

**CALIFORNIA STATE UNIVERSITY, BAKERSFIELD,
AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION**

**FINANCIAL REPORT
(Audited)**

JUNE 30, 2011

**FINANCIAL REPORT
(Audited)**

JUNE 30, 2011

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NANCY C. BELTON

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
California State University, Bakersfield,
Auxiliary for Sponsored Programs Administration
Bakersfield, California

We have audited the accompanying statements of net assets of the **California State University, Bakersfield, Auxiliary for Sponsored Programs Administration** as of June 30, 2011 and 2010, and the related statements of revenues, expenses and changes in net assets and cash flows for the year ended June 30, 2011 and the period August 28, 2009 (inception) through June 30, 2010. These financial statements are the responsibility of the **California State University, Bakersfield, Auxiliary for Sponsored Programs Administration's** management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the **California State University, Bakersfield, Auxiliary for Sponsored Programs Administration's** internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the **California State University, Bakersfield, Auxiliary for Sponsored Programs Administration**, as of June 30, 2011 and 2010, and the respective changes in financial position and cash flows, for the year ended June 30, 2011 and the period August 28, 2009 (inception) through June 30, 2010 in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2011 on our consideration of the **California State University, Bakersfield, Auxiliary for Sponsored Programs Administration**'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 5 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information on pages 12 through 22 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of **California State University, Bakersfield, Auxiliary for Sponsored Programs Administration**. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Daniella, Phillips, Vaughan & Beck

Bakersfield, California
September 29, 2011

**CALIFORNIA STATE UNIVERSITY, BAKERSFIELD,
AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION**

Management's Discussion and Analysis

This section of the California State University, Bakersfield, Auxiliary for Sponsored Programs Administration ("the Auxiliary") annual financial report includes management's discussion and analysis of the financial performance of the Auxiliary for the period July 1, 2010 through June 30, 2011. This discussion should be read in conjunction with the financial statements and notes.

Introduction to the Financial Statements

The Auxiliary financial statements include the statement of net assets, the statement of revenues, expenses and changes in net assets, and the statement of cash flows. These statements are supported by notes to the financial statements and Management's Discussion and Analysis. All sections must be considered together to obtain a complete understanding of the financial picture of the Auxiliary.

Statements of Net Assets: The statement of net assets includes all assets and liabilities. Assets and liabilities are reported on an accrual basis as of the statement date. It also identifies major categories of restrictions of net assets of the Auxiliary.

Statement of Revenues, Expenses and Changes in Net Assets: The statement of revenues, expenses and changes in net assets present the revenues earned and expenses incurred during the year on an accrual basis.

Statement of Cash Flows: The statement of cash flows present the inflows and outflows of cash for the year and are summarized by operating, noncapital financing, capital and related financial and investing activities. These statements are prepared using the direct method of cash flows and therefore present gross rather than net amounts for the year's activities.

Financial Overview

The following discussion highlights management's understanding of the key financial aspects of the Auxiliary's financial activities as of the period July 1, 2010 through June 30, 2011. Included is an analysis of the current year activities and balances.

During the year, the Auxiliary was awarded several grant program contracts in addition to the three it was awarded during the last fiscal year. These grants are called CAMP - College Assistance Migrant Program, HEP - High School Equivalency Program and Small Business Development Center. Additionally, during the year, the Auxiliary assumed operation of the National Children's Study. The Auxiliary continued the management and operation of two Title V grant programs as well as the Teacher Quality Partnerships grant that were awarded last year. The total estimated annual revenue for these three grants in future years along with the new grants awarded during this year is approximately \$5 million.

In its first full year of operation, the Auxiliary generated approximately \$4.3 million in revenue which included approximately \$174,000 in F&A cost recovery. The major source of unrestricted revenue is F&A cost recovery from grants and contracts activity. Projected F&A cost recovery represents 100% of total unrestricted net assets. Although the federal negotiated F&A rate is 45 percent of modified total direct costs, many awards receive a lower rate and certain categories of expense may not be used when calculating the actual cost recovery. The actual cost recovery rate for the year is 4.2 percent versus a planned rate of 4.6 percent. Projected F&A for fiscal year 2011-12 is 5.9 percent. This increase is anticipated as a result of new awards with a higher F&A recovery rate.

The CAMP grant provides outreach and retention services to eighty first time freshmen students annually with migrant and seasonal farmworker backgrounds. The HEP grant assists approximately eighty migrant and seasonal farmworkers and their dependents annually in developing their knowledge and skills so as to earn a GED and pursue other academic and professional goals.

The CSU Bakersfield Small Business Development Center grant provides a full range of business development and technical assistance services to small businesses located in the Bakersfield metropolitan and surrounding Kern county area.

The National Children's Study is the largest nation-wide study to be conducted on the effects of environmental and genetic factors on child and human health in the United States. The study will follow a representative sample of 100,000 children from before birth to age 21, seeking information to prevent and treat some of the nation's most pressing health problems, including autism, birth defects, diabetes, heart disease and obesity. Kern County is one of 105 counties nation-wide to be included in the study.

Net Assets

	June 30,	
	2011	2010
Accounts receivable	\$ 968,828	\$ 392,680
Other current assets	142,445	72,469
Total assets	<u>1,111,273</u>	<u>465,149</u>
Current liabilities	<u>1,093,633</u>	<u>380,109</u>
Total net assets	<u>\$ 17,640</u>	<u>\$ 85,040</u>

Assets

Assets increased by \$600 thousand to \$1.1 million, due largely to this fiscal year being a full year compared to last year being a partial year. Assets in both years consisted primarily of accounts receivables due from federal agencies.

Liabilities

Total liabilities increased by \$700 thousand to \$1.1 million, due largely to this fiscal year being a full year whereas last year was a partial year. Liabilities in both years consisted primarily of current accrued expenses related to subcontractors working on the Teacher Quality Partnership grant.

Net Assets

Total net assets decreased from \$80,045 to \$17,640 as most of the cost recovery generated in fiscal year 2011 was used to reimburse costs the University incurred in post-award and fiscal administration services provided to the Auxiliary during the year.

Change in Net Assets

Operating revenues	\$ 4,295,159	\$ 926,668
Operating expenses	<u>4,362,559</u>	<u>841,628</u>
Change in net assets	<u>\$ (67,400)</u>	<u>\$ 85,040</u>

Operating Revenues

Operating revenues increased by \$3.4 million, primarily due to this fiscal year represents a full year whereas last year was a partial year. Additionally, during the year the Auxiliary was awarded several grant program contracts; two from the Department of Education CAMP and HEP and another to establish a Small Business Development Center at the University.

Operating Expenses

Operating expenses increased by \$3.6 million, primarily due to fiscal year 2011 being a full year whereas last year was a partial year. Operating expenses represent costs related to administering the grants awarded. These expenses can be classified into payroll and non-payroll related expenses. This year, payroll related expenses total \$1.1 million whereas \$3.2 million relates to non-payroll grant expenses, of which \$2.4 million are subcontractor expenses.

Factors Bearing on the Auxiliary's Future

The three grants referred to in the "Financial Overview" section on pages 3 and 4 along with the three grants awarded previously are in place for each of the next three years. Additional grants have been awarded to the University during the past fiscal year and subsequent to year end. Management intends to begin managing these grants through the Auxiliary within the next fiscal year.

Contacting the Auxiliary's Financial Management

The Auxiliary's financial report is designed to provide the Auxiliary's Board of Directors, management, legislative and oversight agencies, citizens and customers with an overview of the California State University, Bakersfield, Auxiliary for Sponsored Programs Administration's finances and to demonstrate its accountability for funds received. For additional information about this report, please contact Doug Wade, Vice President of Fiscal Services, at 9001 Stockdale Highway, Bakersfield, California 93311.

**CALIFORNIA STATE UNIVERSITY, BAKERSFIELD,
AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION**

**STATEMENTS OF NET ASSETS
June 30, 2011 and 2010**

	2011	2010
ASSETS		
Current Assets		
Cash	\$ 139,925	\$ 22,469
Accounts receivable	968,828	392,680
Due from related parties (Note 2)	1,970	50,000
Prepaid expenses	550	-
Total current assets	1,111,273	465,149
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	569,828	266,363
Due to related parties (Note 2)	451,421	106,717
Accrued expenses	60,461	7,029
Deferred revenue	11,923	-
Total current liabilities	1,093,633	380,109
Net Assets		
Restricted (Note 3)	-	50,000
Unrestricted	17,640	35,040
Total net assets	\$ 17,640	\$ 85,040

See Notes to Financial Statements.

**CALIFORNIA STATE UNIVERSITY, BAKERSFIELD,
AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION**

**STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS**

**Year Ended June 30, 2011 and For the Period August 28, 2009
(Inception) through June 30, 2010**

	2011	2010
Operating revenues:		
Federal grants	\$ 4,012,884	\$ 876,668
Local grants	275,811	-
Other	6,464	-
Contributions	-	50,000
Total operating revenue	<u>4,295,159</u>	<u>926,668</u>
Operating expenses:		
Program services	4,171,067	841,568
General and administrative	191,492	60
Total operating expense	<u>4,362,559</u>	<u>841,628</u>
Change in net assets	(67,400)	85,040
Net assets, beginning of year	85,040	-
Net assets, end of year	<u>\$ 17,640</u>	<u>\$ 85,040</u>

See Notes to Financial Statements.

**CALIFORNIA STATE UNIVERSITY, BAKERSFIELD,
AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION**

STATEMENTS OF CASH FLOWS

**Year Ended June 30, 2011 and For the Period August 28, 2009
(Inception) through June 30, 2010**

	2011	2010
Cash Flows From Operating Activities		
Grant revenue receipts	\$ 3,317,897	\$ 477,603
Payments to suppliers	(2,344,748)	(390,973)
Payments to employees	(855,693)	(64,161)
Net cash provided by operating activities	117,456	22,469
Net increase in cash	117,456	22,469
Cash:		
Beginning	22,469	-
Ending	<u>\$ 139,925</u>	<u>\$ 22,469</u>
Reconciliation of change in net assets to net cash provided by operating activities		
Change in net assets	\$ (67,400)	\$ 85,040
Adjustments to reconcile change in net assets to net cash provided by operating activities		
(Increase) decrease in:		
Accounts receivable	(576,148)	(392,680)
Due from related party	48,030	(50,000)
Prepaid expenses	(550)	-
Increase in:		
Accounts payable	303,465	266,363
Due to related parties	344,704	106,717
Accrued expenses	53,432	7,029
Deferred revenue	11,923	-
Net cash provided by operating activities	\$ 117,456	\$ 22,469

See Notes to Financial Statements.

**CALIFORNIA STATE UNIVERSITY, BAKERSFIELD,
AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION**

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activities and Significant Accounting Policies

Organization and nature of activities: The California State University, Bakersfield, Auxiliary for Sponsored Programs Administration (“the Auxiliary”), was formed August 28, 2009 and is organized and operated solely for the benefit of California State University, Bakersfield (“the University”). The Auxiliary is responsible for the accomplishment of certain University objectives that require financial support not provided by the State. These activities occur in all aspects of University life, including the development and administration of sponsored grants and contracts for faculty and staff research and educational projects. The Auxiliary reports as a special-purpose entity.

A summary of the Auxiliary’s significant accounting policies follows:

Basis of accounting: The Auxiliary accounts for its financial transactions in accordance with the policies and procedures of the California State University Auxiliary Organization’s Accounting and Reporting System. The accounting policies of the Auxiliary conform to accounting policies generally accepted in the United States of America.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue recognition: Revenue from grants is recognized when earned. Grant revenue is on a reimbursement basis; therefore as expenditures occur the corresponding revenue is recorded.

Accounts receivable: Accounts receivable represent amounts due from the granting agencies for grant expenditures incurred prior to that date.

Deferred revenue: Deferred revenue represents amounts received from granting agencies prior to incurring costs related to the grants.

Net assets: The financial statements utilize a net assets presentation. Net assets are categorized as restricted and unrestricted.

- *Restricted Net Assets* – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted Net Assets* – This category represents net assets of the Auxiliary, not restricted for any project or other purpose.

Income taxes: The Auxiliary is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and related state code sections, except for taxes on unrelated business income. There have been no taxes on unrelated business income to date.

**CALIFORNIA STATE UNIVERSITY, BAKERSFIELD,
AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION**

NOTES TO FINANCIAL STATEMENTS

The Auxiliary has adopted the accounting standard on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Auxiliary may recognize the tax benefit from an uncertain tax position only if it is more-likely-than-not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods.

Management evaluated the Auxiliary's tax positions and concluded that they had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. With few exceptions, the Auxiliary is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before 2009.

Compensated absences: Employees of the Auxiliary are entitled to paid vacation, paid sick days, and personal days off, depending on job classification, length of service, and other factors. Accrued vacation of \$20,426 and \$1,469 as of June 30, 2011 and 2010, respectively, has been recorded in accrued expenses. Paid sick days and personal days off have not been accrued, as employees are not entitled to sick days or personal days off pay upon termination of employment.

Advertising: The Auxiliary expenses advertising costs as they are incurred. Advertising expenses totaled \$19,149 and \$635 for the year ended June 30, 2011 and the period August 28, 2009 (inception) through June 30, 2010, respectively.

Functional allocation of expenses: The costs of providing the various programs and other activities have been summarized on a functional basis. Management allocates cost between programs benefited. This allocation is based upon management's estimate of hours spent on the programs and activities.

Subsequent events: The Auxiliary has evaluated subsequent events through September 29, 2011, the date on which the financial statements were available to be issued. There are no subsequent events considered material by management that would require disclosure in the financial statements.

Reclassifications: Certain items in the 2010 financial statements have been reclassified to conform to the 2011 presentation, with no effect on change in net assets.

Note 2. Transactions with Related Parties

California State University, Bakersfield ("the University") provides accounting and payroll services to the Auxiliary. Additionally, the University collects funds on behalf of the Auxiliary related to draw downs on their various grants.

California State University, Bakersfield, Foundation ("the Foundation") collected funds on behalf of the Auxiliary for a matching contribution related to a grant awarded to the Auxiliary. Additionally, the Foundation provides various immaterial services to the Auxiliary.

**CALIFORNIA STATE UNIVERSITY, BAKERSFIELD,
AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION**

NOTES TO FINANCIAL STATEMENTS

California State University, Bakersfield, Student Union, Inc. ("the Student Union") provides various immaterial services to the Auxiliary.

Transactions as of June 30, 2011 and for the year ended June 30, 2011 and the period August 28, 2009 (inception) through June 30, 2010 are as follows:

	2011	2010
Due from University	\$ 1,970	\$ -
Due from Foundation	-	50,000
Due to University	450,988	106,717
Due to Student Union	305	-
Due to Foundation	128	-
Expenses:		
Program services:		
Services from other agencies	1,276,006	136,357

Note 3. Restricted Net Assets

Restricted net assets at June 30, 2010 consist of a \$50,000 donor contribution which is available for the Small Business Development Center. There were no restricted net assets at June 30, 2011.

Note 4. Concentration of Revenue

For the year ended June 30, 2011 approximately 67% of the Auxiliary's revenue was received from three grant sources. For the period August 28, 2009 (inception) through June 30, 2010, approximately 84% of the Auxiliary's revenue was received from two grant sources. Management believes the grants will be renewed on an ongoing basis.

SUPPLEMENTARY INFORMATION

**CALIFORNIA STATE UNIVERSITY, BAKERSFIELD,
AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION**

Schedule of Net Assets

June 30, 2011

(for inclusion in the California State University)

Assets:

Current assets:

Cash and cash equivalents	\$	139,925
Short-term investments		-
Accounts receivable, net		970,798
Leases receivable, current portion		-
Notes receivable, current portion		-
Pledges receivable, net		-
Prepaid expenses and other assets		550
Total current assets		<u>1,111,273</u>

Noncurrent assets:

Restricted cash and cash equivalents		-
Accounts receivable, net		-
Leases receivable, net of current portion		-
Notes receivable, net of current portion		-
Student loans receivable, net		-
Pledges receivable, net		-
Endowment investments		-
Other long-term investments		-
Capital assets, net		-
Other assets		-
Total noncurrent assets		<u>-</u>
Total assets		<u>1,111,273</u>

Liabilities:

Current liabilities:

Accounts payable		1,021,249
Accrued salaries and benefits payable		2,777
Accrued compensated absences - current portion		20,426
Deferred revenue		11,923
Capitalized lease obligations – current portion		-
Long-term debt obligations – current portion		-
Self-insurance claims liability – current portion		-
Depository accounts		-
Other liabilities		37,258
Total current liabilities		<u>1,093,633</u>

Noncurrent liabilities:

Accrued compensated absences, net of current portion		-
Deferred revenue		-
Grants refundable		-
Capitalized lease obligations, net of current portion		-
Long-term debt obligations, net of current portion		-
Self-insurance claims liability, net of current portion		-
Depository accounts		-
Other postemployment benefits obligation		-
Other liabilities		-
Total noncurrent liabilities		<u>-</u>
Total liabilities		<u>1,093,633</u>

Net assets:

Invested in capital assets, net of related debt		-
Restricted for:		
Nonexpendable - endowments		-
Expendable:		
Scholarships and fellowships		-
Research		-
Loans		-
Capital projects		-
Debt service		-
Other		-
Unrestricted		17,640
Total net assets	\$	<u>17,640</u>

**CALIFORNIA STATE UNIVERSITY, BAKERSFIELD,
AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION**
Schedule of Revenues, Expenses and Changes in Net Assets
Year Ended June 30, 2011
(for inclusion in the California State University)

Revenues:	
Operating revenues:	
Student tuition and fees	\$ -
Grants and contracts, noncapital:	
Federal	4,012,884
State	-
Local	275,811
Nongovernmental	6,464
Sales and services of educational activities	-
Sales and services of auxiliary enterprises	-
Other operating revenues	-
Total operating revenues	<u>4,295,159</u>
Expenses:	
Operating expenses:	
Instruction	-
Research	174,963
Public service	222,175
Academic support	1,995,353
Student services	1,778,576
Institutional support	191,492
Operation and maintenance of plant	-
Student grants and scholarships	-
Auxiliary enterprise expenses	-
Depreciation and amortization	-
Total operating expenses	<u>4,362,559</u>
Operating income (loss)	<u>(67,400)</u>
Nonoperating revenues (expenses):	
State appropriations, noncapital	-
Federal financial aid grants, noncapital	-
State financial aid grants, noncapital	-
Local financial aid grants, noncapital	-
Nongovernmental and other financial aid grants, noncapital	-
Other federal nonoperating grants, noncapital	-
Gifts, noncapital	-
Investment income (loss), net	-
Endowment income (loss), net	-
Interest expenses	-
Other nonoperating revenues (expenses)	-
Net nonoperating revenues (expenses)	<u>-</u>
Income (loss) before other additions	<u>(67,400)</u>
State appropriations, capital	-
Grant and gifts, capital	-
Additions (reductions) to permanent endowments	-
Increase (decrease) in net assets	<u>(67,400)</u>
Net assets:	
Net assets at beginning of year, as previously reported	85,040
Restatement	-
Net assets at beginning of year, as restated	85,040
Net assets at end of year	<u>\$ 17,640</u>

**CALIFORNIA STATE UNIVERSITY, BAKERSFIELD,
AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION
OTHER INFORMATION
JUNE 30, 2011
(for inclusion in the California State University)**

1 Restricted cash and cash equivalents at June 30, 2011

Portion of restricted cash and cash equivalents related to endowments	\$ -
All other restricted cash and cash equivalents	-
Total restricted cash and cash equivalents	\$ -

2.1 Composition of investments at June 30, 2011:

	Current Unrestricted	Current Restricted	Total Current	Noncurrent Unrestricted	Noncurrent Restricted	Total Noncurrent	Total
State of California Surplus Money Investment Fund (SMIF)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State of California Local Agency Investment Fund (LAIF)	-	-	-	-	-	-	-
Wachovia Short Term Fund	-	-	-	-	-	-	-
Wachovia Medium Term Fund	-	-	-	-	-	-	-
Wachovia Equity Fund	-	-	-	-	-	-	-
US Bank SWIFT pod	-	-	-	-	-	-	-
Common Fund - Short Term Fund	-	-	-	-	-	-	-
Common Fund - Others	-	-	-	-	-	-	-
Debt securities	-	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-	-
Fixed income securities (Treasury notes, GNMA's)	-	-	-	-	-	-	-
Land and other real estate	-	-	-	-	-	-	-
Certificates of deposit	-	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-	-
Mutual funds	-	-	-	-	-	-	-
Money Market funds	-	-	-	-	-	-	-
Collateralized mortgage obligations:							
Inverse floaters	-	-	-	-	-	-	-
Interest-only strips	-	-	-	-	-	-	-
Agency pass-through	-	-	-	-	-	-	-
Private pass-through	-	-	-	-	-	-	-
Other major investments	-	-	-	-	-	-	-
Total investments	-	-	-	-	-	-	-
Less endowment investments (enter as negative number)	-	-	-	-	-	-	-
Total investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**CALIFORNIA STATE UNIVERSITY, BAKERSFIELD,
AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION
OTHER INFORMATION (Continued)
JUNE 30, 2011
(for inclusion in the California State University)**

3.1 Composition of Capital Assets at June 30, 2011:

	Balance June 30, 2010	Prior period Adjustments	Reclassifications	Balance June 30, 2010 (restated)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 2011
Nondepreciable/nonamortizable capital assets:								
Land and land improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Works of art and historical treasures	-	-	-	-	-	-	-	-
Construction work in progress (CWIP)	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-
Total nondepreciable/nonamortizable capital assets	-	-	-	-	-	-	-	-
Depreciable/amortizable capital assets:								
Buildings and building improvements	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	-	-	-	-	-	-	-	-
Personal property:								
Equipment	-	-	-	-	-	-	-	-
Library books and materials	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-
Total depreciable/amortizable capital assets	-	-	-	-	-	-	-	-
Total capital assets, net	-	-	-	-	-	-	-	-
Less accumulated depreciation/amortization:								
Buildings and building improvements	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	-	-	-	-	-	-	-	-
Personal property:								
Equipment	-	-	-	-	-	-	-	-
Library books and materials	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	-	-	-	-	-	-	-	-
Net capital assets, net	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

3.2 Details of depreciation expense for the year ended June 30, 2011:

Depreciation and amortization expense related to capital assets	\$ -
Amortization expense related to other assets	-
Total depreciation and amortization	\$ -

**CALIFORNIA STATE UNIVERSITY, BAKERSFIELD,
AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION
OTHER INFORMATION (Continued)
JUNE 30, 2011
(for inclusion in the California State University)**

4 Long-term liabilities activity schedule

	Balance June 30, 2010	Prior period Adjustments	Reclassifications	Balance June 30, 2010 (restated)	Additions	Reductions	Balance June 30, 2011	Current Portion	Long-Term Portion
Accrued compensated absences	\$ 1,469	\$ -	\$ -	\$ 1,469	\$ 25,136	\$ (6,179)	\$ 20,426	\$ 20,426	\$ -
Capitalized lease obligations:									
Gross balance	-	-	-	-	-	-	-	-	-
Unamortized premium / (discount) on capitalized lease obligations	-	-	-	-	-	-	-	-	-
Total capitalized lease obligations	-	-	-	-	-	-	-	-	-
Long-term debt obligations:									
Revenue bonds	-	-	-	-	-	-	-	-	-
Other bonds (Non-revenue bonds)	-	-	-	-	-	-	-	-	-
Commercial paper	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total long-term debt obligation	-	-	-	-	-	-	-	-	-
Unamortized bond premium / (discount)	-	-	-	-	-	-	-	-	-
Unamortized loss on refunding	-	-	-	-	-	-	-	-	-
Total long-term debt obligations, net	-	-	-	-	-	-	-	-	-
Total long-term liabilities	\$ 1,469	\$ -	\$ -	\$ 1,469	\$ 25,136	\$ (6,179)	\$ 20,426	\$ 20,426	\$ -

**CALIFORNIA STATE UNIVERSITY, BAKERSFIELD,
AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION
OTHER INFORMATION (Continued)
JUNE 30, 2011
(for inclusion in the California State University)**

5 Future minimum lease payments - capital lease obligations:

Year ending June 30:	Principal	Interest	Principal and Interest
2012	\$ -	\$ -	\$ -
2013	-	-	-
2014	-	-	-
2015	-	-	-
2016	-	-	-
2017-2021	-	-	-
2022-2026	-	-	-
2027-2031	-	-	-
2032-2036	-	-	-
2037-2041	-	-	-
2042-2046	-	-	-
2047-2051	-	-	-
2052-2056	-	-	-
2057-2061	-	-	-
<hr/>			
Total minimum lease payments			-
Less amounts representing interest			<hr/> -
Present value of future minimum lease payments			-
Less: current portion			<hr/> -
Capitalized lease obligations, net of current portion			<u><u>\$ -</u></u>

**CALIFORNIA STATE UNIVERSITY, BAKERSFIELD,
AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION
OTHER INFORMATION (Continued)
JUNE 30, 2011
(for inclusion in the California State University)**

6 Long-term debt obligations schedule

Year Ending June 30:	Revenue Bonds			All Other Long-Term Debt Obligations			Total		
	Principal	Interest	Principal and	Principal	Interest	Principal and	Principal	Interest	Principal and
			Interest			Interest			Interest
2012	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2013	-	-	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-	-
2017-2021	-	-	-	-	-	-	-	-	-
2022-2026	-	-	-	-	-	-	-	-	-
2027-2031	-	-	-	-	-	-	-	-	-
2032-2036	-	-	-	-	-	-	-	-	-
2037-2041	-	-	-	-	-	-	-	-	-
2042-2046	-	-	-	-	-	-	-	-	-
2047-2051	-	-	-	-	-	-	-	-	-
2052-2056	-	-	-	-	-	-	-	-	-
2057-2061	-	-	-	-	-	-	-	-	-
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**CALIFORNIA STATE UNIVERSITY, BAKERSFIELD,
AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION
OTHER INFORMATION (Continued)
JUNE 30, 2011
(for inclusion in the California State University)**

7 Calculation of net assets

	Auxiliary Organizations		Total Auxiliaries
	GASB	FASB	
7.1 Calculation of net assets - Invested in capital assets, net of related debt			
Capital assets, net of accumulated depreciation	\$ -	\$ -	\$ -
Capitalized lease obligations - current portion	-	-	-
Capitalized lease obligations, net of current portion	-	-	-
Long-term debt obligations - current portion	-	-	-
Long-term debt obligations, net of current portion	-	-	-
Portion of outstanding debt that is unspent at year-end	-	-	-
Other adjustments: (please list)	-	-	-
Net assets - invested in capital assets, net of related debt	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

7.2 Calculation of net assets - Restricted for nonexpendable - endowments

Portion of restricted cash and cash equivalents related to endowments	\$ -	\$ -	\$ -
Endowment investments	-	-	-
Other adjustments: (please list)	-	-	-
Net assets - Restricted for nonexpendable - endowments per SNA	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

8 Transactions with Related Entities

	<u>Amount</u>
Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$ 592,444
Payments to University for other than salaries of University personnel	673,876
Payments received from University for services, space, and programs	-
Gifts-in-kind to the University from Auxiliary Organizations	-
Gifts (cash or assets) to the University from recognized Auxiliary Organizations	-
Accounts (payable to) University (enter as negative number)	(196,431)
Other amounts (payable to) University (enter as negative number)	(254,557)
Accounts receivable from University	-
Other amounts receivable from University	-

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD
AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION
OTHER INFORMATION (Continued)
JUNE 30, 2011
(for inclusion in the California State University)

9 Other Postemployment Benefits Obligation (OPEB)

Annual required contribution (ARC)	\$	-
Contributions during the year		-
		<hr/>
Increase (decrease) in net OPEB obligation (NOO)		-
NOO - beginning of year		-
NOO - end of year	\$	-
		<hr/> <hr/>

10 Pollution remediation liabilities under GASB Statement No. 49:

Description	Amount
	\$ -
Total pollution remediation liabilities	-
Less: current portion	-
	<hr/>
Pollution remediation liabilities, net of current portion	\$ -
	<hr/> <hr/>

11 The nature and amount of the prior period adjustment(s) recorded to beginning net assets

	Net Asset Class	Amount Dr. (Cr.)
Net assets as of June 30, 2010 as previously reported		\$ 85,040
Prior period adjustments:		-
Net assets as of June 30, 2010, as restated		<hr/> \$ 85,040 <hr/>

Provide a detailed breakdown of the journal entries (at the financial statement line item level) booked to record each prior period adjustment:

	Debit	Credit
N/A - No restatements -		

**CALIFORNIA STATE UNIVERSITY, BAKERSFIELD,
AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION**

SCHEDULES OF EXPENSES BY NATURAL CLASSIFICATION

**Year Ended June 30, 2011 and For the period August 28, 2009
(Inception) through June 30, 2010**

	2011		
	Program	General and Administrative	Total
Services from other agencies	\$ 2,439,615	\$ 162,893	\$ 2,602,508
Salaries	930,376	6,966	937,342
Payroll taxes and benefits	191,620	-	191,620
Supplies	155,966	-	155,966
Small equipment	138,159	-	138,159
Travel	79,370	-	79,370
Conferences and meetings	55,627	-	55,627
Stipends	42,784	-	42,784
Scholarships	37,897	-	37,897
Events	27,314	-	27,314
Miscellaneous	20,862	2,488	23,350
Advertising	19,149	-	19,149
Printing	16,669	-	16,669
Professional fees	-	14,555	14,555
Rent	7,516	-	7,516
Telephone	6,766	-	6,766
Insurance	-	4,184	4,184
Postage	1,021	-	1,021
Dues and subscriptions	356	406	762
Overhead	-	-	-
	<u>\$ 4,171,067</u>	<u>\$ 191,492</u>	<u>\$ 4,362,559</u>

2010

Program	General and Administrative	Total
\$ 625,401	\$ -	\$ 625,401
105,660	-	105,660
19,321	-	19,321
15,842	-	15,842
10,667	-	10,667
23,953	-	23,953
17,035	60	17,095
1,500	-	1,500
-	-	-
10,925	-	10,925
1,879	-	1,879
635	-	635
984	-	984
-	-	-
150	-	150
793	-	793
-	-	-
254	-	254
185	-	185
6,384	-	6,384
<u>\$ 841,568</u>	<u>\$ 60</u>	<u>\$ 841,628</u>

**CALIFORNIA STATE UNIVERSITY, BAKERSFIELD,
AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2011**

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Grantor's Number	Amount	Total
FEDERAL:				
U. S. Department of Education				
<i>Direct Programs</i>				
Higher Education - Institutional Aid	84.031S	P031S090014	\$ 476,269	
Higher Education - Institutional Aid	84.031M	P031M090005	554,291	
				\$ 1,030,560
Teachers Quality Enhancement Grants for State and Partnerships	84.336S	U336S090162-10	1,942,417	
				1,942,417
Migrant Education - High School Equivalency Program	84.141A	S141A100008	244,358	
				244,358
Migrant Education - College Assistance Migrant Program	84.149A	S149A100035	342,067	
				342,067
<i>Pass through The Regents of the University of California</i>				
No Child Left Behind 7 Technical Assistance and Support Program	84.367	CN100261	61,826	
				61,826
National Aeronautics and Space Administration				
<i>Pass through AERO Institute</i>				
NASA's Summer of Innovation	43.008	N/A	23,643	
				23,643
U.S. Small Business Administration				
<i>Pass through The Regents of the University of California</i>				
Small Business Development Center	59.037	0-603001-Z-0061-08-01	116,271	
				116,271
U.S. Department of Health and Human Services				
National Institute of Health				
<i>Pass through The Regents of the University of California</i>				
National Children's Study - Kern County Location	93.xxx	HHSN275200800019C	251,742	
				251,742
				\$ 4,012,884

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Auxiliary and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations."



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NANCY C. BELTON

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

Board of Directors
California State University, Bakersfield,
Auxiliary for Sponsored Programs Administration
Bakersfield, California

We have audited the financial statements of **California State University, Bakersfield, Auxiliary for Sponsored Programs Administration** as of and for the year ended June 30, 2011, and have issued our report thereon dated September 29, 2011. We conducted our audit in accordance with 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered **California State University, Bakersfield, Auxiliary for Sponsored Programs Administration's** internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the **California State University, Bakersfield, Auxiliary for Sponsored Programs Administration's** internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the **California State University, Bakersfield, Auxiliary for Sponsored Programs Administration's** internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we considered to be significant deficiencies or material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **California State University, Bakersfield, Auxiliary for Sponsored Programs Administration**'s financial statements are free of 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 determination of financial statement amounts. 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*.

We noted certain matters that we reported to management of **California State University, Bakersfield, Auxiliary for Sponsored Programs Administration** in a separate letter dated September 29, 2011.

This report is intended solely for the information and use of management, Board of Directors, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Daniella, Phillips, Vaughan & Rock

Bakersfield, California
September 29, 2011



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NANCY C. BELTON

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Directors
California State University, Bakersfield,
Auxiliary for Sponsored Programs Administration
Bakersfield, California

Compliance

We have audited the compliance of **California State University, Bakersfield, Auxiliary for Sponsored Programs Administration** with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. **California State University, Bakersfield, Auxiliary for Sponsored Programs Administration's** major federal programs are identified in the summary of auditor's results section of the accompanying *Schedule of Findings and Questioned Costs*. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs is the responsibility of **California State University, Bakersfield, Auxiliary for Sponsored Programs Administration's** management. Our responsibility is to express an opinion on **California State University, Bakersfield, Auxiliary for Sponsored Programs Administration's** compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about **California State University, Bakersfield, Auxiliary for Sponsored Programs Administration's** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on **California State University, Bakersfield, Auxiliary for Sponsored Programs Administration's** compliance with those requirements.

In our opinion, **California State University, Bakersfield, Auxiliary for Sponsored Programs Administration** complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2011. However, the results of auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying *Schedule of Findings and Questioned Costs* as items FA-11-01 through FA-11-03.

Internal Control over Compliance

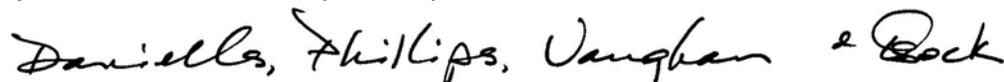
Management of **California State University, Bakersfield, Auxiliary for Sponsored Programs Administration** is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered **California State University, Bakersfield, Auxiliary for Sponsored Programs Administration's** internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of **California State University, Bakersfield, Auxiliary for Sponsored Programs Administration's** internal control over compliance.

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 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

California State University, Bakersfield, Auxiliary for Sponsored Programs Administration's responses to the findings identified in our audit are described in the accompanying *Schedule of Findings and Questioned Costs*. We did not audit **California State University, Bakersfield, Auxiliary for Sponsored Programs Administration's** responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, Board of Directors, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.



Bakersfield, California
September 29, 2011

**CALIFORNIA STATE UNIVERSITY, BAKERSFIELD,
AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011**

SECTION I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unqualified
 Internal control over financial reporting:
 Material weaknesses identified? _____ Yes X No
 Significant deficiencies identified that are not
 considered to be material weaknesses? _____ Yes X None reported
 Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:
 Material weaknesses identified? _____ Yes X No
 Significant deficiencies identified that are not
 considered to be material weaknesses? _____ Yes X None reported

Type of auditor's report issued on compliance for
 major programs: Unqualified

Any audit findings disclosed that are required to be
 reported in accordance with section 510(a) of
 OMB Circular A-133? _____ X Yes _____ No

Identification of major programs

<u>CDFA Number</u>	<u>Name of Federal Program or Cluster</u>
84.031M/S	Higher Education – Institutional Aid
84.149A	Migrant Education – College Assistance Migrant Program
84.336S	Teachers Quality Enhancement Grants for State and Partnerships

Dollar threshold used to distinguish between Type A
 and Type B programs: \$300,000

Auditee qualified as low-risk auditee? _____ Yes X No

**CALIFORNIA STATE UNIVERSITY, BAKERSFIELD,
AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011**

SECTION II. FINANCIAL STATEMENT FINDINGS

None

SECTION III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FA-11-01 *Higher Education – Institutional Aid* U.S. Department of Education CFDA #84.031S.
Federal award # P031S090014

Both tables reported under the caption of "Purchase of library books, periodicals, and other educational materials, including telecommunications program materials" under Section 3 - Process Measures for "Achieving Academic Excelencia at CSUB as an Hispanic-Serving University: Building a Foundation of Excellence and Clear Pathway to Degree Completion for all Students" of the Title V-A Annual Performance Report were not supported by the underlying documentation. The guidance per the grant agreement states that the Grantee must provide adequate source documentation for federal and non-federal funds used under grant projects. The above finding stems from a lack of review at the program level to ensure the amounts reported in the Annual Performance Report agree with the underlying documentation. Program management should develop and implement procedures whereby all source documentation used to compile the Annual Performance Report is maintained by the Program Director to ensure that the documentation used to compile the report is complete and accurate.

Management Response:

Management has developed a system in which all source documents for the purchase of books follow a strict procedure. When books are purchased and approved by the Grant Director all paperwork must be generated by the grant assistant. The grant assistant will then place a copy in the grant office files as well as providing a copy of all paperwork to the Grant Director. The grant director will then keep a specific file with documentation supporting the purchase of books. Also, donated books will no longer be reported based on the fact that documentation of purchase cannot be made.

**CALIFORNIA STATE UNIVERSITY, BAKERSFIELD,
AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011**

FA-11-02 *Higher Education – Institutional Aid* U.S. Department of Education CFDA #84.031M.
Federal award # P031M090005

The underlying documentation for three of the seven tables tested under Section 2 of the Title V-B Annual Performance Report did not agree to the reports filed:

- Section 2: Degrees and Certificates Awarded including Low Income Students reported the total number of Doctorial Degrees Awarded by Race and Ethnicity including Low Income Students as one student; however, this report should have reported zero students.
- Section 2: Doctorial Degrees Awarded by Race, Ethnicity, and Discipline reported a total number of one student who received a doctorial degree, however the number reported should have been zero.
- Section 2: Degree and Certificates Awarded including Low Income Students reported the total number of First Professional Degrees Awarded by Race and Ethnicity including Low Income Students as one student, however, the number reported should have been zero.

The guidance per the grant agreement states that the Grantee must provide adequate source documentation for federal and non-federal funds used under grant projects. The above finding stems from a lack of review at the program level to ensure the amounts reported in the Annual Performance Report agree with the underlying documentation. Program management should develop and implement procedures whereby all source documentation used to compile the Annual Performance Report is maintained by the Program Director to ensure that the documentation used to compile the report is complete and accurate.

Management Response:

The grantee will implement a more thorough review protocol for the tables reporting demographic data about degree and certificate recipients to eliminate similar errors in future reports.

**CALIFORNIA STATE UNIVERSITY, BAKERSFIELD,
AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011**

FA-11-03 *Teachers Quality Enhancement Grants for State and Partnerships* U.S. Department of Education CFDA #84.336S. Federal award # U336S090162-10

One of the fourteen tables selected to test per the Annual Performance Report did not agree with the underlying data used to complete the table. Table 5.b - Performance Measures (2.1.b.) reported a raw number of 23; however, the underlying documentation in table 5.1 listed 25. The Grantee is required to provide adequate source documentation for federal and non-federal funds used under grant projects. The finding stems from a lack of review at the program level to ensure that the amounts reported in the Annual Performance Report agree with the underlying documentation. Management should develop and implement a policy whereby all numbers within the report are agreed to the supporting documentation prior to the report being filed.

Management Response:

The PLC's required to be listed in table 5.1 were mistakenly interpreted by management to include programs designed but not yet operational. The discrepancy of 23 vs. 25 represents two programs that were designed but not yet operational during the fiscal year.

**CALIFORNIA STATE UNIVERSITY, BAKERSFIELD,
AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION**

**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2011**

FS-10-01 Lack of adequate system in place to record accounts receivable, accounts payable, revenue and expenses in accordance with generally accepted accounting principles.
Corrective action taken on annual basis.