



## STATEMENT FROM AUDIT COMMITTEE ON RISK RELATED TO PHILANTHROPIC FOUNDATION

**Audit Committee Members:** Sean Yu (Chair), Walt Allen, Pat Patel

**Staff Liaison:** Natalie Graff

**Committee Responsibilities:** The Audit Committee shall review and recommend to the Board the engagement or discharge of the Corporation's independent auditor, and review with the independent auditor the plan, scope, and results of the audit engagement, as prescribed by law, and report thereon to the Board.

### BACKGROUND

*The embezzlement case from 2020 that affected the campus auxiliary formerly known as Cal Poly Pomona Foundation Inc. and will now be known and referred to as the Enterprise auxiliary, was a topic of discussion for the Executive Committee of the Board at their meeting on January 19, 2023. The Chair and members of the Audit Committee, along with the CEO and COO have reviewed and approved this statement which was presented the Audit Committee's meeting on January 31, 2023. This statement is being presented to the members of the board of directors for their meeting on February 9, 2023.*

Considering the recent news of an embezzlement case from 2020 that affected the Enterprise auxiliary, a separate nonprofit organization that supports Cal Poly Pomona, the Audit Committee has reviewed the financial and operational risk of using the Enterprise auxiliary as our bookkeeping and accounting services provider.

After conversations with the leadership of the Enterprise auxiliary and university leadership, including the Chief Financial Officer for the university, and a presentation from the auxiliary's Executive Director at the Executive Committee meeting, the Audit Committee affirms there is no risk to the Philanthropic Foundation related to the embezzlement or from the minor audit findings previously identified by Aldrich Advisors.

The Audit Committee and the Chief Operating Officer for the Cal Poly Pomona Philanthropic Foundation further affirm our confidence in our current audit firm, Aldrich Advisors.

Finally, as a best practice, our organization will review and open a Request for Proposal (RFP) from the CSU List of Approved Auditors every four to five years. Fiscal Year 2023-2024 represents the fourth year of operation with our current auditors. As such, we plan to open an RFP in the fall of 2023 to assess auditors and select our audit firm for fiscal year 2024-2025 through 2027-2028 (barring any unforeseen issues). Our current audit firm is welcome to apply.