

Quality Control Review of CohnReznick LLP's Fiscal Year 2022 Single Audit of Cal State L.A. University Auxiliary Services, Inc.





At a Glance

Quality Control Review of CohnReznick LLP's Fiscal Year 2022 Single Audit of Cal State L.A. University Auxiliary Services, Inc.
OIG 24-8-001 | September 25, 2024

WHY WE DID THIS QUALITY CONTROL REVIEW

We conducted this review to determine whether the FY 2022 Single Audit conducted by CohnReznick LLP (CohnReznick) for Cal State L.A. University Auxiliary Services, Inc. (UAS) met the requirements of the *Single Audit Act of 1984*, as amended, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (2 CFR 200), and applicable auditing standards.

WHAT WE FOUND

Overall, we rated CohnReznick's FY 2022 Single Audit of UAS as "Pass." We determined that CohnReznick met *Generally Accepted Government Auditing Standards* and 2 CFR 200 requirements related to auditor independence, professional judgment, firm-wide system of quality control, continuing professional education, and reporting. In addition, the auditors adequately planned, performed, and documented the audit of UAS's financial statements, including the Schedule of Expenditures of Federal Awards. Finally, the auditors' opinion on UAS's compliance with requirements that could have a direct and material effect on UAS's major federal programs is reliable for federal agencies and pass-through entities to use in their management of awards to UAS.

WHAT WE RECOMMEND

We did not make any recommendations.

COHNREZNICK LLP'S RESPONSE

CohnReznick agreed with our conclusions.

CONTACT US

For congressional, media, and general inquiries, email OIGPublicAffairs@nsf.gov.



U.S. NATIONAL SCIENCE FOUNDATION
Office of Inspector General

September 25, 2024

Michael Good, Partner
CohnReznick LLP
Los Angeles, CA

Dear Mr. Good,

Attached for your information and use is our Final Report No. 24-8-001, titled *Quality Control Review of CohnReznick LLP's Fiscal Year 2022 Single Audit of Cal State L.A. University Auxiliary Services, Inc.* (UAS). This report does not include any recommendations.

Michael Good, Partner, responded to a draft of this report as follows: "On behalf of CohnReznick LLP, I would like to thank the U.S. National Science Foundation, Office of the Inspector General, for their professionalism and efficiency in conducting this Quality Control Review. We look forward to continuing to work with the U.S. National Science Foundation, Office of the Inspector General, to ensure high quality audits."

We are sending a copy of this report to officials at NSF, UAS, and the other federal agencies with direct funding to UAS in FY 2022 for their information and use.

We appreciate the courtesies and assistance CohnReznick LLP staff provided during the quality control review. If you have any questions, please contact Laura Rainey, Program Director, at 703-292-7100 or OIGPublicAffairs@nsf.gov.

Sincerely,

Theresa S. Hull
Assistant Inspector General
Office of Audits

cc: Rochelle Ray, Charlotte Grant-Cobb, Karen Schwartz, Catherine Syslo, Raul Castaneda, Andy Kmetz, Carol Vogler, Mark Priebe, Darryl Ross, Tammie Brown, Carol Taraszka, Matthew Straw, Cecilia Howland, Regina Dull

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Abbreviations

Cal State L.A.	California State University, Los Angeles
FY	fiscal year
GAGAS	Generally Accepted Government Auditing Standards
NSF	U.S. National Science Foundation
OIG	Office of Inspector General
R&D	Research and Development
UAS	Cal State L.A. University Auxiliary Services, Inc.

Background

The *Single Audit Act of 1984* (Pub. L. No. 98-502) and the *Single Audit Act Amendments of 1996* (Pub. L. No. 104-156) established uniform requirements for audits of non-federal entities receiving federal funds. Under the Act, any non-federal entity that expends \$750,000 or more a year in federal funds must obtain an organization-wide audit that includes the non-federal entity's financial statements and federal awards.

Cal State L.A. University Auxiliary Services, Inc. (UAS) is a nonprofit California corporation that is an auxiliary organization of California State University, Los Angeles (Cal State L.A.). UAS assists Cal State L.A. in various activities, including developing and administering research and educational grants and contracts and managing building operations, campus day care center, bookstore, conference events, dining services, University Support Programs, special programs, and other activities. UAS's mission is to be a strategic partner, committed to delivering essential services and resources that enrich the quality of life for Cal State L.A. students, providing sustainable institutional support that advances student success, and promoting the academic mission of Cal State L.A.

UAS reported federal expenditures of approximately \$14.8 million for its fiscal year (FY) ended June 30, 2022. The Los Angeles, CA, office of CohnReznick LLP (CohnReznick) performed the 2022 audit. The auditors rendered unmodified opinions on the UAS financial statements and on compliance with federal requirements. The auditors did not disclose any material weaknesses, significant deficiencies, or instances of noncompliance.

The Code of Federal Regulations Title 2, Subtitle A, Chapter II, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (2 CFR 200) instructs oversight agencies for audit to conduct quality control reviews of selected audits performed by non-federal auditors. The U.S. National Science Foundation (NSF) is the oversight agency for UAS's FY 2022 audit.

Review Objective

The purpose of our review was to determine whether CohnReznick conducted the FY 2022 Single Audit for UAS in accordance with the requirements in the *Single Audit Act of 1984*, as amended; applicable standards, which include *Generally Accepted Government Auditing Standards* (GAGAS) and *Generally Accepted Auditing Standards*; and the requirements of the Office of Management and Budget's *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (2 CFR 200).

Results of Review

Firms can receive ratings of "Pass," "Pass with Deficiencies," or "Fail." Overall, we rated CohnReznick's FY 2022 Single Audit of UAS as "Pass." We did not identify any quality deficiencies during our review.

We determined that CohnReznick met GAGAS and 2 CFR 200 requirements related to auditor independence, professional judgment, firm-wide system of quality control, continuing professional education, and reporting. Specifically, the audit documentation was free of indications that the auditors lacked independence and supported that CohnReznick used professional judgment in planning and conducting the audit and reporting the results. The auditors met the GAGAS continuing professional education requirements for the periods under review.

In addition, the auditors adequately planned, performed, and documented the audit of UAS's financial statements, including the Schedule of Expenditures of Federal Awards. CohnReznick met GAGAS and 2 CFR 200 requirements when determining whether the Schedule of Expenditures of Federal Awards was presented fairly in all material respects in relation to UAS's financial statements as a whole. CohnReznick appropriately selected the Research and Development (R&D) cluster and the TRIO cluster as UAS's major programs for audit.

Finally, the auditors' opinion on UAS's compliance with the requirements that could have a direct and material effect on UAS's major federal programs is reliable for federal agencies to use in their oversight of awards to UAS. Our review included both major programs (R&D cluster and TRIO cluster). For each major program, CohnReznick met 2 CFR 200 requirements when determining the applicable direct and material compliance requirements, selecting samples for audit testing, and planning and performing testing of internal control over compliance and testing of compliance with the direct and material compliance requirements.

Appendix: Objective, Scope, and Methodology

The objective of this quality control review was to determine whether CohnReznick conducted the FY 2022 Single Audit for UAS in accordance with the requirements in the *Single Audit Act of 1984*, as amended; applicable standards, which include GAGAS and Generally Accepted Auditing Standards; and the requirements of 2 CFR 200; and the requirements of the Office of Management and Budget's *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (2 CFR 200).

In conducting our review, we reviewed the audit documentation that the auditors prepared during the audit. We also discussed the audit with the Audit Partner and senior staff at CohnReznick. We focused our review on the following qualitative aspects of Single Audits:

- Qualification of auditors
- Independence
- Due professional care
- Planning and supervision
- Testing of financial statements
- Testing of the Schedule of Expenditures of Federal Awards
- Testing of internal control over and compliance with federal requirements that were direct and material to the R&D and TRIO clusters
- Reporting

As part of the review of internal control and compliance testing, we evaluated the audit documentation in support of CohnReznick's testing of UAS for internal controls over and compliance with federal requirements related to the topics (known collectively as the compliance requirements) they identified as direct and material to each major program:

- | R&D Cluster | TRIO Cluster |
|--|-------------------------------------|
| • Activities Allowed or Unallowed | • Activities Allowed or Unallowed |
| • Allowable Costs / Cost Principles | • Allowable Costs / Cost Principles |
| • Cash Management | • Cash Management |
| • Equipment and Real Property Management | • Eligibility |
| • Period of Performance | • Reporting |
| | • Special Tests and Provisions |

We conducted the review from February 2024 to June 2024 in accordance with the *Quality Standards for Federal Offices of Inspector General* (Silver Book) and the *Guide for Quality Control Reviews of Single Audit Reports*, 2021 Edition, both issued by the Council of Inspectors General on Integrity and Efficiency.

National Defense Authorization Act

General Notification

Pursuant to Pub. L. No. 117-263 § 5274, business entities and non-governmental organizations specifically identified in this report have 30 days from the date of report publication to review this report and submit a written response to NSF OIG that clarifies or provides additional context for each instance within the report in which the business entity or non-governmental organizations is specifically identified. Responses that conform to the requirements set forth in the statute will be attached to the final, published report.

If you find your business entity or non-governmental organization was specifically identified in this report and wish to submit comments under the above-referenced statute, please send your response within 30 days of the publication date of this report to OIGPL117-263@nsf.gov, no later than October 25, 2024. We request that comments be in .pdf format, be free from any proprietary or otherwise sensitive information, and not exceed two pages. Please note, a response that does not satisfy the purpose set forth by the statute will not be attached to the final report.

About Us

NSF OIG was established in 1989, in compliance with the *Inspector General Act of 1978* (5 USC 401-24). Our mission is to provide independent oversight of NSF to improve the effectiveness, efficiency, and economy of its programs and operations and to prevent and detect fraud, waste, and abuse.

Contact Us

Address:

U.S. National Science Foundation Office of Inspector General
2415 Eisenhower Avenue
Alexandria, VA 22314

Phone: 703-292-7100

Website: oig.nsf.gov

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