs greater than $25,000.
Context:	While UAS's Subrecipient Commitment form and CSU General Provisions for Service Acquisitions referred to in the standard Purchase Order form contain either a self-declaration or suspension and debarment clause, the Contractor Service Agreement does not include this language. Two covered transactions tested with a Contractor Service Agreement did not appear to be reviewed for suspension and debarment prior to entering the transaction, although did appear to adhere to other applicable procurement policies. Auditors tested a selection of expenditures to determine if any of the selected vendors were suspended or debarred. None were identified as suspended or debarred in this testing.
Repeat Finding:	No.
Recommendation:	Enhance the current policy to include checking suspension and debarment status for vendors without a purchase order meeting the covered transaction definition, either through checking SAM Exclusions, obtaining a self-declaration/certification, or by adding a clause or condition to the transaction. Expand the policy to include ongoing monitoring of active vendors by checking for suspension and debarment status on a regular basis, but at least annually.
Views of Responsible Officials:	Management agrees with the finding and a response is included in the corrective action plan.

2024-006 Report Submission Delay

Program:	21.027 Coronavirus State and Local Fiscal Recovery Funds
Criteria:	In accordance with 2 CFR 200.328, non-Federal entities must submit financial reports at the interval required by the Federal awarding agency or pass-through entity no later than the specified due date. If a justified request is submitted by a non-Federal entity, the Federal entity may extend the due date for any financial report.
Condition:	Two monthly financial reports were submitted after the stated due date.
Cause:	Monthly reports were generated prior to the due date, but were not reviewed and approved by the deadline for submission.
Effect:	Reports were not submitted to the grantor in a timely manner and requests for extension of the due date were not made.
Questioned Costs:	The conditions did not result in questioned costs greater than $25,000.
Context:	In both instances, the reports were submitted within 5 days of the stated due date.
Repeat Finding:	No.

Significant Deficiencies, continued

Recommendation:	Reports should be generated sooner to allow time for sufficient review and approval before the due date. When timely submission may not be possible, UAS should request an extension from the grantor by providing a notice of the delay and rationale for the late report, and, if approved, submit the report by the extended deadline. When extensions are not granted, UAS should submit reports by the initial stated due date.
Views of Responsible Officials:	Management agrees with the finding and a response is included in the corrective action plan.

Section IV - Schedule of Prior Year Findings

None reported.

October 11, 2024

Aldrich CPAs + Advisors LLP
135 S. State College Boulevard #370
Brea, CA 92821

RE: Corrective Action Plan

Dear Aldrich,

The following are responses to the findings identified in Cal State L.A. University Auxiliary Services, Inc.'s audit for the year ended June 30, 2024:

1) Finding 2024-001 - Financial Close and Reporting
    a. Criteria: In accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and accrual accounting, goods and services must be recorded in the year they were received or performed. Revenues and expenses should match the timing of when they were recognized or incurred. Estimates for accruals and the allowance for doubtful accounts should accurately reflect the financial condition of the entity. OPEB reporting should take into account differences between the actuarial measurement date and fiscal year for accounting and reporting accuracy. An effective financial close and reporting process should include reconciling accounts, reviewing transactions, posting adjusting entries, preparing financial statements, and analyzing performance.
    b. Condition: Transactions for goods received and services performed in fiscal year 2023 were reported in fiscal year 2024. Transactions for goods received and services performed in fiscal year 2024 were not accrued at year-end. Revenues and receivables related to cost-reimbursement grant activity were matched with when this activity was reported. Benefit accrual accounts were not reconciled and the methodology for establishing the allowance for doubtful accounts was outdated and calculations were not updated. Deferred outflows for contributions to the OPEB plan made after the measurement date were not recorded appropriately.

Response:

a. Management acknowledges the auditor's identification of a material weakness in the financial close and reporting processes. We recognize the urgency in addressing the issues related to the year-end cutoff for transactions, benefit accrual accounts reconciliation, and the methodology for establishing the allowance for doubtful accounts. To address these concerns, we will enhance our year-end close procedures to ensure all liabilities and expenses are captured accurately and timely.

    We will enhance our year-end close procedures to ensure all liabilities and expenses, particularly those related to accounts payable (AP), state unemployment insurance (SUI), and workers' compensation (WC), are captured accurately and timely. We will enhance our AP processes by conducting multiple rounds of search for unrecorded liabilities (SUL) before year-end closing to ensure all outstanding obligations are identified and recorded promptly. Additionally, we will implement more rigorous reconciliation and analytical procedures for SUI and WC liabilities, including regular reviews to ensure these accounts are properly adjusted. This will involve reconciling accumulated balances to correct any discrepancies, while also improving communication between Human Resources and Accounting departments to facilitate timely data sharing.

    For the allowance for doubtful accounts, we will implement a data-driven approach. This includes conducting a thorough analysis of historical collection rates, aging of receivables, and current economic conditions to support our estimates. We will review and update this analysis annually, ensuring our allowance always reflects current conditions. A formal documentation process will be established to support the rationale behind our allowance calculations, which will be reviewed by senior management before finalizing financial statements.

Specialized training will be provided to our accounting staff on accrual accounting techniques, particularly for period-end reviews and proper reconciliation of accounts. These corrective actions will be closely monitored, with regular updates provided to senior management to ensure that the financial reporting process is strengthener, and all transactions and accruals are accurately captured in the correct fiscal year.

Contact person responsible for corrective action:

a. Judith Benjamin, University Controller

Anticipated completion date:

a. March 31, 2025

2) Finding 2024-002 - Capitalization of Assets
   a. Criteria: U.S. GAAP requires the capitalization of costs when a future benefit for expenditure exists. Per 2 CFR section 200.1, equipment is tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes, or $5,000. UAS's capitalization policy is defined as an asset with an original total cost of $5,000 or greater (total cost including all expenditures, reasonable and necessary, in acquiring or receiving the asset) with a useful life of more than one year. Additionally, any assets purchased for the use of University campus projects or grants and contracts are not considered UAS capital assets as they are transferred to the University.
   b. Condition: Purchases meeting the requirements per UAS's capitalization policy were expensed.

Response:

a. Management agrees with the finding and acknowledges that certain expenses were overstated, and capital assets were understated due to an insufficient review of expense accounts for items that met the capitalization policy. The root cause of this issue was an inadequate review of expense accounts for capitalizable items at year-end and throughout the fiscal year in certain categories of purchases.

   To prevent recurrence, we are implementing a comprehensive year-end review of equipment expense accounts to identify items that should be capitalized and introducing a quarterly review process for timely identification of capitalizable assets. Additionally, we will provide enhanced training to our accounting staff on the capitalization policy.

Contact person responsible for corrective action:

a. Judith Benjamin, University Controller

Anticipated completion date:

a. March 31, 2025

3) Finding 2024-003 - Subrecipient Monitoring
   a. Program: 21.027 Coronavirus State and Local Fiscal Recovery Funds
   b. Criteria: Per 2 CFR sections 200.332(d) through (f), a pass-through entity must monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, complies with the terms and conditions of the subaward, and achieves the performance goals. Per 2 CFR section 200.502(a), the determination of when a Federal award is expended must be based on when the activity related to the Federal award occurs which is generally expenditure/expense transactions associated with awards.
   c. Condition: Subrecipients were not monitored timely enough to perform the necessary evaluation on subrecipient activities or to report expenditures on the schedule of expenditures of federal awards in the appropriate fiscal year.

Response:

a. Management agrees with the finding and will reevaluate internal processes and procedures. This error highlights the need for better oversight and timely communication between our organization and its subrecipients to ensure accurate reporting.

   The root cause of this issue was insufficient monitoring and communication between the subrecipient and our grants management team. To address this, we are implementing several corrective actions. These include establishing a stricter communication schedule with subrecipients to ensure timely submission of invoices and expense reports and strengthening our internal monitoring procedures by tracking submission deadlines more closely. Additionally, we will improve guidance and capacity-building efforts for subrecipients to ensure they understand reporting requirements, and we will conduct quarterly reviews of subrecipient expenses to proactively identify and mitigate reporting delays.

Contact person responsible for corrective action:
a. Lynne Duong, Post Award & Compliance Manager

Anticipated completion date:
a. December 31, 2024

4) Finding 2024-004 - Payroll Allocation
   a. Programs: 16.820 Post Conviction DNA Testing, 21.027 Coronavirus State and Local Fiscal Recovery Funds, 84.047 TRIO Cluster – TRIO-Upward Bound
   b. Criteria: Per 2 CFR 200.405, a cost is allocable to a particular Federal award if the goods or services involved are chargeable or assignable to that Federal award in accordance with relative benefits received, which can be met if the cost is incurred specifically for the Federal award.
   c. Condition: A payroll allocation change for an employee working on multiple grants was submitted in April 2024, but allocation was not updated in the payroll system timely.

Response:
a. Management agrees with the finding and acknowledges that a significant deficiency was identified related to unallowable payroll costs. This issue occurred due to a timing delay in processing an Employment Transaction Report (ETR). The payroll transfer, originally intended to be effective in April 2024, was not processed until September 2024 of the following fiscal year. As a result, one grant was overcharged, while another grant was undercharged, leading to a misallocation of funds.

   To prevent similar issues, we will conduct monthly payroll reviews to ensure correct allocation of expenses and provide comprehensive staff training to reinforce the importance of timely and accurate payroll processing. Regular internal reviews and follow-ups will be conducted to monitor the effectiveness of these corrective actions, ensuring any further training or system improvements are implemented as needed.

Contact person responsible for corrective action:
a. Lynne Duong, Post Award & Compliance Manager

Anticipated completion date:
a. December 31, 2024

5) Finding 2024-005 - Suspension and Debarment
   a. Programs: 16.820 Post Conviction DNA Testing, 21.027 Coronavirus State and Local Fiscal Recovery Funds
   b. Criteria: The Uniform Guidance and 2 CFR section 180.300 require that, for covered transactions, the non-Federal entity verify that entities are not suspended, debarred, or otherwise excluded.

c. Condition: UAS's suspension and debarment procedures only apply to subrecipient contracts and goods and services obtained via purchase order which allows for covered transactions to occur without sufficient review of entity status if not transacted in one of these two ways.

Response:

a. Management agrees with the finding and acknowledges UAS contract service agreements used when working with certain vendors did not contain the terms and conditions in regard to suspension and debarment. The contract service agreement will be enhanced to include the language similar to UAS subrecipient contracts and purchase orders to meet compliance.

Contact person responsible for corrective action:

a. Lynne Duong, Post Award & Compliance Manager

Anticipated completion date:

a. December 31, 2024

6) Finding 2024-006 - Report Submission Delay
   a. Program: 21.027 Coronavirus State and Local Fiscal Recovery Funds
   b. Criteria: In accordance with 2 CFR 200.328, non-Federal entities must submit financial reports at the interval required by the Federal awarding agency or pass-through entity no later than the specified due date. If a justified request is submitted by a non-Federal entity, the Federal entity may extend the due date for any financial report.
   c. Condition: Two monthly financial reports were submitted after the stated due date.

Response:

a. Management agrees with the finding and acknowledges that a significant deficiency was identified related to report submission delay. To prevent this issue from recurring, we are implementing several corrective actions. These include establishing a stricter communication schedule with Post Award Administrators to ensure timely submission of reports and strengthening of our internal monitoring procedures by tracking submission deadlines more closely.

Contact person responsible for corrective action:

a. Lynne Duong, Post Award & Compliance Manager

Anticipated completion date:

a. December 31, 2024

Sincerely,

Claudio Lindow
Interim Vice President of Administration and Finance
& Chief Financial Officer
California State University, Los Angeles

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