



Internal Operations Committee
2020-2021

Members

Timothy Pelayo
 Executive Vice President
 Chair

Michael Garrett
 President and CEO
 Vice Chair

Jacqueline Montaño
 Board of Directors Representative

Caleb Standley
 Board of Directors Representative

Christopher King
 Board of Directors Representative

Vacant
 Board of Directors Representative

Kristie Castillo
 CSUSM Student At Large

Zameer Karim
 CSUSM Student At Large

Raymond Gonzalez
 CSUSM Student At Large

Vacant
 CSUSM Student At Large

Advisors

Annie Macias
 ASI Executive Director

Ashley Fennell
 Associate Director of Government
 Affairs and Initiatives

Jon Epes
 Manager of Financial Operations

Internal Operations Committee Minutes 21-04

Friday, February 12th at 2:30 pm

Zoom: <https://csusm.zoom.us/j/95621939490>

This meeting is being facilitated through an online zoom format, consistent with the Governor's Executive Order N25-20, suspending certain open meeting law restrictions

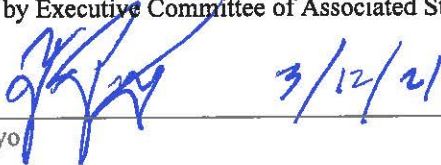
ITEM	SUBJECT	PRESENTER
01	Call to Order This meeting is called to order at 2:33 PM	Timothy Pelayo Executive Vice President Chair
02	Roll Call Present: Tim Pelayo, Michael Garrett, Jacqueline Montano, Caleb Standley, Christopher King, Kristie Castillo, Zameer Karim, Raymond Gonzalez, Annie Macias, Jon Epes Late: Ashley Fennell	Timothy Pelayo Executive Vice President Chair
03	Recognition of Guests No verbal recognition. Zoom registration	Timothy Pelayo Executive Vice President Chair
04 Action	Approval of Agenda Tim edits action item 7 change presenter to Michael Garret – President of ASI Jacqueline would like to change her name on the members list to Jacqueline instead of “Jackie” Jon Epes Title Change to Manager of Financial Operations By Will of the Chair move to approve the agenda with the amended changes by consent vote None opposed Motion Carries	Timothy Pelayo Executive Vice President Chair
05 Action	Approval of Minutes By Will of the chair move to approve the minutes with consent vote. None opposed Motion Carries	Timothy Pelayo Executive Vice President Chair
06 Information	Open Forum None	Timothy Pelayo Executive Vice President Chair
07 Action	Review of Removal of ASI Board of Directors Member – Jenna Dotson Description: Due to ASI Bylaws, IO must consider the continued membership of any individual who missed the BOD Midyear retreat. Fiscal Impact: None Michael reviews the ASI Bylaws and that state all ASI Board members must attend the Mid-Year Retreat. Those that miss will be up for removal. Jenna explains that she had gotten notice that she had COVID the night before the retreat and had to drive home and talk to her family. Jenna further explained what she has done so far for ASI. She explains that she has supported other members of the board and that she has had many events for Sustainability. Zameer asked if this item can be tabled for another time and suggest that she can take a make-up Mid-Year Retreat.	Michael Garret ASI President

	<p>Ashley clarified that tabling would mean to the discuss the item to be talked about during the next meeting.</p> <p>Zameer motions to Table this Item Action to next meeting. None seconded.</p> <p>Caleb motion to keep Jenna on the Board. However, that Jenna does need to meet with Dylan and discuss Mid-Year. Christopher seconds</p> <p>None opposed Motion Carries</p> <p>Ashley clarified that this is a recommendation and that his will be taken to BOD for a final voting. Annie clarified that Michael presents the action item and Jenna does not need to be present.</p>	
08 Information	<p>Mid-Year Budget Actuals Description: Committee will receive mid-year budget updates. Fiscal Impact: None Presenter summarizes the October 2020 report and the subcategories within the budget.</p> <p>Zameer asked for clarification on the Festival 78. Allie explains that spending mostly happens in the spring and that there was no need for the funds in the beginning of the year. Once the Festival gets closer, the committee will start seeing the numbers come up.</p> <p>Tim adds that this budget Allie is reviewing is just Mid-Year and that the numbers are still fluctuating throughout the second semester.</p>	<p>Allie Garcia Financial Services and Student Org. Accounts Coordinator</p>
09 Information	<p>Policy and Procedures Overview Description: Committee will receive information about process for policies and procedures. Fiscal Impact: None See attached for presentation Allie explains what ‘Financial Services’ mean. She explains ASI mission statements and the different categories that Financial Services such as Check Payments, Petty Cash, Pro Cards, Budget Transfers, etc.</p> <p>She then explains Payment Requirements – Documentation. Allie exclaims that all payments must have an invoice or receipts and what is required. Allie then explains the different types of required forms for processing payments and reimbursements.</p> <p>Allie then reviewed Check Payments/Reimbursements process.</p> <p>Allie then reviewed the Procurement Card/Audit Process. Allie explains that Pro Staff, Executive Officers, and Select Student Employees. Allie also explained how these members get a Pro Card and the Monthly Pro Card Process.</p> <p>Allie mentions the Audit Process – Checks and additional Audit Process.</p>	<p>Allie Garcia Financial Services and Student Org. Accounts Coordinator</p>
10 Information	<p>Spending Guidelines Description: Committee will discuss fraud prevention measures and applicable ideas to spending guidelines Fiscal Impact: None See attached for presentation</p>	<p>Zameer Karim CSUSM Student at Large</p> <p>Timothy Pelayo Executive Vice President Chair</p>

	<p>Zameer explained types of fraud, losses, and percentages of cases. Zameer explains why people commit fraud and the certain characteristics. He then exclaims on how the board members can reduce the risk of fraud.</p> <p>Zameer then explains the spending guidelines and the need for Corrective Measures after Fraud occurrence within ASI. He mentioned a meeting with President Neufeldt that reviewed the occurrence with gift cards and the need to adjust this process. He also discussed the need for electronic payment and fundraising methods on campus.</p> <p>Jacqueline comments that she is dishearten and agrees that the school should have Venmo and PayPal.</p> <p>Caleb exclaims that he too agrees that the school needs to adapt to modern payments such as Venmo and PayPal.</p> <p>Jon liked Zameer's presentation and wanted to touch base on Venmo and PayPal, he agrees that it would be a good modification. However, it would be a hard process to approve.</p> <p>Zameer exclaims that he is thankful for the comments and that maybe next meeting the committee can be think of resolutions.</p> <p>Tim shares the policies and procedure website on the ASI Website.</p>	
11 Information	Announcements None	Timothy Pelayo <i>Executive Vice President Chair</i>
12 Action	Adjournment By the Will of the chair this meeting is adjourned at 3:36 PM	Timothy Pelayo <i>Executive Vice President Chair</i>

I, Tim Pelayo 20/21 ASI Executive Vice President, hereby certify that the above minutes were approved by Executive Committee of Associated Students, Inc., at a meeting held on March 12, 2021

Tim Pelayo



Meeting ID
956 2193 9490

Participant

Tim Pelayo
michael garrett
michael garrett
Annie Macias (Guest)
Annie Macias (Guest)
Jacqueline Montano (Guest)
Caleb Standley
Jacqueline Montano (Guest)
Caleb Standley
Raymond Gonzalez
Raymond Gonzalez
Kristie Castillo (Guest)
Jon Epes (Guest)
Kristie Castillo (Guest)
Jon Epes (Guest)
jenna dotson
Jordan Lanter (Guest)
jenna dotson
Jordan Lanter (Guest)
Christopher King (Guest)
Christopher King (Guest)
Jon Epes (Guest)
Jon Epes (Guest)
Allie Garcia
Allie Garcia
Zameer Karim
Zameer Karim
Ashley Fennell
Ashley Fennell
Jacqueline Montaño - BoD - She/Hers/Ella (Guest)
Tim Pelayo
Caleb Standley

Associated
students, Inc. -
Mid-Year
Report 20/21



Report from October 2020

Fund Fdescr	Dept Fdescr	Current Budget	Actuals	Balance Available	% Used Fiscal Year
90001 - Associated Students Operations	2101 - ASI Operations	343,731.00	39,318.82	304,412.18	11%
	2102 - Board of Directors	147,300.00	16,037.68	131,262.32	11%
	2103 - President	17,654.00	1,980.74	15,673.26	11%
	2104 - LGBTQ/A		11.93	(11.93)	
	2107 - Campus Activities Board	196,985.00	16,876.25	180,108.75	9%
	2108 - Media & Marketing	189,596.00	23,064.01	166,531.99	12%
	2110 - MISC Student Programming	389,375.00	31,932.20	357,442.80	8%
	2111 - Executive Vice President	71,452.00	12,573.93	58,878.07	18%
	2116 - Gender Equity Center		11.93	(11.93)	
	2118 - VP of Student & Univ Affairs	20,202.00	2,235.16	17,966.84	11%
	2121 - University Cost Recovery	118,225.00	0.00	118,225.00	0%
	2124 - Chair and Chief of Staff	17,202.00	2,343.59	14,858.41	14%
	2125 - Food Pantry	453,893.00	15,084.82	438,808.18	3%
2126 - Festival 78	119,000.00	0.00	119,000.00	0%	
90001 - Associated Students Operations Total		2,084,615.00	164,354.09	1,920,260.91	8%
Grand Total		2,084,615.00	164,354.09	1,920,260.91	8%



Report from January 2021

Fund Fdescr	Dept Fdescr	Current Budget	Actuals	Balance Available	% Used Fiscal Year
90001 - Associated Students Operations	2101 - ASI Operations	343,731.00	119,988.50	223,742.50	35%
	2102 - Board of Directors	147,300.00	60,757.83	86,542.17	41%
	2103 - President	17,654.00	7,042.74	10,611.26	40%
	2107 - Campus Activities Board	196,985.00	56,174.95	140,810.05	29%
	2108 - Media & Marketing	189,596.00	74,222.78	115,373.22	39%
	2110 - MISC Student Programming	389,375.00	89,915.08	299,459.92	23%
	2111 - Executive Vice President	71,452.00	73,412.91	(1,960.91)	103%
	2118 - VP of Student & Univ Affairs	20,202.00	7,928.92	12,273.08	39%
	2121 - University Cost Recovery	118,225.00	118,225.00	0.00	100%
	2124 - Chair and Chief of Staff	17,202.00	6,287.62	10,914.38	37%
	2125 - Food Pantry	453,893.00	397,107.78	56,785.22	87%
	2126 - Festival 78	119,000.00	0.00	119,000.00	0%
90001 - Associated Students Operations Total		2,084,615.00	1,011,064.11	1,073,550.89	49%
Grand Total		2,084,615.00	1,011,064.11	1,073,550.89	49%



Questions?



**ASSOCIATED STUDENTS, INC.
CAL STATE SAN MARCOS**

Associated students, Inc. - Financial Services Processes



Internal Operations Committee
February 12, 2021

What Does 'Financial Services' mean?

Operations that take place with the purpose of continuing the fiscal well being of the organization. These operations must adhere to the mission, vision, and values of ASI.

- Check Payments (Accounts Payable)
- Petty Cash* (Cashiers Office)
- Procurement Card (Procurement Operations & Accounts Payable)
- Budget transfers, reallocations, etc. (Accounting & BOD)



ASSOCIATED STUDENTS, INC.
CAL STATE SAN MARCOS

Payment Requirements- Documentation

All Payments must have:

- Invoice or receipt
- Invoice number (if applicable)
- Company name
- Company address
- Items purchased
- Item amounts
- Date of purchase
- Method of purchase
- Total tax
- Total payment amount



Required Form

Different types of forms:

- Student Orgs- Expenditure Request Form (ERF)
- Internal- ASI Expenditure Request Form
- Petty Cash Voucher
- Paying a vendor- either Student Organization ERF or ASI ERF
- Payee Data Form



ASSOCIATED STUDENTS, INC.
CAL STATE SAN MARCOS

Check Payments/Reimbursements

01 Pay a Student

Student Orgs (reimbursement), Per-Diem, ALF recipients (reimbursement)

02 Pay a vendor

Give away items, student org items, etc...

03 Pay an employee

Reimburse an employee, per diem, etc...

04 Pay the campus

Renting campus locations or equipment for ASI & Student Organizations



ASSOCIATED STUDENTS, INC.
CAL STATE SAN MARCOS

Procurement Card/ Audit Process

Who has one?

- Professional Staff
- Executive Officers
- Select Student Employees

How do they get a Procurement Card?

- Based on position requirements/needs
- Training
- Documentation

Monthly Pro Card Process:

1. Pro Card User makes purchase
2. Gathers receipts/needed documents
3. Reconciles their purchases
4. Packet signed by user, supervisor, ASI designated employee, and Pro Card designated employee
5. Pro Card employee audits monthly

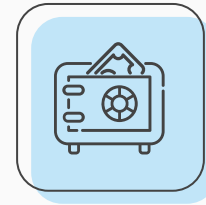


Audit Process - Checks



ASI

Enters requests, 3-5 internal signatures, sent for external approval as well



Accounts Payable

Check Requisitions, Payee Data Forms



ASSOCIATED STUDENTS, INC.
CAL STATE SAN MARCOS

Additional Audit Processes



Annual External Audits

Audits conducted by external firm and/or Chancellor's Office



Petty Cash

Weekly internal audits, approximately monthly audits with Cashiers Office, random bi-yearly audits from Cashiers Office



Bi-Annual Budget reports Internal/External

Present budget reports to BOD, IO, and internal retreats. Send reports to on-campus partners



ASSOCIATED STUDENTS, INC.
CAL STATE SAN MARCOS

Questions?



Spending Guidelines & Fraud Prevention

BY: ZAMEER KARIM

“No social arrangement
can operate well or for
long without trust.”

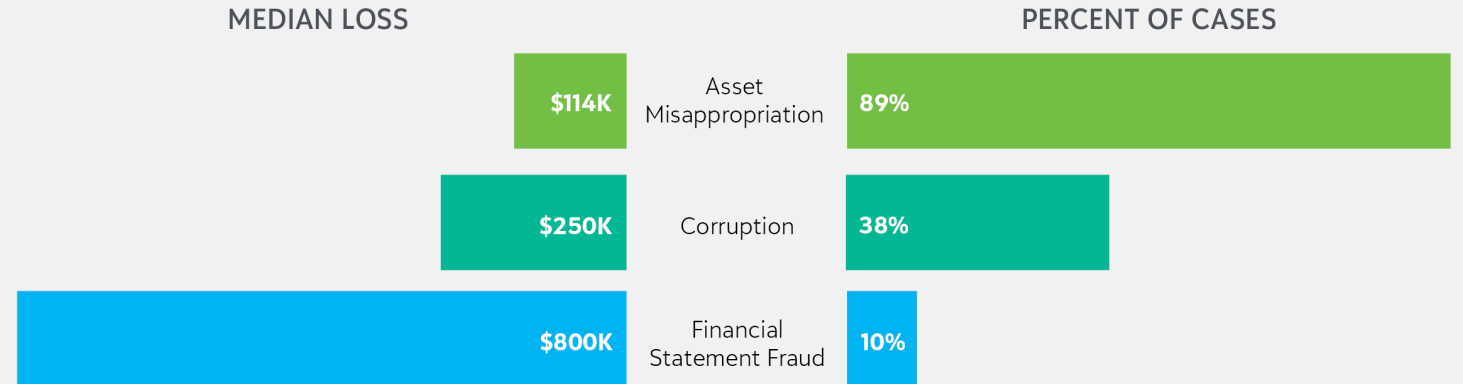
- JEFF POLET

How Does Fraud Happen?

According to the Association of Certified Fraud Examiner's (ACFE) 2018 Report to the Nations, almost 10% of occupational fraud cases took place at charitable organizations, resulting in a median loss of \$75,000.00.

The Three Main Types of Occupational Fraud

How is Occupational Fraud Committed?



Source: Association of Certified Fraud Examiners (ACFE), 2018

What is Fraud?

Fraud is defined by Merriam-Webster as “a knowing misrepresentation of the truth or concealment of a material fact to induce another to act to his or her own detriment.

ACFE 2018 Report to the Nations

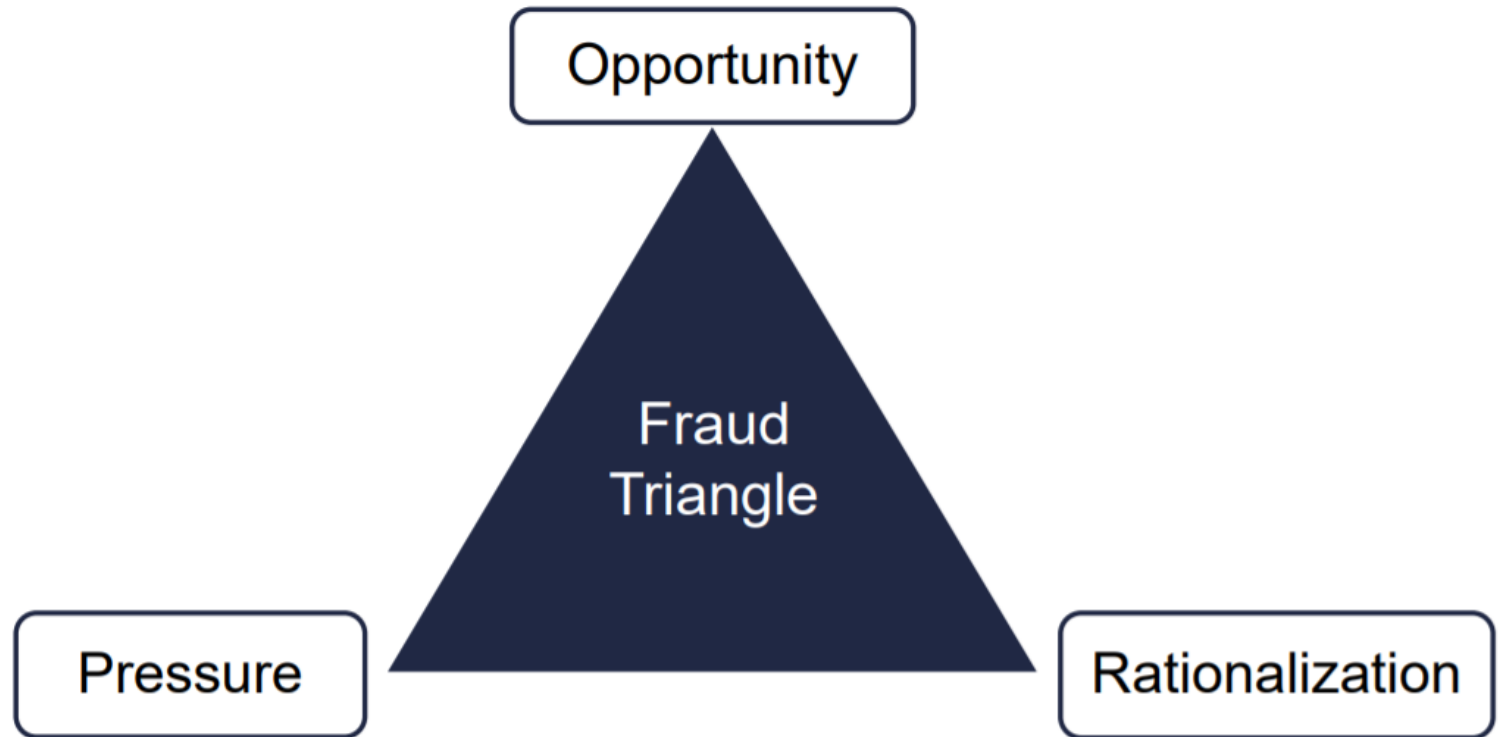
- CFEs estimate the typical organization loses 5% of its annual revenue to fraud.
 - Potential total fraud loss of nearly \$4 trillion worldwide
- Median loss caused by occupational fraud is \$130,000.
- 22% of the frauds involved losses of at least \$1 million.

Why do People Commit Fraud?

Certain Characteristics correlate with losses. Men are 2x more likely than women to commit fraud.

Collusion, Level of Authority and Tenure are also correlated with larger amounts of fraud.

Organizations that deny the true possibility of fraud are at the greatest risk.



Reducing the Risk of Fraud

In order to reduce the risk of fraud occurrence, it is important to understand the different ways that fraud is committed.

Here are the most common types of fraud that are perpetuated by employees, board members and volunteers.

Almost 1/3 of Fraud Cases occur due to lack of Internal Controls

- **Billing fraud**, including credit card abuse and creation of fictitious vendors. Frequency: 25% of all fraud cases, according to ACFE.
- **Skimming**, in which funds are diverted before they are ever recorded on the books. This fraud is most likely to happen when the funds are in the form of cash. Frequency: 19.2% of fraud cases.
- **Expense reimbursement fraud**, in which an employee claims reimbursement for fictitious or inflated business expenses. Frequency: 25%.
- **Check tampering**, a scheme in which an employee intercepts, forges or alters a check. Frequency: 25% of fraud cases.
- **Payroll manipulation**, which includes fraudulent timekeeping, fictitious employees, and continued payment of terminated employees. Frequency: 13.5%.
- **Corruption**, in which an employee abuses his or her influence in a business transaction. This situation includes board members or executives with conflicts of interest, as well as bribing. Frequency: 28.8% of fraud cases.

Spending Guidelines

Prevent the same method utilized (gift cards) from being used again in the future.

Only traceable methods should be utilized to ensure that the end recipient is the one who was intended to receive the benefits.

Instead of providing gas cards or gift cards for food, have students provide receipts and reimburse them so that there is a paper trail.

Corrective Measures after Fraud Occurrence

After detection of an offense, the organization must have taken all reasonable steps to respond to this offense and prevent further similar offenses—including modifying its program and appropriately disciplining individuals responsible for the offense and those who failed to detect it.

Business Case for Managing Fraud Risk

Median Loss Based on Presence of Anti-Fraud Controls				
Control	Percent of cases	Control in place	Control not in place	Percent reduction
Code of conduct	80%	\$ 110,000	\$250,000	56%
Proactive data monitoring/analysis	37%	\$ 80,000	\$ 165,000	52%
Surprise audits	37%	\$ 75,000	\$ 152,000	51%
External audit of internal controls over financial reporting	67%	\$100,000	\$200,000	50%
Management review	66%	\$100,000	\$200,000	50%
Hotline	63%	\$100,000	\$200,000	50%
Anti-fraud policy	54%	\$100,000	\$ 190,000	47%
Internal audit department	73%	\$108,000	\$200,000	46%
Management certification of financial statements	72%	\$109,000	\$ 192,000	43%
Fraud training for employees	53%	\$100,000	\$ 169,000	41%
Formal fraud risk assessments	41%	\$100,000	\$ 162,000	38%
Employee support programs	54%	\$100,000	\$ 160,000	38%
Fraud training for managers/executives	52%	\$100,000	\$ 153,000	35%
Dedicated fraud department, function, or team	41%	\$100,000	\$ 150,000	33%
External audit of financial statements	80%	\$120,000	\$ 170,000	29%
Job rotation/mandatory vacation	19%	\$100,000	\$ 130,000	23%
Independent audit committee	61%	\$120,000	\$ 150,000	20%
Rewards for whistleblowers	12%	\$ 110,000	\$ 125,000	12%

(Source: ACFE 2018 *Report to the Nations*)

Business Case for Managing Fraud Risk

Median Duration of Fraud Based on Presence of Anti-Fraud Controls				
Control	Percent of cases	Control in place	Control not in place	Percent reduction
Proactive data monitoring/analysis	37%	10 months	24 months	58%
Surprise audits	37%	11 months	24 months	54%
Internal audit department	73%	12 months	24 months	50%
Management certification of financial statements	72%	12 months	24 months	50%
External audit of internal controls over financial reporting	67%	12 months	24 months	50%
Management review	66%	12 months	24 months	50%
Hotline	63%	12 months	24 months	50%
Anti-fraud policy	54%	12 months	24 months	50%
Fraud training for employees	53%	12 months	24 months	50%
Fraud training for managers/executives	52%	12 months	24 months	50%
Formal fraud risk assessments	41%	12 months	24 months	50%
Rewards for whistleblowers	12%	9 months	18 months	50%
Independent audit committee	61%	12 months	23 months	48%
Code of conduct	80%	13 months	24 months	46%
Job rotation/mandatory vacation	19%	10 months	18 months	44%
Dedicated fraud department, function, or team	41%	12 months	20 months	40%
External audit of financial statements	80%	15 months	24 months	38%
Employee support programs	54%	12 months	18 months	33%

(Source: ACFE 2018 *Report to the Nations*)

“Acts are foredoomed to failure when undertaken undiscussed.”

- PERICLES' FUNERAL ORATION