



CSURMA BOARD OF DIRECTORS MEETING AGENDA
“This is an Open Public Meeting”

In accordance with the requirements of the Bagley-Keene Open Meeting Act, notice of this meeting must be posted in publicly accessible places, including the Internet, at least ten (10) days in advance of the meeting

Meeting Date:	November 6, 2013	Primary Location:	California Room I
Time:	3:30 PM		Sacramento Doubletree 2001 Point West Way Sacramento, CA 95815

Legend: **A** = Action
I = Information
V = Verbal
S = Separate

A. CALL TO ORDER

- | | | | | |
|----|-------------------------------|---|----|---|
| 1. | Approval of the Agenda | A | p. | 4 |
|----|-------------------------------|---|----|---|

B. PUBLIC COMMENTS

C. CONSENT CALENDAR

The Board is asked to take action on the consent calendar items as a group, except a member may request an item be withdrawn from the Consent Calendar for discussion and action.

- | | | | | |
|----|--|--|----|----|
| 1. | Approval of Minutes – May 10, 2013 | | p. | 5 |
| | <i>The Board will be asked to approve minutes from their last meeting.</i> | | | |
| 2. | Treasurer’s Report | | p. | 16 |
| | <i>The Board will be asked to accept the Treasurer Report at September 30, 2013.</i> | | | |
| 3. | Adoption of CSURMA 2014 Meeting Calendar | | p. | 23 |
| | <i>The Board will be asked to adopt the CSURMA 2014 Meeting Calendar.</i> | | | |

D. GENERAL ADMINISTRATION

- | | | | | |
|----|---|-----|----|----|
| 1. | Trustee’s Audit Status Report | A | p. | 26 |
| | <i>The Board will receive an update on the status of the University Auditor’s report and may take action or provide direction to staff as necessary.</i> | | | |
| 2. | Proposed Amendments to the Joint Exercise of Powers Agreement | A | p. | 72 |
| | <i>The Board will be asked to review and adopt proposed amendments to the Joint Exercise of Powers Agreement</i> | | | |
| 3. | Election of Vice Chair and Executive Committee Member | A | p. | 87 |
| | <i>The Board will be asked to elect a new Vice Chair and a new member of the Executive Committee.</i> | | | |
| 4. | Independent Auditor’s Financial Audit Report as of June 30, 2013 | A/S | p. | 89 |
| | <i>The Board will receive a report on the Independent Auditor’s Audit at June 30, 2013, delegating authority for approval to the Executive Committee at its January 2014 meeting.</i> | | | |



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5. **Campus Risk Pool Funding Program Year 2014/2015**
 - a. **Review of Draft Actuarial Reports for General Liability, Workers’ Compensation and Athletic Injury Medical Expense (AIME) Programs** **I** p. 114
The Board will be asked to review and accept the Draft Actuarial Reports for the General Liability, Workers’ Compensation and AIME programs.
 - b. **Recommendation of FY 2014/2015 Campus Coverage Programs Pooled Program Gross Funding** **A** p. 122
The Board will be asked to review and adopt program rates and funding for the program year 2014/2015.

6. **Campus Risk Pool Dividends and Assessments** **I** p. 132
The Board will receive a report on the proposed dividend and assessments being considered by the Executive Committee.

7. **Review of FY 2013/2014 Long Range Planning Goals** **I** p. 134
The Board of Directors will be asked to review the FY 2013/14 Long Range planning targets.

8. **Resolution Recognizing the Contributions of Thomas McCarron** **A** p. 139
The Board will be asked to adopt Resolution No. 2-13 BOD recognizing the contributions of Thomas McCarron.

9. **Resolution Recognizing the Contributions of Mary Ann Rodriguez** **A** p. 141
The Board will be asked to adopt Resolution No. 3-13 BOD recognizing the contributions of Mary Ann Rodriguez.

- E. AUXILIARY ORGANIZATIONS INSURANCE PROGRAMS**
 1. **AORMA Programs Status Report** **V** p. 143
The Committee will receive a verbal report on the AORMA programs.

 2. **2014 AOA Annual Conference Update** **I** p. 144
The Board will receive a report on the AOA Annual Conference.

- F. CLOSED SESSION Pursuant to Cal. Gov. Code Sec. 11126(e)(1) & 11126(f)(1)**
Action may be taken per Government Code Section 11126(e)(1) & 11126(f)(1). Please refer to the below list of claims that may be discussed. The Committee may assess and evaluate pending claims and related issues and take action or provide direction to Staff regarding the litigation described below.

No items are scheduled for closed session at today’s meeting.



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G. INFORMATION ITEMS

- 1. **Program Administrator’s Stewardship Report** **I** p. 146
Staff will present the Stewardship Report to the Board at today's meeting.
- 2. **Coverage for State Houses** **I** p. 183
The Board will receive a report on coverage for state house properties.
- 3. **CSURMA Pending Projects** **I** p. 184
The Board will review the list of current pending projects.
- 4. **CSURMA Administrative Service Calendar** **I** p. 185
The Board will review the CSURMA Administrative Service Calendar.
- 5. **CSURMA Board of Directors and Staff Telephone, Postal Address and E-mail list** **I** p. 190

H. ADJOURNMENT

A

The Board of Directors next scheduled meeting is on May 9, 2014 in Long Beach, CA.

If you have questions regarding the agenda package, please contact Myron Leavell at (415) 403-1404 or via email at mleavell@alliant.com

APPROVAL OF AGENDA

ISSUE: The Committee will be asked to approve the agenda for today's meeting.

RECOMMENDATION: The Board of Directors is asked to review and approve the proposed agenda before discussion of any business.

FISCAL IMPACT: None.

BACKGROUND: None.

PUBLICATION: None.

ATTACHMENT(S): None.

APPROVAL OF MINUTES – MAY 10, 2013

ISSUE: Approval of Board of Directors draft meeting minutes of May 10, 2013.

RECOMMENDATION: It is recommended that the Board of Directors approve the May 10, 2013 draft meeting minutes with corrections as necessary.

FISCAL IMPACT: None.

BACKGROUND: The minutes reflect the meeting of the Board of Directors.

PUBLICATION: None.

ATTACHMENT(S): 1) Draft May 10, 2013 Board of Directors meeting minutes.

**MINUTES OF THE CSURMA
BOARD OF DIRECTORS MEETING
MAY 10, 2013
LONG BEACH, CALIFORNIA**

A. CALL TO ORDER

The meeting was called to order at 10:34 a.m. by the Vice Chair, Mary Ann Rodriguez.

A1. Approval of the Agenda

A motion was made to approve the order of the agenda as presented.

MOTION: Guy Dalpe **SECOND:** Brian Nowlin **MOTION CARRIED**

B. PUBLIC COMMENTS

In order to move through the material more efficiently, those participating telephonically have granted their voting authority to those physically in the meeting room. That having been said, the roll call process, including those participating telephonically, was not required.

C. CONSENT CALENDAR

C1. Approval of Minutes – October 26, 2012

C2. Treasurer's Report

A motion was made to approve each action on the Consent Calendar as presented.

MOTION: George Ashkar **SECOND:** Michael Thorpe **MOTION CARRIED**

D. GENERAL ADMINISTRATION

D1. Campus Risk Pool Funding Program Funding Status

Daniel Howell reviewed the program funding status with the Board of Directors, which was previously reviewed by the Executive Committee. Daniel directed the Board of Directors' attention to the chart on page 21 of the agenda packet.

The Liability program has an unencumbered reserve of \$5,412,233 projected at June 30, 2013 after declaring dividends; while the Workers' Compensation program has a reserve of \$9,984,824.

Both programs are well-funded at a 70% confidence level.

The Self-Insured Program Funding Policy & Procedure outlines that the University will fund the programs on an accrual basis and if there is a shortfall in the prior year liabilities, it would be recovered on a pay as you go basis over the time of the plan.

A motion was made to accept the Campus Risk Pools Funding Status Report as presented.

MOTION: George Ashkar **SECOND:** Kevin Brady **MOTION CARRIED**

D2. FY 2013/2014 Pooled Program Gross Funding

Rob Leong discussed the comparison year over year chart in the agenda packet on page 22 where the CSURMA programs are looking at a 5.8% decrease for the fiscal year 2013/2014. Rob reviewed the programs as follows:

- General Liability – proposing a 6.2% decrease derived from the number of claims
- Workers’ Compensation – slight decrease of 0.7% and consider the program to be very stable and very well funded
- IDL/NDL/UI – proposing an 11.3% decrease – program trending very well and unemployment has increased tremendously.
- Property – proposing a 12.8% decrease
- AIME – slight reduction at renewal
- Auto Liability (VELSIP) – proposing a 5.1% decrease

Rob Leong reported that the distribution of costs by campus is attached to the agenda and if any campus has any questions, contact Rob Leong.

A motion was made to adopt the recommended funding for FY 2013/2014 Campus Coverage Programs of \$69,700,749 as presented.

MOTION: Michael Thorpe **SECOND:** George Ashkar **MOTION CARRIED**

D3. Recommend Approval of the FY 2013/2014 CSURMA Budget

Rob Leong reviewed the agenda item with the Board of Directors. The major changes to the Campus Programs were discussed in the above agenda item D2. - FY 2013/2014 Pooled Program Gross Funding.

The AORMA Committee separately develops a budget for its coverage programs and is incorporated into the CSURMA operating budget for adoption by the Board of Directors. The major features of the AORMA budget are as follows:

- Total contributions - Projected increase of 10.8%.
- Liability contributions - Projected increase of 3.3% due to actuarial projected claim trend and projected reinsurance premiums.

- Workers' Compensation – 6.4% projected increase in contributions due to actuarial projected claim trend and projected excess insurance premium.
- Property –Projected increase of 16.9% in contribution due to change in total insured values and expected insurance premiums. Premiums are subject to adjustment based on final reported total insured values (TIV) and final negotiated rates.

The proposed budget for FY 2013/14 includes a planned increase of \$620,000 for Loss Control Expenses for on-site training related to Safety of Minors on Campus (\$60,000 shared with AORMA), Theater Risk Management (\$40,000 shared with AORMA), Risk Reduction Funding Grants (\$100,000 Campus only), IT Security Awareness Training (\$20,000 Campus only), and a placeholder for specialized software for International Travel Tracking (\$400,000 Campus only).

Additionally, CSURMA added a new fund in August 2012 for Club Sports Insurance Program for the University's inter-mural, intra-mural & recreational sports.

A motion was made to approve adoption of the budget for FY 2013/14 as presented.

MOTION: Guy Dalpe **SECOND:** George Ashkar **MOTION CARRIED**

D4. Nominating Committee Report and Executive Committee Elections

Mary Ann Rodriguez reviewed this item with the Board of Directors. At its March 21-22, 2013 meetings, the Executive Committee appointed Mary Ann Rodriguez and Tom McCarron to serve as the Nominating Committee for the two seats to be filled; which both have full two years terms. The Nominating Committee proposes the following:

- Seat 1 – Linda Hawk
- Seat 2 – Michael Thorpe

There were no nominations from the floor.

A motion was made to approve the appointment of Linda Hawk and Michael Thorpe to Seat 1 and Seat 2, respectively, for a full two year term.

MOTION: Kirtland Stout **SECOND:** William Thomas **MOTION CARRIED**

D5. Review of Recently Adopted Policies and Procedures

Daniel Howell reviewed this item with the Board of Directors. While the following new or amended Policies and Procedures are in effect, the Board of Directors may wish to take further action to amend and ratify them at the meeting:

- a. CSURMA P&P No. 17 - Travel Reimbursement
- b. AORMA P&P No. A-7 – Travel Reimbursement

- c. AORMA P&P No. L-5 - Guidelines for Extending Liability Coverage to Non-Auxiliary Organizations
- d. AORMA P&P No. A-6 – Risk Reduction Matching Grant Program
- e. CSURMA P&P No. 18 - Board of Directors Participation and Executive Committee Nominations and Elections Process
- f. CSURMA P&P No. 19 - CSURMA Claims Settlement Authority
- g. CSURMA P&P No. 10 – Member Loans (Revised, as presented to the Executive Committee 05.09.13)

A motion was made to ratify the new or amended Policies and Procedures as presented.

MOTION: Frank Mumford **SECOND:** Guy Dalpe **MOTION CARRIED**

D6. CSURMA 2013 & 2014 Meeting Calendars

Daniel Howell reviewed the 2013 Meeting Calendar with the Board. The Board of Directors Meeting originally scheduled for October 25, 2013 has been rescheduled to November 6, 2013 in Sacramento to coincide with the Fitting the Pieces Together Conference.

Additionally, the Executive Committee took action at their last meeting on their September and December meeting dates and direction was provided to the Program Administrators to find reasonably priced lodging for those meetings.

A motion was made to approve the changes to the CSURMA 2013 & 2014 Calendars as presented.

MOTION: Kirtland Stout **SECOND:** Kevin Brady **MOTION CARRIED**

D7. Report on the CSURMA Long Range Planning Goals

Daniel Howell introduced the Long Range Planning process to the Board of Directors and explained that the summary list of items presented today starts as an idea and through the efforts of the Executive Committee and the Program Administrators have been fleshed out for the Board’s review.

This year’s Long Range Action Plan draft presented eleven (11) items that will be worked by the Executive Committee and Program Administrators this year, as below, reviewed by Daniel Howell:

- 1. CSURMA Website Enhancements
- 2. Intramural/Recreational Sports Coverage
- 3. Student personal Property & Liability Insurance Program
- 4. Service Animals on Campus
- 5. Bicycles/Skateboards on Campus
- 6. Periodic Review of CSURMA Policies & Procedures

7. New Member Orientation for Executive Committee and Board of Directors
8. Theater Risk Management & Safety
9. Minors on Campus
10. Enterprise Risk Management
11. Sponsored Training for Employees

A motion was made to approve the Draft Long Range Action Plan as presented.

MOTION: Kirtland Stout **SECOND:** Lori Gentles **MOTION CARRIED**

E. CLOSED SESSION

There were no items scheduled for closed session.

F. AUXILIARY ORGANIZATIONS INSURANCE PROGRAMS

F1. AORMA Programs Status Report

Kurt Borsting, Chair of the AORMA Committee reported the following:

- Brent Escubas reviewed AORMA’s loss control activities
- Risk Reduction Grant Program
- Binding Authority for renewals
- Website overview
- Auxiliary Visits

Kurt Borsting thanked the Board of Directors for their support and is now passing the baton to Dwayne Brummett.

G. INFORMATION ITEMS

G1. Selection of Workers’ Compensation Program TPA

Zachary Gifford reviewed the item with the Board of Directors. He stepped through the Request for Proposal (RFP) process for the selection of a Third Party Administrator (TPA). The Chancellor’s Office Department of Procurement assisted staff while a Task Group was formed to review the proposals received and make a final selection. The CSURMA WC RFP Task Group consisted of Jacki Graf, CSURMA WC Consultant; Dwayne Brummett, Associated Students, Cal Poly SLO and AORMA Committee Vice Chair; Lori Gentles, SFSU Human Resources and CSURMA Executive Committee; Michael Thorpe, CSU Chico Risk Manager and CSURMA Executive Committee; and Zachary Gifford, Associate Director, Systemwide Risk Management.

The Task Group ranked all the proposers using the scoring criteria developed with the assistance of the Chancellor’s Office Department of Procurement. Five written proposals were received and reviewed by the CSURMA WC RFP Task Group. Two firms,

Sedgwick and York were selected for oral interviews, which were conducted on February 26, 2013. Sedgwick was determined to be the most qualified bidder by the Task Group.

Charlene Minnick commented that although there was no proposed fee increase in the Sedgwick proposal, two additional claims assistants are being added to the account.

G2. CSURMA Vendor Survey

Zachary Gifford reviewed the Vendor Survey process with the Board of Directors. The CSU Office of Risk Management contacted all CSURMA/AORMA members requesting comments on vendor performance. Zachary stepped through the summary report of the Vendor Survey, which included the following service providers:

- A-G Administrators – AIME Claims Administrator
- Alliant – CSURMA Program Administrator
- Alliant – CSURMA Insurance Brokerage/Consulting
- Alliant – Workers’ Compensation Consulting
- Alliant – Property/Crime Claims Consulting
- AON e-Solutions – WC/Liability Claims System Software
- Belfor – Property Loss Mitigation & Restoration
- CSU Office of Risk Management – CSURMA Liability Claims Administrator
- CSU Office of Risk Management – Risk Consulting
- CSU Enterprise Accounting – Accounting Services
- Equifax Workforce Solutions – Unemployment Claims Administrator
- Har-Bro – Property Loss Mitigation & Restoration
- Sedgwick CMS – CSURMA Workers’ Compensation Claims Administrator
- Workplace Answers – Campus Web-based Training

The Vendor Survey Summary showed that the majority of the service providers performed very favorably for the campus and auxiliary members.

G3. CSURMA Student Health Insurance Program

Charlene Minnick reviewed this item with the Board of Directors. Staff was directed to develop a CSURMA sponsored Student Health Insurance Program available to foreign and domestic student populations. Staff has met with various stakeholders including the Student Health Advisory Council (SHAC), Student Health Directors and Deans of Student Affairs.

Issues currently affecting this process are:

- Current providers have withheld underwriting data on the foreign student population
- The domestic student population has an unfavorable risk profile
- Domestic students may become eligible for coverage under the Affordable Care Act on January 1, 2014

- Foreign students will not be eligible for coverage under the Affordable Care Act on January 1, 2014

One of the other issues with the current provider is that some campuses may have inappropriately entered into direct broker relationships with the carrier who has prevented the release of information for those campuses. Charlene is working with the carrier to determine which campuses or auxiliary organizations are individual, direct clients.

G4. Risk Management Innovation Funding Grants

Robert Leong reviewed the new Risk Management Innovation Funding Grants. Staff developed two risk management funding grant programs for the Campus Liability and Campus Workers' Compensation Risk Pools with an initial funding of \$100,000 (\$50,000 each for Safety & Risk Control and Employee Health & Wellness) for Risk Management Innovation Funding Grants is included in the FY 2013/14 operating budget for Campus Liability and Campus Workers' Compensation respectively.

These funds are for safety related items. One member used the funds to help replace an excessively slippery floor. Each member can request reimbursement for up to a total of \$2,000 per fiscal year (7/1-6/30).

G5. CSURMA Executive Committee and Staff Telephone, Postal Address and E-mail List

The Board was asked to review the attached Board of Directors contact information and provide Staff with revisions.

H. PRESENTATIONS

H1. On-line Training & Learning Management Systems

David Kervella and Robin D. Innes provided an update on the On-line training and Learning Management Systems available and touched on the new functionality that is being made available.

Effective June 7, 2013; additional classes of employees (volunteers) will be added to the system and training will be more readily available to them. Campuses will be able to collect automated feedback on training completion but additional programming is needed on the campus side before this is functional.

Learning Management Systems is working with AORMA to create a pilot program.

H2. Insurance Programs Renewals & State of the Insurance Market

Daniel Howell stepped through a PowerPoint presentation on the current state of the Insurance Market. 2012 was a very good year for the insurance industry – until Hurricane

Sandy hit. Daniel remarked that the insurance market is not soft, even for high quality risks with “good” losses with most insureds seeing premium increases and those with losses receiving large increases at this time. CSURMA’s renewal outlook

- Liability – Campus and Auxiliary stable renewal;
- Auxiliary Programs reinsurance Flat renewal;
- Combined Excess Liability 2% increase year over year; also negotiating World-wide territory for jurisdiction and presentment of claims anywhere in the world;
- State Auto Program (VELSIP) rates are down;
- Property rates are hardening with a few claims that have penetrated the excess layer with markets looking for a rate increase across the board;
- Workers’ Compensation Program – Campus - currently has a very favorable two year rate guarantee and in the process of a cancel/rewrite to secure a new two year rate guarantee. AORMA negotiated a 5% increase before presentation of a large claim.
- IDL/NDL/UI – Campus - Trending downward, but is cyclical, AORMA lags slightly behind the campuses
- SPLIP & SAFECLIP – Stable
- FTIP – Increase in premium due to a large loss
- AIME – Program performing very well.

H3. CSURMA Website Re-launch

Myron Leavell presented an overview of the new CSURMA.org website in development. The site is very clear with a menu bar of major sections across the top. Each major section then presented a left hand navigation panel with options for that page. Making a selection then opened a cascading menu system, offering various levels of detail.

It is slated to go live on July 1, 2013. An email will be sent to all current users to make the transition to the new site as the launch gets closer.

I. ADJOURNMENT

The meeting was adjourned at 12:35 p.m.

A motion was made to adjourn the meeting.

MOTION: George Ashkar

SECOND: Michael Thorpe **MOTION CARRIED**

MEMBERS PRESENT

George Ashkar, CSU Office of the Chancellor
Kurt Borsting, CSU Fullerton, Associated Students, Inc.
Kevin Brady, CSU Los Angeles
Dwayne Brummett, Associated Students, Inc., Cal Poly SLO
Michael Burghart, Humboldt State University
Debbie Burns, CSU, San Bernardino [Audited via Teleconference]
David Carroll, California Polytechnic State University, SLO [Audited via Teleconference]
Guy Dalpe, Cesar Chavez Student Center, San Francisco State University
Robert de Wit, Forty-Niner Shops, Inc., CSU Long Beach
Vineeta Dhillon, California Maritime Academy [Audited via Teleconference]
Valerie Eberle, California State Polytechnic University, Pomona
Lori Gentles, San Francisco State University
Tyson Hill, Sonoma State University [Audited via Teleconference]
Katharine Hullinger, CSU Channel Islands
Lisa Kao, CSU Fresno
Gigi Kiama, University Corporation, CSU Monterey Bay
Keith Kompzi, CSU Fresno, Fresno Association, Inc.
Mark Loftus, San Jose State University [Audited via Teleconference]
Nyassa Love, CSU East Bay [Audited via Teleconference]
Michael Martin, San Francisco State University
Cynthia Matson, CSU Fresno [Audited via Teleconference]
Frank Mumford, CSU Fullerton Auxiliary Services Corporation
Michael A. Neal, CSU Bakersfield [Audited via Teleconference]
Brian Nowlin, CSU Long Beach Foundation
David Prenovost, Cal Poly Pomona Foundation
Jessica Rentto, San Diego State University [Audited via Teleconference]
Mary Ann Rodriquez, CSU Dominguez Hills
Mary Stephens, CSU Long Beach
Kirtland Stout, CSU Sacramento
Sharon Swart-Reiter, California State Polytechnic University, Pomona
Bill Thomas, CSU San Marcos
Michael Thorpe, CSU Chico
Jody Van Leuven, CSU Northridge
Pat Worley, Associated Students, CSU Sacramento [Audited via Teleconference]

MEMBERS ABSENT

Dr. Ed Barnes, California State Polytechnic University, Pomona
William Barrett, CSU Fullerton Auxiliary Services
John Beisner, CSU Fullerton Auxiliary Services
Lawrence Furukawa-Schlereth, Sonoma State University
Kellie Garcia, CSU Bakersfield
Robert Gardner, CSU San Bernardino
Marna Genes, CSU San Jose State University
Russell Giambelluca, CSU Stanislaus
John Griffin, The University Corporation, CSU Northridge

Linda Hawk, CSU San Marcos
Nancy Hayes, San Francisco State University
Lorraine Hoffman, CSU Chico
William Kupfer, CSU Channel Islands
Dr. Mike Lee, CSU Sacramento
Kurtis Lohide, California Maritime Academy
Joyce Lopes, Humboldt State University
Tom McCarron, CSU Northridge
Peter Neville, Sonoma State Student Union
Dr. Ben Quillian, CSU Office of the Chancellor
David Ragsdale, California Polytechnic State University
Lenore Reed, CSU Monterey Bay
Sally Roush, San Diego State University
Kevin Saunders, CSU Monterey Bay
Amy Thomas, CSU Stanislaus
Brad Wells, CSU East Bay
Stephanie Williams, CSU Long Beach
Jeff Wood, CSU Dominguez Hills

STAFF, GUESTS AND CONSULTANTS

Kelly Cox, CSU Office of the Chancellor
Zachary Gifford, CSU Office of the Chancellor
Jacki Graf, Alliant Insurance Services
Daniel Howell, Alliant Insurance Services
William Hsu, CSU, Office of General Counsel
Alice Kim, CSU Office of the Chancellor
Myron Leavell, Alliant Insurance Services
Robert Leong, Alliant Insurance Services
Mimi Long, Alliant Insurance Services
Charlene Minnick, CSU, Office of the Chancellor
Rebecca Skidmore, CSU, Office of the Chancellor

TREASURER'S REPORT AT SEPTEMBER 30, 2013

ISSUE: California Government Code Section 53646(b)(1) requires that the CSURMA Treasurer submit a quarterly investment report stating that all investments are in compliance with the current investment policy and that CSURMA has sufficient funds to meet its expenditure requirements for the next six months. The Board is asked to review the Quarterly Investment Report ending September 30, 2013. The CSURMA Treasurer will be on hand to answer questions.

RECOMMENDATION: Staff recommends the Board accept the Quarterly Investment Report ending September 30, 2013, as presented at today's meeting.

FISCAL IMPACT: None.

BACKGROUND: The objective of reviewing the investment of funds is to assure that policies and procedures are in effect to protect and preserve the JPA's financial assets.

PUBLICATION: None.

ATTACHMENT(S): 1) Certification of Funds Letter dated October 23, 2013
2) Quarterly Investment Report Ending September 30, 2013

CSURMA Quarterly Investment Report

July 1, 2013 – September 30, 2013

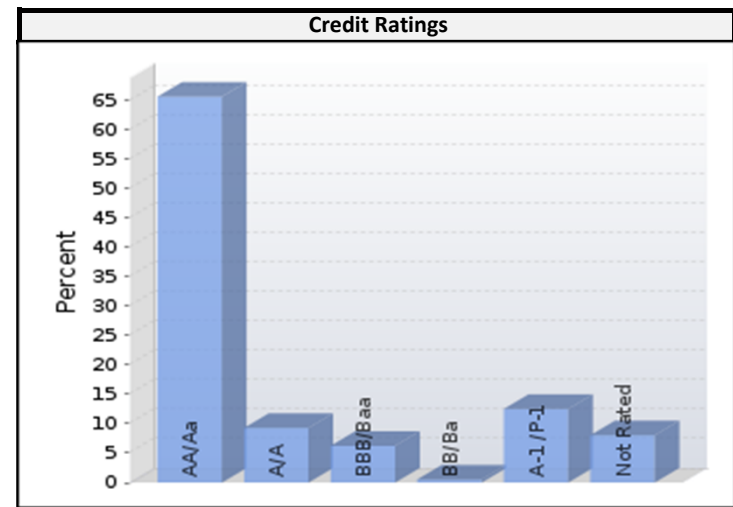
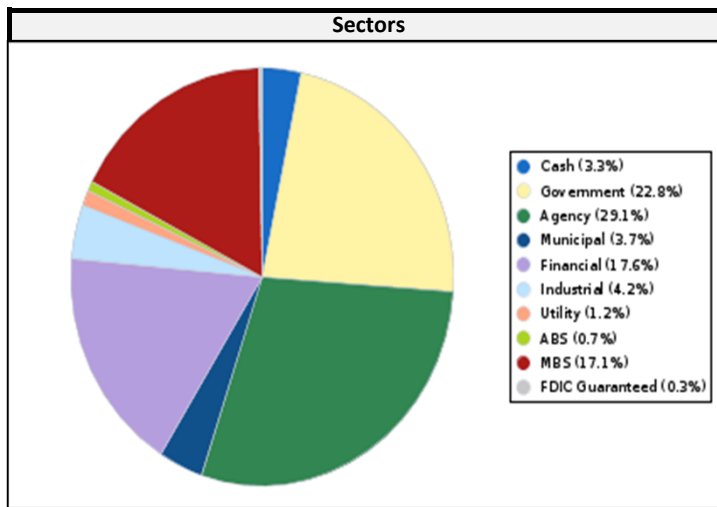
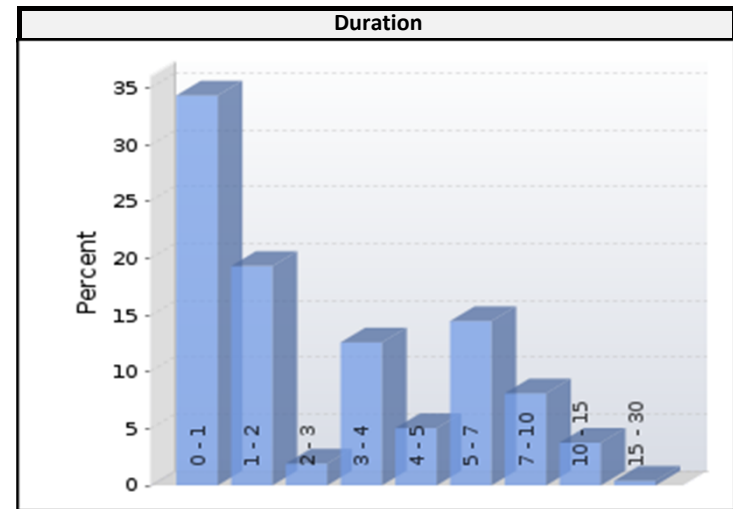
Prepared by the Office of Financing and Treasury

California State University Risk Management Authority

Fixed Income Portfolio (Auxiliary Investment Platform)

As of 9/30/2013

Portfolio Summary Total	
Total Assets	126,088,268
Duration	3.129
Yield	1.239%
Avg Credit Rating	AA-/Aa3
QE Performance	0.431%

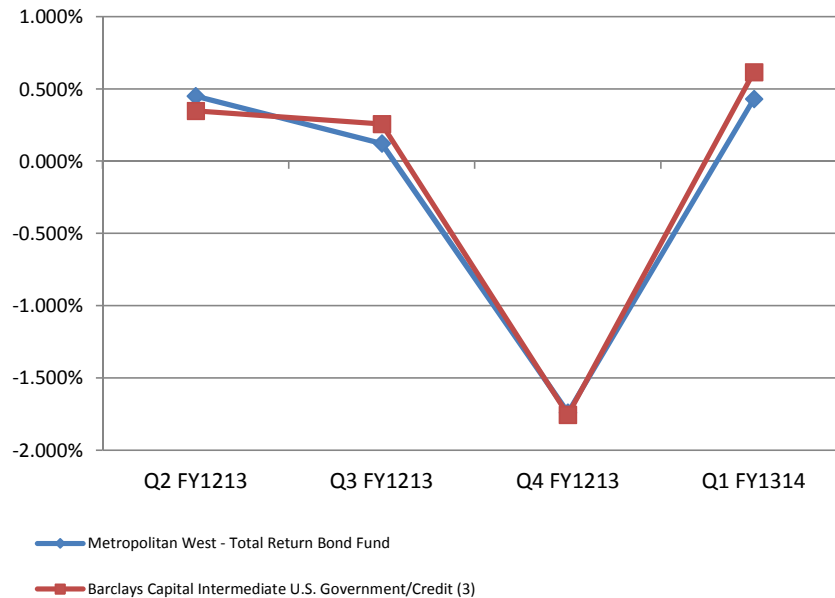


California State University Risk Management Authority
Fixed Income Portfolio (Auxiliary Investment Platform)
Performance Summary

Period Ended 9/30/13

Account / Index	Market Value	3 Month ⁽¹⁾	Trailing 12 Month ⁽¹⁾	Trailing 3 Year ⁽¹⁾	Trailing 5 Year ⁽¹⁾	Since Inception ⁽¹⁾	Yield	WAM ⁽²⁾	Duration
	09/30/13	07/01/13 - 09/30/13	10/01/12 - 09/30/13	10/01/10 - 09/30/13	10/01/08 - 09/30/13	04/01/08 - 09/30/13			
Metropolitan West - Total Return Bond Fund	126,088,268	0.431%	-0.791%	2.092%	4.472%	4.992%	1.239	6.907	3.129
Barclays Capital Intermediate U.S. Government/Credit ⁽³⁾		0.616%	-0.495%	2.413%	4.952%	3.973%	1.485	4.187	3.870

Account / Index	Q2 FY1213	Q3 FY1213	Q4 FY1213	Q1 FY1314	12 Month Return ⁽¹⁾
	10/01/12 - 12/31/12	01/01/13 - 03/31/13	04/01/13 - 06/30/13	07/01/13 - 09/30/13	10/01/12 - 09/30/13
Metropolitan West - Total Return Bond Fund	0.449%	0.122%	-1.738%	0.431%	-0.791%
Barclays Capital Intermediate U.S. Government/Credit ⁽³⁾	0.348%	0.258%	-1.754%	0.616%	-0.495%



(1) Represents Total Return on the portfolio (Income Return plus Price Return)

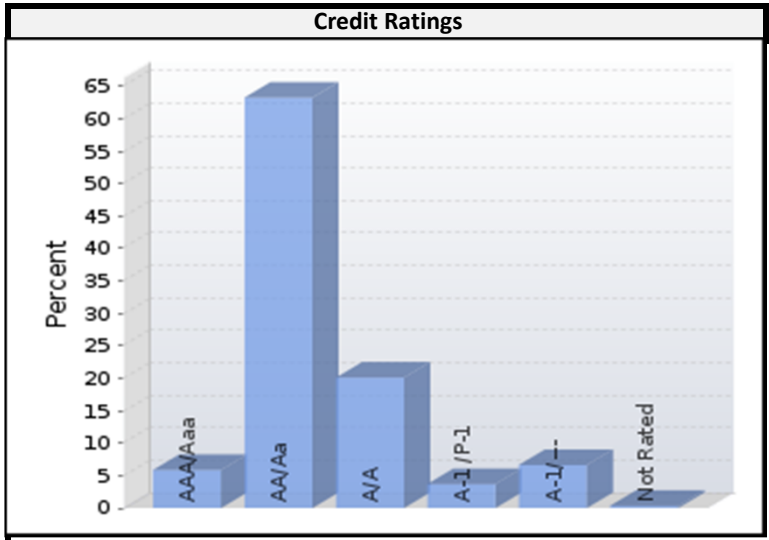
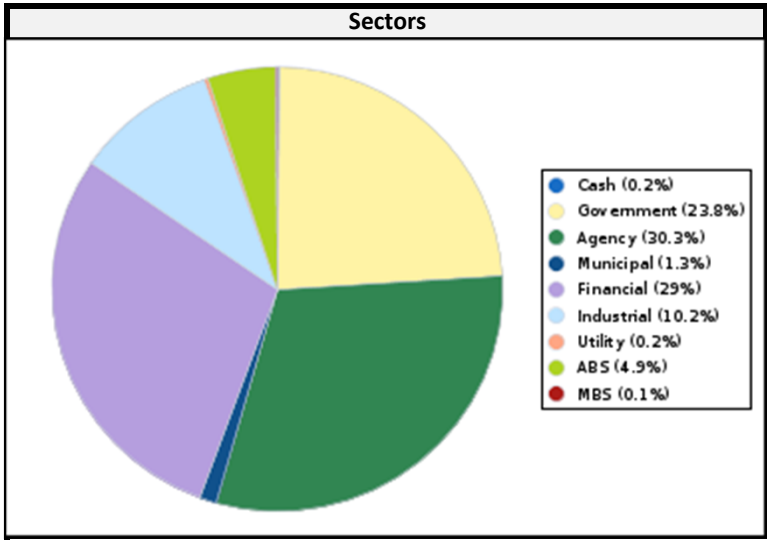
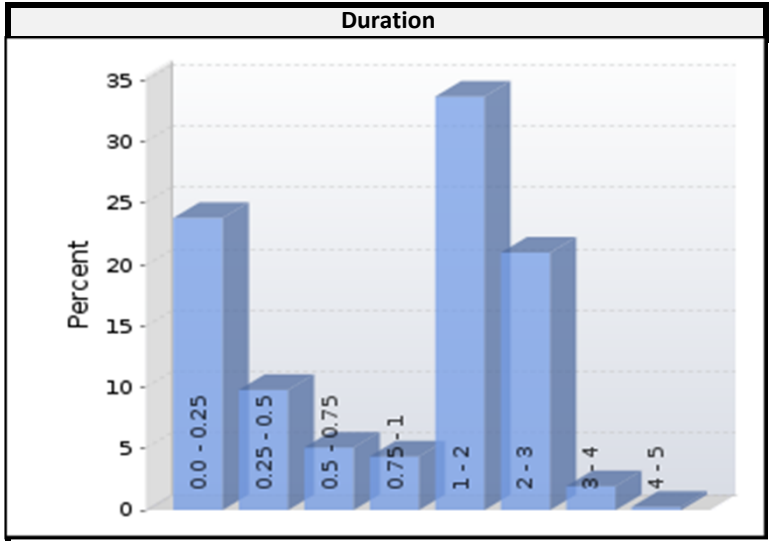
(2) Weighted Average Maturity

(3) Portfolio Benchmark

California State University SWIFT Portfolio

As of 9/30/2013

Portfolio Summary Total	
Total Assets	82,095,912
Duration	1.243
Yield	0.417%
Avg Credit Rating	AA-/Aa3
QE Performance	0.313%



California State University Risk Management Authority

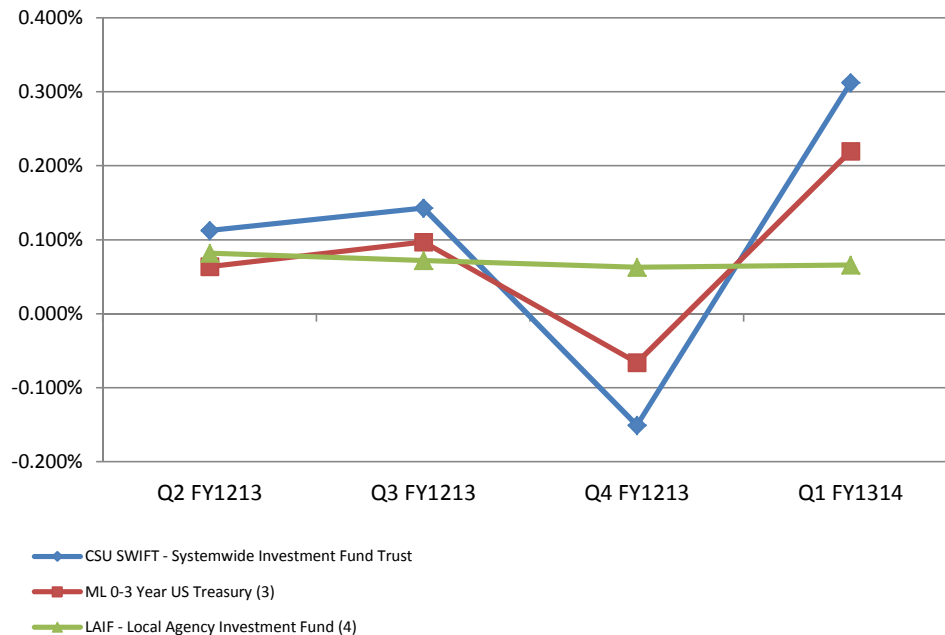
SWIFT Portfolio

Performance Summary

Period Ended 9/30/13

Account / Index	Market Value	3 Month ⁽¹⁾	Trailing 12 Month ⁽¹⁾	Trailing 3 Year ⁽¹⁾	Trailing 5 Year ⁽¹⁾	Since Inception ⁽¹⁾	Yield	WAM ⁽²⁾	Duration
	09/30/13	07/01/13 - 09/30/13	10/01/12 - 09/30/13	10/01/10 - 09/30/13	10/01/08 - 09/30/13	07/01/07 - 09/30/13			
CSU SWIFT - Systemwide Investment Fund Trust	82,095,912	0.313%	0.418%	0.648%	1.007%	1.559%	0.417	1.569	1.243
BofA ML 0-3 Year US Treasury ⁽³⁾		0.220%	0.316%	0.557%	1.260%	2.208%	0.251	1.485	1.459
LAIF - Local Agency Investment Fund ⁽⁴⁾		0.066%	0.283%	0.374%	0.680%	n/a	0.265		

Account / Index	Q2 FY1213	Q3 FY1213	Q4 FY1213	Q1 FY1314	12 Month Return ⁽¹⁾
	10/01/12 - 12/31/12	01/01/13 - 03/31/13	04/01/13 - 06/30/13	07/01/13 - 09/30/13	10/01/12 - 09/30/13
CSU SWIFT - Systemwide Investment Fund Trust	0.113%	0.143%	-0.151%	0.313%	0.418%
ML 0-3 Year US Treasury ⁽³⁾	0.064%	0.097%	-0.066%	0.220%	0.316%
LAIF - Local Agency Investment Fund ⁽⁴⁾	0.082%	0.072%	0.063%	0.066%	0.283%



(1) Represents Total Return on the portfolio (Income Return plus Price Return)

(2) Weighted Average Maturity

(3) Portfolio Benchmark

(4) LAIF quarterly return calculated by CSUCO Financing & Treasury



California State University Risk Management Authority

Officers

Cynthia Teniente-Matson
Chair

Mary Ann Rodriguez
Vice Chair

George V. Ashkar
Treasurer

Charlene M. Minnick
Secretary

To: Executive Committee
CSU Risk Management Authority

From: George V. Ashkar
Treasurer of CSU Risk Management Authority

Re: Quarterly Investment Report
Ending September 30, 2013

Date: October 23, 2013

Government Code Section 53646(b)(1) requires the Authority's Treasurer to submit to the legislative body (Executive Committee), a quarterly investment report. Attached is the quarterly investment report ending September 30, 2013. The report contains a portfolio summary which includes market value, return, yield, weighted average to maturity (WAM), and duration for each of CSURMA investment Portfolios; Fixed Income Portfolio with Morgan Stanley-Smith Barney, and CSU's Consolidated Investment Pool.

It is the belief of the Treasurer that the funds held in investments are sufficient to meet the Authority's cash flow needs for the following six (6) months, and the investments are in accordance with the investment policy of the Authority, as duly authorized by the Executive Committee.

George V. Ashkar, Treasurer

ADOPTION OF MEETING DATES FOR CALENDAR YEAR 2014

ISSUE: The CSURMA has adopted a Meeting Calendar for the period of January 2014 - December 2014. The attached calendar records the dates of all Committee and Board meetings, various conferences, and special events.

Date	Committee	Time	Location
Sunday January 12, 2014	Executive Committee	3:00 pm	Sacramento
Thursday March 20, 2014	Executive Committee	2:30 pm	Newport Beach
Friday March 21, 2014	Long Range Planning Meeting	8:00 am	Newport Beach
Thursday May 8, 2014	Board of Directors Orientation	2:00 pm	Long Beach
Friday May 9, 2014	Executive Committee	8:30 am	Long Beach
Friday May 9, 2014	Board of Directors	10:30am	Long Beach
Thursday September 11, 2014	Executive Committee Orientation	4:00 pm	Long Beach
Friday September 12, 2014	Executive Committee	8:30 am	Long Beach
Thursday October 23, 2014	Board of Directors Orientation	2:00 pm	Long Beach
Friday October 24 2014	Executive Committee	9:00 am	Long Beach
Friday October 24, 2014	Board of Directors	10:30 am	Long Beach
Friday December 5, 2014	Executive Committee	8:30 am	Long Beach

RECOMMENDATION: It is recommended that the Board of Directors adopt these meeting dates for Calendar Year 2014 as recommended by the Executive Committee, per the attached calendar.

FISCAL IMPACT: Staff continues to consolidate meetings to reduce travel time and expenses.

BACKGROUND: CSURMA's Joint Powers Agreement establishes a Board and Executive Committee structure for governance. The CSURMA Board meets twice a year.

ATTACHMENT(S): CSURMA Proposed Meeting Dates for Calendar Year 2014



California State University Risk Management Authority
Auxiliary Organizations Risk Management Alliance

DRAFT

2014 CSURMA • AORMA MEETING CALENDAR

JANUARY, 2014	FEBRUARY, 2014	MARCH, 2014
<p>12 EC: Sacramento, 3:00 p.m.</p>		<p>20 AORMA: Newport Beach, 9:00 a.m. 20 EC: Newport Beach, 2:30 p.m. 21 EC LRP: Newport Beach, 8:00 a.m.</p> <p style="text-align: center;">Only the AORMA Chair and Vice Chair attend the EC meetings</p> <p style="text-align: center;">Only the AORMA Chair attends to AOA EC meeting</p>
APRIL, 2014	MAY, 2014	JUNE, 2014
	<p>8 AORMA: Long Beach, 10:00 a.m. 8 BOD: New Board Member Orientation, Long Beach, 2:00 p.m. 9 EC: Long Beach, 8:30 a.m. 9 BOD: Long Beach, 10:30 a.m.</p> <p style="text-align: center;">Only the AORMA Chair and Vice Chair attend the EC meetings</p> <p style="text-align: center;">All AORMA Committee members attend the BOD</p>	

AORMA = Auxiliary Organizations Risk Management Alliance Committee	PC = AORMA Programs Committee	EC = CSURMA Executive Committee
AOUIT = Auxiliary Organizations Unemployment Insurance Trust	AORMA LRP = AORMA Long Range Planning Meeting	EC LRP = EC Long Range Planning Meeting
MSLCTC = AORMA Member Services, Loss Control & Training Committee	AOA = CSU Auxiliary Organizations Association	BOD = CSURMA Board of Directors

2014 CSURMA • AORMA MEETING CALENDAR

JULY, 2014	AUGUST, 2014	SEPTEMBER, 2014
		10 AORMA New Committee Member Orientation: Long Beach, 9:00 a.m. 10 AORMA LRP: Long Beach, 10:00 a.m. 11 AORMA: Long Beach, 9:00 a.m. 11 EC Orientation: Long Beach, 4:00 p.m. 12 EC: Long Beach, 8:30 a.m. Only the AORMA Chair and Vice Chair attend the EC meetings
OCTOBER, 2014	NOVEMBER, 2014	DECEMBER, 2014
23 AORMA: Long Beach, 10:00 a.m. 23 BOD: New Board Member Orientation, Long Beach, 2:00 p.m. 24 EC: Long Beach, 9:00 a.m. 24 BOD: Long Beach, 10:30 a.m. Only the AORMA Chair and Vice Chair attend the EC meetings All AORMA Committee members attend the BOD		4 AORMA: Long Beach, 10:00 a.m. 5 EC: Long Beach, 8:30 a.m. Only the AORMA Chair and Vice Chair attend the EC meetings

AORMA = Auxiliary Organizations Risk Management Alliance Committee	PC = AORMA Programs Committee	EC = CSURMA Executive Committee
AOUIT = Auxiliary Organizations Unemployment Insurance Trust	AORMA LRP = AORMA Long Range Planning Meeting	EC LRP = EC Long Range Planning Meeting
MSLCTC = AORMA Member Services, Loss Control & Training Committee	AOA = CSU Auxiliary Organizations Association	BOD = CSURMA Board of Directors

Trustee's Audit Status Report

ISSUE: The CSU Office of the University Auditor has completed its report on CSURMA and management's response has been accepted. The audit was published in July. The Chair and Vice Chair had participated in review of the preliminary findings and the CSURMA Executive Committee has taken action at prior meetings to address expected findings from the preliminary report. All of the items have been addressed by CSURMA and submitted for closure. It is expected that the University Auditor will report to the CSU Trustees at their November meeting that all items have been closed. Attached to this item are the University Auditor's Report, staff's matrix report on the status of the progress to close out audit findings as well as Executive Order 1087 reauthorizing CSURMA.

RECOMMENDATION: The Board of Directors may take action or provide direction as necessary as respects the Audit findings.

FISCAL IMPACT: No direct fiscal impact is expected from action on this item at today's meeting.

BACKGROUND: None.

ATTACHMENT(S): 1) University Audit No. 12-65 – CSURMA
2) Matrix of Response Item Status
3) Executive Order 1087 - CSURMA

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

**Audit Report 12-65
May 15, 2013**

Members, Committee on Audit

Henry Mendoza, Chair
Lupe C. Garcia, Vice Chair
Rebecca D. Eisen Steven M. Glazer
William Hauck Hugo Morales

Staff

University Auditor: Larry Mandel
Senior Director: Michelle Schlack
Manager of Investigations: Cindy Sanford
Audit Manager: Wendee Shinsato
Senior Auditor: Linda Rathfelder

**BOARD OF TRUSTEES
THE CALIFORNIA STATE UNIVERSITY**

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APPENDICES

APPENDIX A:	Personnel Contacted
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APPENDIX C:	Chancellor's Acceptance

ABBREVIATIONS

AIME	Athletic Injury Medical Expense
Alliant	Alliant Insurance Services, Inc.
AORMA	Auxiliary Organization Risk Management Authority
Board	Board of Directors
CABO	Chief Administrators and Business Officers
CAJPA	California Association of Joint Powers Authorities
CO	Office of the Chancellor
CSU	California State University
CSURMA	CSU Risk Management Authority
EC	Executive Committee
EO	Executive Order
EVC/CFO	Executive Vice Chancellor/Chief Financial Officer
GC	Government Code
ICSUAM	Integrated California State University Administrative Manual
JPA	Joint Powers Authority
MOU	Memorandum of Understanding
OUA	Office of the University Auditor
SAM	State Administrative Manual
SAS	Statement on Auditing Standards
SWIFT	Systemwide Investment Fund-Trust

EXECUTIVE SUMMARY

As a result of a request by the Executive Vice Chancellor/Chief Financial Officer, and as directed by the Board of Trustees at its January 2012 meeting, the Office of the University Auditor (OUA) reviewed the *California State University Risk Management Authority* (CSURMA). The OUA has never reviewed the CSURMA.

We visited the Office of the Chancellor (CO) from September 24, 2012, through January 25, 2013, and audited the procedures in effect at that time.

In our opinion, due to the effect of the weaknesses described below, the fiscal, operational and administrative controls for CSURMA as of January 25, 2013, taken as a whole, were not sufficient to meet the objectives stated in the “Purpose” section of this report. Areas of major concern include: outdated policies and procedures for investment and other major activities, an outdated conflict-of-interest code, a lack of delegated authority to approve expenditures, questionable travel expenses, and administration of the claims settlement process.

As a result of changing conditions and the degree of compliance with procedures, the effectiveness of controls changes over time. Specific limitations that may hinder the effectiveness of an otherwise adequate system of controls include, but are not limited to, resource constraints, faulty judgments, unintentional errors, circumvention by collusion, and management overrides. Establishing controls that would prevent all these limitations would not be cost-effective; moreover, an audit may not always detect these limitations.

The following summary provides management with an overview of conditions requiring attention. Areas of review not mentioned in this section were found to be satisfactory. Numbers in brackets [] refer to page numbers in the report.

GENERAL ENVIRONMENT [7]

Administration of the CSURMA needed improvement. For example, the CSURMA had not documented the requirement that Board members and alternates be appointed in writing. In addition, systemwide policies relating to the CSURMA were outdated, and the CSURMA had not defined and documented which California State University (CSU) policies were relevant to program administration or formally adopted a travel policy. Also, the CSURMA conflict-of-interest code was outdated and had last been approved in 1997, and the CSURMA had not initiated a general liability audit for either the CSURMA or Auxiliary Organizations Risk Management Authority general liability claims programs in 2010 or 2012, as required by CSURMA policy.

FISCAL ADMINISTRATION [12]

The CSURMA did not have documented policies relating to its contracting process, such as required reviews and approvals and standard terms and conditions for contracts with third-party service providers. In addition, the CSURMA had not documented all delegations of authority related to fiscal administration. Also, CSURMA oversight of funds held in third-party trust accounts needed improvement as one third-party service provider that held CSURMA funds in trust did not provide bank statements or bank account reconciliations to the CSURMA. Additionally, administration of CSURMA

investments needed improvement. For example, the CSURMA investment policy was outdated and had not been reviewed and approved by the Executive Council (EC) on an annual basis, and there was no delegation of authority from the CSURMA treasurer to the CO administrator responsible for overseeing CSURMA investments. Finally, travel expenses for an employee in Systemwide Risk Management were often questionable in terms of their appropriateness and business necessity and did not always appear to have a clear or demonstrable benefit to the CSURMA or the CSU.

INFORMATION SYSTEMS [24]

The CSURMA did not have documented policies on information security systems access for the iVOS claims processing system.

PROGRAM ADMINISTRATION [25]

Administration of the claims settlement process needed improvement. Specifically, delegation of authority from the EC or the Board to the various entities and individuals who signed or approved settlement agreements was not documented, a central repository of CO and campus settlement authorities for workers' compensation and general liability claims was not maintained, and there was no documented policy or procedure for the CSURMA claims settlement process for campus pooled programs.

INTRODUCTION

BACKGROUND

The California State University Risk Management Authority (CSURMA) is a joint powers authority composed of the California State University (CSU) and its auxiliary organizations. Formed on January 1, 1997, it is a separate legal entity that was created to protect member resources by providing broad coverage and quality risk management services that stabilize risk cost in a reliable, economical, and beneficial manner. Alliant Insurance Services, Inc. has been selected through an RFP process to serve as program administrator of the CSURMA since its inception and provides a number of services, including developing and maintaining policies and procedures, coordinating and arranging board and committee meetings, developing and maintaining CSURMA program manuals, and providing assistance in developing CSURMA budgets and financial statements.

The CSURMA is governed by a board of directors comprised of 30 campus members appointed by the CSU executive vice chancellor/chief financial officer and 10 auxiliary organization representatives. Campus members include, but are not limited to, representatives from each of the 23 campuses and the Office of the Chancellor (CO). The executive committee, a subset of the board of directors, conducts, directs, and supervises the entity's insurance program and claims management activity. The CO staff play an important role, as they perform many of the operating functions, such as the treasurer activities as performed by the assistant vice chancellor for financial services and risk activities by the assistant vice chancellor for risk management and public safety. The auxiliary organization risk management alliance committee specifically reviews and addresses issues associated with auxiliary organization activities. The CSURMA's principal office resides in Systemwide Risk Management and Public Safety in the CO; however, board and committee meetings are split between the CO and the program administrator's office in San Francisco. Additionally, CSURMA contracts with the Office of General Counsel for CSURMA legal support, in-house counsel on claims, litigation services, and coordination with external counsel, as needed. The Office of Risk Management and Public Safety is responsible for policy development, including executive orders on behalf of CSURMA and overall implementation of CSURMA directives.

The CSURMA provides entity risk pooling programs for workers' compensation, general liability, industrial and nonindustrial disability, unemployment insurance coverage, and property losses, along with purchased insurance coverage and other risk management programs. The CSURMA also purchases excess insurance and reinsurance from third-party providers to protect its members from catastrophic losses. As of June 30, 2011, investments held by the CSURMA totaled \$132,687,000. This includes amounts held for funding self-insurance programs and monies used for CSURMA operations.

The bylaws of the CSURMA recognize that the campuses are at the center of the CSU's risk management and insurance program and key to mitigating the risks associated with campus administration. CSURMA initiatives and programs assist its members in carrying out the following list of risk management responsibilities, developed by the CSURMA executive committee, that aim to reduce campus risk exposures and add value to the university community:

- ▶ Development and implementation of campus risk management policies, procedures, and programs.
- ▶ Remittance of pool deposits and premium payments in a timely fashion.
- ▶ Claims management and reporting.
- ▶ Periodic evaluations of campus risk management programs.

- ▶ Provision of risk management training and communications to campus management and staff.
- ▶ Implementation and monitoring of loss prevention and control programs.
- ▶ Participation, as appropriate, in claims settlement.

Executive Order 638, *California State University Risk Pooling Policy*, dated June 27, 1995, first authorized the creation of the CSU Risk Pool, which established a self-insurance program for workers' compensation and general liabilities and allowed for the purchase of excess insurance and the provision of other risk management services. Subsequently, the CSU Risk Pool was transitioned into the CSURMA joint powers authority. California Government Code (GC) §6502 permits the formation of joint powers authorities in the state of California, which are defined as legally separate entities where two or more public agencies, by agreement, may jointly exercise any power common to the contracting parties. GC §6516.9 allows the CSU to enter into a joint powers agreement with nonprofit auxiliary organizations for risk pooling arrangements.

The California Association of Joint Powers Authorities (CAJPA) is a statewide association for risk pools that provides continuing education, legislative advocacy, and active involvement in regulatory matters on behalf of its joint powers authority members. Although the CSURMA is not accredited by CAJPA, it aims to meet CAJPA standards, and it recently contracted with an independent audit firm, James Marta and Company, to perform a best-practices review of CSURMA's operating processes in accordance with CAJPA accreditation standards. CSURMA financial statements are also independently audited by KPMG, LLP on an annual basis. Furthermore, CSURMA contracts with other specialized insurance audit firms to conduct an independent claims review on a periodic basis.

PURPOSE

Our overall audit objective was to ascertain the effectiveness of existing policies and procedures relating to the administration of the CSURMA and to determine the adequacy of controls over related processes to ensure compliance with relevant government regulations, CSURMA governing documents, Trustee policy, and Office of the Chancellor directives.

Within the overall audit objective, specific goals included determining whether:

- ▶ The administration and structure of the CSURMA provide clear lines of organizational authority and responsibility, current and comprehensive policies and procedures, and a defined mission and goals to measure program effectiveness.
- ▶ CSURMA governing documents provide an adequate framework for the administration of risk management programs in compliance with state regulations and CSU policy.
- ▶ Conflict-of-interest reporting is performed per state government regulations.
- ▶ Succession planning or other methods to reduce transition and turnover risk have been considered and implemented.
- ▶ CSURMA budget planning and monitoring processes ensure effective accounting and management control.
- ▶ Accounting processes and controls ensure adequate reporting of financial transactions; purchases and expenditures are properly authorized and controlled; and costs incurred by the CSU and its auxiliaries on behalf of the CSURMA are properly recovered.
- ▶ Administration and management of CSURMA investments is adequate.
- ▶ Oversight and evaluation of third-party vendors is adequate.
- ▶ Access to automated systems is controlled and limited to authorized users, and data backup procedures for automated systems are in place.
- ▶ Security and retention of the CSURMA records is adequate.
- ▶ Funding and reserve policies are adequate.
- ▶ Assessments and dividends are appropriately reviewed, approved, and processed.
- ▶ Claims settlements are properly authorized and processed in accordance with CSURMA policy.

SCOPE AND METHODOLOGY

The proposed scope of the audit as presented in Attachment A, Audit Agenda Item 2 of the January 24 and 25, 2012, meeting of the Committee on Audit stated that *CSURMA* would include a review of compliance with bylaws and other governing documents, the effectiveness of policies and procedures for program administration, conflict-of-interest reporting, funding and reserve policies, claims settlement processes, expenditure controls, oversight and evaluation of third-party vendors, and risk management or other insurance programs to ensure they are in the best interest of the CSU.

Our study and evaluation were conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* issued by the Institute of Internal Auditors and included the audit tests we considered necessary in determining whether operational and administrative controls are in place and operative. This review emphasized, but was not limited to, compliance with Board of Trustee policies and Office of the Chancellor and campus policies, letters, and directives. The audit focused on procedures in effect from July 1, 2010, through January 25, 2013.

We focused primarily on the internal administrative, compliance, and operations controls over CSURMA activities. Specifically, we reviewed and tested:

- ▶ CSURMA governing documents, policies and procedures, and monitoring tools.
- ▶ Budgeting and accounting processes to ensure accurate reporting of financial transactions, proper approvals, and compliance with CSURMA policies and procedures.
- ▶ Contract award and renewal processes, including proper approvals, conflicts of interest, and fulfillment of terms.
- ▶ Procedures surrounding the CSURMA member loan program.
- ▶ Policies surrounding the administration of CSURMA investments, including monitoring of accounts and investment reporting.
- ▶ Access and data backup procedures for CSURMA systems.
- ▶ Methods for member evaluation of CSURMA programs.
- ▶ Funding and reserve policies, and the process for declaring and processing assessments and dividends.
- ▶ Claims processing and management.

OBSERVATIONS, RECOMMENDATIONS, AND MANAGEMENT RESPONSES

GENERAL ENVIRONMENT

CSURMA ADMINISTRATION

Administration of the California State University Risk Management Authority (CSURMA) needed improvement.

We found that:

- ▶ The CSURMA had not documented the requirement that Board of Directors (Board) members and alternates be appointed in writing. Although the executive vice chancellor/chief financial officer (EVC/CFO) had delegated authority for the appointment of 23 Board positions to the campus chief administrators and business officers, documentation of the delegation could not be located.
- ▶ The process for nominating and electing Executive Committee (EC) members was not documented in written policy, although this process was documented for Auxiliary Organization Risk Management Authority (AORMA) committee members.

The CSURMA Joint Powers Authority (JPA) agreement, revised October 28, 2011, gives power to the EVC/CFO to appoint up to 30 directors on the Board of Directors, and to appoint alternate representatives who shall serve in the absence of the primary representatives. The EVC/CFO may also appoint alternate representatives who shall serve in the absence of the primary representatives.

Government Codes (GC) §13402 and 13403 state that management is responsible for establishing and maintaining a system of internal administrative controls. It further states that the elements of a satisfactory system of internal controls include an established system of practices to be followed in performance of duties and functions, and personnel of a quality commensurate with their responsibilities.

The assistant vice chancellor of risk management and public safety stated that CSURMA did not have requirements in policy or documents regarding campus appointments to the Board or alternate positions and CSURMA did not recognize the need for a formal nomination and election process to the EC due to oversight.

The lack of effective administration of the CSURMA increases the risk of uninformed decision-making, misunderstandings of the duties and responsibilities of governing members, and insufficient oversight over the CSURMA program.

Recommendation 1

We recommend that the CSURMA:

- a. Document the requirement that CSURMA Board members and alternates must be appointed in writing, and ensure that the appointment of all current members and alternates is documented.
- b. Develop a written policy for nominating and electing EC members.

Management Response

We concur. The program administrator created a policy to document the existing process of appointing a nominating committee for EC appointees, and at its March 21, 2013, meeting, the CSURMA EC adopted Policy and Procedure No. 18 – Board of Directors Participation and Executive Committee Nominations and Elections Process.

By October 15, 2013, the CSURMA program administrator will update the procedure manual and CSURMA calendar of activities to ensure board appointment documentation occurs on a regular basis, along with a process for communicating changes in appointees. Board appointments and updates have already occurred for the current period.

SYSTEMWIDE POLICIES AND PROCEDURES

Systemwide policies relating to the CSURMA were outdated.

We found that Executive Order (EO) 638, *CSU Risk Pooling Policy*, dated June 27, 1995, established risk pooling and a self-insurance programs for CSU Risk Pool members, but the CSU Risk Pool had since been replaced by the CSURMA joint powers authority and the EO had not been updated accordingly.

GC §13402 and 13403 state that management is responsible for establishing and maintaining a system of internal administrative controls. It further states that the elements of a satisfactory system of internal controls include an established system of practices to be followed in performance of duties and functions and personnel of a quality commensurate with their responsibilities.

The assistant vice chancellor of risk management and public safety stated that with the maturation of the CSURMA program, the need to review and update the “founding” EO had not been recognized.

Outdated policies and procedures relating to the CSURMA increase the risk that the relationship between the CSURMA and the CSU will not be clearly defined, including CSURMA responsibilities for reporting to CSU executive management and adhering to certain CSU policies.

Recommendation 2

We recommend that the CO update systemwide policies relating to the CSURMA.

Management Response

We concur. The assistant vice chancellor for risk management and public safety will update EO 638 and other relevant EOs to reflect the current roles and responsibilities of the CSURMA. This will be completed by September 2013.

CSURMA POLICIES AND PROCEDURES

The CSURMA had not defined and documented which CSU policies were relevant to program administration and had not formally adopted a travel policy.

We noted that:

- ▶ Other than the CSU investment policy, the CSURMA had not formally approved adoption of other CSU policies that were used in practice, such as the CSU travel policy, the CSU accounting policies, or the systems access policies included in the Integrated California State University Administrative Manual.
- ▶ The CSURMA travel policy only addressed attendance of professional development conferences. In practice, CSURMA reimbursed non-conference travel expenses in accordance with the CSU travel policy.

CSURMA Bylaws, revised October 28, 2011, Article VIII, state that members of the EC, principal staff designated by the EC and duly appointed members of standing committees may be reimbursed for all reasonable and necessary travel expenses when required or incurred by those persons in attending meetings of the EC or a standing committee of the Entity. If the Board determines that travel expenses shall be reimbursed, the EC shall adopt a policy and procedure in accordance with this article.

State Administrative Manual (SAM) §20050 states that one symptom of a deficient internal control system is policy and procedural or operational manuals that are either not currently maintained or nonexistent.

The associate director of accounting stated although it was CSURMA accounting's practice to follow the policies set forth by the Office of the Chancellor's (CO) accounting department, including the CSU Travel Policy, no formal policy to do so had been documented.

Failure to define and document policies increases the risk that errors, inconsistencies, misunderstandings, or misappropriation could occur.

Recommendation 3

We recommend that CSURMA define and document which CSU policies are relevant to program administration and formally adopt a travel policy.

Management Response

We concur. The CSURMA has already taken action at its May board meeting to adopt the CSU 3601.01 travel policy and has further discussed at the May EC meeting as to which ICSUAM §3000, *General Accounting*, policies are appropriate for adoption. At the September EC meeting, the final resolution will be presented for approval, and this will be completed by December 2013. At the September 2013 EC meeting, review, consideration, and adoption of applicable portions of ICSUAM §8000 that are relevant to program administration will be completed. Any amendment or development of a CSURMA policy and practice not accomplished at the September meeting will be completed by December 2014.

CONFLICTS OF INTEREST

The CSURMA conflict-of-interest code was outdated and had last been approved in 1997.

We found that:

- ▶ The code referenced the Pooled Liability Program Committee, Workers Compensation Program Committee, Safety Committee, Officers Committee, and Finance Committee, none of which still exist.
- ▶ The code did not require all key personnel at the CSURMA program administrator to complete Form 700 conflict-of-interest filing statements.
- ▶ The CSURMA program administrator did not always maintain completed conflict-of-interest statements on file.

The CSURMA conflict-of-interest code states that designated positions shall file their statements with the CSURMA, and such statements shall be retained.

GC §87300, et seq. states that every agency shall adopt and promulgate a conflict-of-interest code. Each conflict-of-interest code shall contain a provision for the specific enumeration of the positions that involve the making or participation in the making of decisions that may foreseeably have a material effect on any financial interest. Every agency shall amend its conflict-of-interest code when change is necessitated by changed circumstances, including the creation of new positions that must be designated.

The assistant vice chancellor of risk management and public safety stated that prior to the audit, CSURMA had a practice for obtaining Form 700s and that the practice had not been reviewed for consideration of needed updates.

Failure to maintain a current and complete conflict-of-interest code, and failure to adequately maintain conflict-of-interest filings, increases the risk of inappropriate decision-making and non-compliance with state and CSU requirements.

Recommendation 4

We recommend that the CSURMA:

- a. Update the conflict-of-interest code to ensure that information included is current.
- b. Require all key personnel at the CSURMA program administrator to complete Form 700 conflict-of-interest filing statements.
- c. Ensure that the CSURMA program administrator maintains all conflict-of-interest statements on file.

Management Response

We concur. The CSURMA program administrator shall develop a procedure to ensure that all Form 700s are current and maintained for all persons required to submit Statements of Economic Interest under the CSURMA Conflict of Interest Code; CSURMA's Conflict of Interest Code was updated and re-adopted by the EC at their meeting on December 6, 2012. The program administrator's Form 700 records are now current for all required filers. To ensure that the program administrator maintains all conflict-of-interest statements on file, the program administrator will annually prepare a status report on all filings at the CSURMA EC's annual long-range planning meeting. The status report will show all the persons required to make filings and the status of those filings.

GENERAL LIABILITY CLAIMS AUDITS

The CSURMA had not initiated a general liability audit for either the CSURMA or AORMA general liability claims programs in 2010 or 2012, as required by CSURMA policy.

CSURMA Policy and Procedure 5, *Claims Audits*, effective July 1, 1999, states that the CSURMA program administrator shall take steps to engage the services of an independent, professional claims auditor to audit the CSURMA's risk pooling programs at specified period intervals. The pooled liability program shall be audited in the first quarter of the calendar year in even-numbered years.

AORMA Policy and Procedure A-5, *Annual Calendar of Reports, Audits and Filings*, effective October 29, 2009, states that claims administration audits for both the liability and workers' compensation programs will be performed by an independent outside auditor in accordance with CSURMA Policy and Procedure 5.

The assistant vice chancellor of risk management and public safety stated that although claims programs had been audited by excess insurance carriers, the CSURMA had not engaged an independent auditor due to oversight.

Failure to perform general liability audits for the CSURMA and AORMA claims programs increases the risk that claims will not be processed efficiently and effectively, and that errors or inconsistencies will not be discovered.

Recommendation 5

We recommend that the CSURMA perform audits of the CSURMA and AORMA general liability claims programs in accordance with CSURMA policy.

Management Response

We concur. The claims audits of the CSURMA campus liability, AORMA liability, and Athletic Injury Medical Expense programs (AIME) have been completed. The CSURMA EC reviewed and accepted the campus risk pool liability claims audit at its May 9, 2013, meeting, and the AORMA Committee will review the AORMA liability program claims audit at its September 2013 meeting. The AIME program claims audit will be reviewed at the September EC meeting. In the future, the CSURMA program administrator will include this in the schedule of activities to ensure timely completion every other year as provided in Policy and Procedure No. 19.

FISCAL ADMINISTRATION

CONTRACTING POLICIES

The CSURMA did not have documented policies relating to its contracting process.

We noted that the CSURMA did not have contracting policies that could include, but not be limited to, information on the required reviews and approvals and standard terms and conditions for contracts with third-party service providers. In addition, we reviewed seven contracts for claims administration and hosting services for the iVOS claims processing system and found that:

- ▶ One contract was approved by an individual who did not have delegated authority from the EC or Board, and one contract was approved for payment before it was signed.
- ▶ There were no standard contracting terms to address information security and confidentiality of data. Such terms could include, but not be limited to, confidentiality and safeguarding of data, prohibition of unauthorized use or disclosure of protected data, ownership of information and disposition of data upon contract termination, and reporting of unauthorized disclosures or misuse of data to the CSURMA.
- ▶ One contract did not address indemnification/hold harmless requirements, and three contracts did not address insurance requirements.
- ▶ Two contracts did not contain a right-to-audit clause.
- ▶ Five contracts, two of which were in the process of being updated during the audit, did not include a conflict-of-interest clause.
- ▶ One contract with a third party that held CSURMA funds in trust did not contain provisions for these funds, including, but not limited to, replenishments and account reconciliations.

CAJPA Standard I, *Governing Documents and Administrative Contracts*, Section E, requires the JPA to have written contracts with firms or individuals that provide program administration services, insurance brokerage services, claims administration services, or have access to JPA funds. Such contracts are required to include, among other things, indemnification and insurance requirements, ownership of records, and duty to disclose conflicts of interest.

EO 1069, *Risk Management and Public Safety*, dated March 1, 2012, states that the assistant vice chancellor for risk management and public safety has the responsibility for the development and implementation of systemwide risk identification, policies, and hold harmless provisions and insurance requirement guidelines for agreements, contracts, and purchases.

SAM §5305 states that agencies need to ensure the integrity of computerized information resources by protecting them from unauthorized access, modification, destruction, or disclosure and to ensure the physical security of these resources. Agencies shall also ensure that users, contractors, and third parties having access to computerized information resources are informed of and abide by this policy and the agency security plan.

The assistant vice chancellor, risk management and public safety stated that prior to the audit, the CSURMA had a practice for the development, review, and execution of agreements/contracts; however, the need for formalized policies (i.e., standard terms and conditions) had not been recognized.

A lack of policies relating to the contracting process increases the risk that contracts will not be properly executed and protected data will not be appropriately safeguarded.

Recommendation 6

We recommend that the CSURMA document policies and procedures for the contracting process, including information on the required reviews and approvals and use of standard terms and conditions.

Management Response

We concur. The assistant vice chancellor for risk management and public safety has reviewed and updated the CSURMA policies for contracting, review, approval, and execution of agreements/contracts. The EC adopted Resolution No. 03-13 (EC) regarding standard terms and conditions to be requested in service agreements at its March 21, 2013, meeting. The administrative contracting and review process will be presented to the EC at the September meeting. This will be completed by October 2013.

DELEGATIONS OF AUTHORITY

The CSURMA had not documented all delegations of authority.

We found that:

- ▶ There was no delegation of authority from the Board or the EC to the CO risk management staff to approve expenditures or to sign memorandums of understanding (MOU) related to cost recovery.
- ▶ There was no delegation of authority from the Board to the EC to approve changes to the CSURMA budget.

The CSURMA JPA agreement, effective October 28, 2011, states that the Board shall reserve to itself the approval of the annual budget of the entity. It further states that the treasurer shall pay sums as approved for payment by the Board or EC, or by any body or person to whom the Board has delegated approval authority.

GC §13402 and 13403 state that management is responsible for establishing and maintaining a system of internal administrative controls, which includes documenting the system, communicating system requirements to employees, and assuring that the system is functioning as prescribed and is modified, as appropriate, for changes in conditions. It further states that administrative controls include a system of authorization and recordkeeping procedures adequate to provide effective accounting control over assets, liabilities, revenues, and expenditures.

The associate director of accounting stated that it was the CSURMA accounting's practice to follow the delegations of authority created for the CO financial system; however, the lack of a delegation from the CSURMA Board had not been recognized as being in non-compliance. She also stated that it was staff's interpretation that the CSURMA's JPA agreement established the EC's authority to approve changes in the CSURMA budget.

Failure to maintain formal delegations of authority increases the risk of misunderstandings and of inappropriate or unauthorized transactions.

Recommendation 7

We recommend that the CSURMA:

- a. Document the delegation of authority from the Board or the EC to the CO risk management staff or other appropriate individuals to approve expenditures and sign MOUs related to cost recovery.
- b. Document the delegation of authority from the Board to the EC to approve changes to the CSURMA budget.

Management Response

We concur. The CSURMA board addressed both matters in its Resolution No. 01-13 (BOD), adopted at its meeting on May 10, 2013. The EC approved and delegated authority to sign MOUs related to cost recovery at its meeting on May 9, 2013.

THIRD-PARTY TRUST ACCOUNTS

CSURMA oversight of funds held in third-party trust accounts needed improvement.

We noted that although CSURMA accounting had requested bank statements and bank account reconciliations for CSURMA funds held in trust by A-G Administrators, the administrator of the athletic injury medical expense program, the documentation had not been provided.

GC §13402 and 13403 state that management is responsible for establishing and maintaining a system of internal administrative controls, which includes documenting the system, communicating system requirements to employees, and assuring that the system is functioning as prescribed and is modified, as appropriate, for changes in conditions. It further states that administrative controls include a system of authorization and recordkeeping procedures adequate to provide effective accounting control over assets, liabilities, revenues and expenditures.

The associate director of accounting stated that numerous attempts to obtain A-G Administrators' bank statements and bank account reconciliations had been made, but all had been unsuccessful.

Lack of review of bank statements and reconciliations for funds held in third-party trust accounts increases exposure to loss from inappropriate acts.

Recommendation 8

We recommend that the CSURMA ensure that A-G Administrators provides bank statements and bank account reconciliations for CSURMA funds held in trust.

Management Response

We concur. A-G Administrators had provided periodic bank statements and bank account reconciliations for CSURMA funds held in trust. A-G is now providing bank statements and bank account reconciliations on a monthly basis to CSURMA accounting. Accounting will review the statements for accuracy.

CSURMA INVESTMENTS

Administration of CSURMA investments needed improvement.

We found that:

- ▶ The CSURMA investment policy, developed and approved in 2007, had not been reviewed and approved by the EC on an annual basis. The policy was re-approved by the EC in September 2012, but it still referred to the CABO investment committee, which is no longer in existence, as well as specific CABO oversight duties for CSURMA investments that were no longer being performed.
- ▶ There was no delegation of authority from the CSURMA treasurer to the senior director of financing and treasury to oversee CSURMA investments.

EC Resolution 1-07 states that the CSURMA re-adopts the investment policy of the CSU annually as the Investment Policy of the CSURMA by Resolution.

CAJPA Standard V, *Investment of Funds*, Section A, states that the JPA's written investment policy is reviewed annually by the governing body or an investment committee pursuant to GC §53646(a).

CAJPA Standard V, *Investment of Funds*, Section E, states that if the treasurer has the authority to reinvest, sell, and exchange securities, that the JPA makes such a delegation of authority annually.

GC §53607 states, in part, that the authority of the legislative body to invest or to reinvest funds of a local agency, or to sell or exchange securities so purchased, may be delegated for a one-year period by the legislative body to the treasurer of the local agency, who shall thereafter assume full responsibility for those transactions until the delegation of authority is revoked or expires. Subject to review, the legislative body may renew the delegation of authority pursuant to this section each year.

The associate director of accounting stated that although the CSURMA adopted its investment policy in 2007, staff had neglected to present it to the EC to be reviewed and approved annually. She further stated that providing a monthly report of investment transactions had not been established as a formal operating requirement because it had not been recognized as a non-compliance issue. The senior director of financing and treasury stated that he had been designated as investment authority by the CSURMA treasurer; however, the delegation had not been documented due to oversight.

Inadequate monitoring of CSURMA investments increases the risk of loss due to poor fund administration or inappropriate acts.

Recommendation 9

We recommend that the CSURMA:

- a. Update the CSURMA investment policy and ensure that it is reviewed and approved on an annual basis by the EC.

- b. Document the delegation of authority from the CSURMA treasurer to the CO administrator assigned the responsibility of overseeing CSURMA investments.

Management Response

We concur. The CSURMA board has adopted an updated investment policy. The CSURMA program administrator will add the review of the investment policy to the annual activities reviewed by the EC in September 2013. The CSURMA board addressed the delegation of authority in its Resolution No. 01-13 (BOD), adopted at its meeting on May 10, 2013.

TRAVEL EXPENSES

Travel expenses for an employee in Systemwide Risk Management were often questionable in terms of their appropriateness and business necessity and did not always appear to have a clear or demonstrable benefit to the CSURMA or the CSU.

We reviewed 146 travel expense claims (TECs) over a 27-month period from July 2010 through September 2012 for an employee in Systemwide Risk Management working on CSURMA-related business. Over this time period, we noted that the employee incurred approximately \$158,994 in travel costs.

The CSU travel policies and procedures state that the CSU pays or reimburses for travel-related expenses that are ordinary, reasonable, not extravagant, and necessary to conduct official business; it is the traveler's responsibility to make certain that the expenses they incur meet those requirements. The employee signed all these claims, certifying "that the above is a true statement of the travel expenses incurred by me in accordance with CSU Policy and Procedures."

Trips to manage a vendor were often questionable, illogical, and outside the parameters of the duties/responsibilities of the risk management employee as defined in the position description.

- ▶ The CSURMA contracts with Alliant Insurance Services, Inc. (Alliant) as its program administrator. The employee's job description indicates that an estimated five percent of the employee's time is spent on "management of risk management vendor service agreements and performance." Yet, during the period reviewed, the employee filed TECs for 82 trips to Alliant's office in San Francisco. The employee's TECs indicate that all or part of approximately 157 out of 557 work days (28 percent) between July 2010 and September 2012 was spent on travel and meetings related to Alliant.
 - In 43 of the 82 instances (52 percent) when the employee claimed on the TEC to be working at Alliant's office in San Francisco, we found no corresponding parking receipt for the Pine Street parking garage (where the employee typically parked) or another nearby parking lot. The employee provided various explanations for several of these instances. For example, in 21 of the instances, the employee claimed to have parked in a space provided to Alliant. Although in 19 of those instances the employee did not claim parking expenses, there was a claim for \$21 reimbursements in two of the instances. In addition, in at least ten of the instances, the employee later claimed to have been working in the East Bay, not at Alliant's

office. However, the TECs all indicated that the employee was working in San Francisco at Alliant, so either the later response to us or the TECs are incorrect.

- Many of the trips were of very short duration, often lasting only slightly more than 24 hours. In 61 of the 82 instances, the employee picked up a rental car from the San Francisco airport after 4 p.m. As it is unlikely that any business was conducted on the day of arrival, we question the need for these overnight stays and whether sufficient work would actually have been conducted to justify the travel time and expense. Although the employee told us that business was conducted on each of those afternoons, we do not find that statement credible based on the times the rental car was picked up and the employee subsequently checked into the hotel. In almost all of the instances we reviewed, we believe there was little time for anything other than driving from the airport to the hotel, and in numerous instances, the employee did not even pick up the car until after 6 or 7 p.m., making it unlikely that there was time to conduct business. Further, in three of these instances, the employee returned the rental car before 10:30 a.m. the next day. Finally, in 22 instances, the parking receipts indicate that the employee left the Alliant offices before 1 p.m.
- During several of the trips in which the employee claimed to be working at Alliant, hotel records show the employee stayed at a hotel in Walnut Creek after flying into SFO. It seems illogical that the employee would fly to SFO and then drive to the East Bay area if working in downtown San Francisco. As noted above, the employee later claimed to have been working in the East Bay, not San Francisco; however, the TECs indicated otherwise.

Expenses not adequately documented or properly reviewed and approved

- ▶ The employee did not always provide adequate documentation to support the travel costs as required by CSU policy. CSU policy requires detailed receipts for all expenses of \$25 or more. Further, the employee's supervisor and CSURMA accounting failed to adequately review the travel expense claims. As a result, the employee was sometimes reimbursed for expenses not allowed by CSU travel policy.
 - Hotel receipts were either incomplete or missing from five travel expense claims. The unsupported/undocumented cost of these stays was \$1,628 in lodging costs and \$177 in parking costs.
 - The employee claimed at least 39 meals that cost \$25 or more without providing a receipt as required by CSU policy.
- ▶ During the period reviewed, travel approval forms, signed in advance of travel, had been signed for an estimated cost of \$141,465, while the actual total cost of the trips taken was approximately \$17,500 (12 percent) higher. Although the forms were approved prior to travel, we noted that they contained minimal information, and cost estimates were shown only as a lump sum amount. For example, for a November 2011 trip to Israel and Ghana, the employee's estimated trip costs per the travel approval form were \$7,000, but the actual cost was \$10,432, 49 percent above the original estimate. Further, estimated costs for a March 2012 trip to London were \$3,000, but the final cost was actually \$5,890, nearly double the original estimate.

- ▶ The employee was sometimes reimbursed for questionable costs, including some that the employee may not have been entitled to claim and some for which the business necessity or benefit to the CSURMA or the CSU is unclear.
 - In at least 33 instances, based on the time the employee picked up a personal car from LAX, the employee returned on an earlier flight than the one that had been booked. However, the times indicated on the TECs for the conclusion of travel were more consistent with the times the employee might have arrived home if the later flights had been taken. In addition, in 37 instances, it took the employee more than two hours, and in several instances more than five hours, to get home from LAX. Google Maps indicates that the trip from LAX to the employee's residence is approximately 25 miles. If the employee was not actually traveling during the times stated on the travel claim, we question whether the employee was entitled to reimbursement for all the meals claimed.
 - The CSU travel policy was revised in April 2011. According to the policy, employees are reimbursed for actual meal expenses up to a daily maximum of \$55. Although the employee typically claimed meal amounts down to the penny after the policy revision, the total amount claimed for a full day frequently totaled exactly \$55, and in several more instances was within \$1 of this amount. It is highly unlikely for the total of three daily meals to equal exactly \$55 on multiple occasions, and we therefore question the validity of the amounts claimed.
 - The employee was reimbursed on three separate occasions for hotel costs incurred within a 25-mile radius of the CO. In two of these cases, there was no explanation as to the need for a hotel stay. In the third case, the employee obtained a travel exception to stay at a hotel during a conference; however, the employee stayed six miles away from the conference hotel at a hotel that appeared to be slightly more expensive but was part of the employee's preferred hotel brand chain.
 - During the employee's trip to Nairobi, Kenya, we noted three questionable receipts from Kairi Tours & Safari, Ltd. Specifically, there were two receipts in the employee's name: one for a trip to Sheldric Farm, a giraffe center, and Kazuri bead shop on August 22, 2012 (\$80), and another for a trip to Nairobi National Park on August 25, 2012 (\$180), for the employee and the mother of an injured student. The third receipt said that the payment was received from the employee "for [the mother of an injured student]" for August 25, 2012, for the same \$80 trip the employee took on August 22. When the person who reviewed the TEC asked the employee's assistant about the receipts, the assistant said they were taxi charges. Although the receipts indicate that the company provided hotel pickup, we believe referring to the expenses as taxi charges is a mischaracterization of their true nature as sightseeing tours. When we questioned the assistant about how she knew these were taxi charges since the receipts did not indicate they were from a taxi company, she said she did not really remember.
 - There was no clear business purpose or necessity for the employee's overnight stay in New York when traveling to Bermuda in June 2011. No explanation was provided on the TEC. The employee later claimed to have had a late dinner with a New York underwriter; however,

we find that explanation questionable because the employee's flight was scheduled to land at 8 p.m., and the employee checked into the hotel at 9:08 p.m. It seems unlikely that a business dinner would have been conducted after that, especially since the employee did not claim reimbursement for dinner or business expenses that day and had an 8 a.m. flight to Bermuda the next morning.

- In two instances, the employee claimed and was reimbursed for hotel room upgrades in San Francisco (\$46 above the room charge of \$173 in July 2011 and \$40 above the room charge of \$201 in September 2011). No justification was documented.
 - The employee traveled to San Francisco from July 17-19, 2011, but the parking receipt submitted for reimbursement from LAX was for July 15-19, 2011, and was not in the employee's name.
 - The employee was reimbursed \$17 for a car wash at the LAX parking garage.
- ▶ Employee travel costs were not always reasonable or economical.
- The CSU travel policy concerning foreign lodging expenses allowed for actual costs before April 2011, and after April 2011, set a fixed amount per diem for lodging, meals, and incidentals in accordance with U.S. Department of State allowances. There were numerous instances in which the employee's foreign lodging costs were excessive. For example, on all four trips the employee made to London during the time period covered by our review, the hotel expenses incurred were more than \$520 per night and up to \$576 per night.¹ The maximum federal rates (the rates used by the CSU for international travel) during those trips ranged from \$319 to \$331 per night; therefore, the employee exceeded those limits by more than \$200 per night. On one of the trips, the first hotel night was \$233, within the \$321 maximum federal rate, but the rate changed after the first night. The employee's travel approval form was approved based on the \$233 per night rate, even though subsequent nights were \$530. In another example, when the employee traveled to Tel Aviv, the hotel cost was \$470 per night, \$135 per night over the maximum federal rate of \$335.
 - The employee and a colleague traveled to Israel and Ghana in October 2011. The employee left the morning of October 20, and the colleague left the morning of October 22. It was unclear from the information on the TEC why the employee had to leave for Israel two days earlier than the colleague. When we asked the employee, we were told that there was some uncertainty as to when the meetings were going to start and the colleague had not yet finalized his arrangements, but the employee knew there would be more than 30 hours of flying time and going through customs to deal with. The employee claimed expenses totaling \$10,433, more than twice the total amount, \$5,125, claimed by the colleague. The main differences between the two claims related to lodging (\$4,600 claimed by the employee versus \$994 claimed by the colleague, who stayed at less expensive hotels and took advantage of lodging offered by local universities) and meals and incidentals (the employee

¹ Two of these trips were prior to the implementation of the April 2011 policy that established limits on foreign lodging costs; nevertheless, we concluded the lodging rates incurred by the employee were excessive.

claimed the full per diem amounts² for all but four meals, for a total of \$1,450, whereas the colleague claimed much lower amounts and far fewer meals because several of the meals had been provided, for a total of \$260).

- During four of the employee's international trips, the employee often claimed full per diem amounts for meals and incidentals. For example, the employee claimed up to \$180 per day in London, and \$143 per day in Tel Aviv. Although CSU policy allows employees to claim maximum federal per diem amounts for foreign travel, it also states that only expenses actually incurred are reimbursable. By signing the TECs, the employee certified that the expenses claimed were incurred.
 - The employee used valet parking almost exclusively. For example, valet parking at LAX was \$19.95 per day, but the same parking company offered self-parking rates as low as \$12.95 per day. The employee also chose to frequent hotels that only offered valet parking, including the Embassy Suites in Walnut Creek at \$16 per night and the Hyatt in San Francisco at \$57 per night.
 - When traveling out-of-state or internationally, in at least eight instances the employee used limo services rather than taxis or shuttles to travel to and from the airports. Some websites for the hotels where the employee stayed provided estimated taxi costs between the airport and hotel that were significantly less than the limo services. For example, in April 2011, the employee paid an average of \$82 each way between the airport and hotel in Chicago, and the hotel's website indicated that the cost of a taxi between the hotel and the airport was approximately \$40. The following month, the employee used a limo service from the airport to the hotel in New York at a cost of \$134. A taxi-fare-finder website for New York estimated that the taxi cost would have been approximately \$53, less than half the cost of the limo service. CSU travel procedures state that transportation expenses shall be reimbursed based on the most economical mode of transportation.
- ▶ Employee travel patterns and modes of transportation were often illogical and inefficient.
- As noted previously, the employee traveled to Israel and Ghana in 2011. The employee noted on the travel approval form that Ghana was "on the way home from Tel Aviv." We disagree. When we asked the employee about it, we were told that although it was not exactly on the way home, it was closer than going from Long Beach when the employee was already going to be in Israel with a colleague who was traveling on to Ghana. The employee said the colleague had asked for a risk assessment in Ghana because no one from the CSU had been to Ghana in more than ten years. However, the colleague told us that he did not recall how the employee's participation in the trip to Ghana came up, so he was unable to confirm that assertion. When asked if risk assessments were part of the employee's job, the employee reported doing what was asked but acknowledged that the only other foreign risk assessment that had been done was the one in Israel on that same trip. Further, although the employee

² The daily meal and incidental allowances were \$143 for Tel Aviv, \$89 for Accra, and \$149 for Frankfurt, where the employee had connecting flights.

claimed to have provided a verbal report to the chancellor after returning from the trip, a written report was not prepared.

- On a trip to St. Louis on June 15-16, 2011, the employee arrived at 6:49 p.m. on June 15 and checked into the hotel at 7:30 p.m. The employee was then at the airport the next day by 12:10 p.m. to depart on a 1:32 p.m. flight. The cost of the trip was \$846. We question the business need and the benefit to the CSURMA or the CSU of traveling this distance and incurring these costs for such a short period of time. Although the employee told us the company brought in all the principals to an early meeting so there was no need to remain in their offices all day as was originally scheduled, we did not find that response credible. Specifically, the employee's flight itinerary dated May 25, 2011, already had the employee booked to return on June 16 at 1:32 p.m., so the employee knew at least three weeks in advance that the meeting would only be in the morning.
- On at least six occasions, the employee drove from their residence in Long Beach to LAX, parked at LAX, flew to San Diego, and rented a car in San Diego. This method of travel was both more expensive and more time-consuming than driving to San Diego. For example, on June 10, 2012, the employee drove from Long Beach to LAX and flew to San Diego, renting a car. The employee returned the following day. The cost of airfare, mileage to and from LAX, airport parking, and the rental car was \$423. If the employee had driven a personal car from Long Beach, we estimate travel costs would have been about one-fourth that cost, or \$106. If the employee had used a rental car, we estimate the two-day cost would have been approximately \$62, plus fuel charges – still significantly less than the cost of flying. In addition, after returning from San Diego on June 11, the employee flew to San Diego again the following day before continuing on to San Francisco.
- The purpose of one trip in February 2012 was to attend a Statewide Emergency Planning Committee meeting scheduled on February 8 from 9 a.m. to noon. However, the employee returned the rental car to the Sacramento airport at 10:22 a.m. that day, and the meeting location was approximately 30 minutes from the airport. Therefore, the employee would have had only approximately 45 minutes to attend the meeting. We question whether this was an efficient use of time and resources. According to the employee, a portion of the meeting was cancelled, so there was no need to stay.

CSU Travel Procedures and Regulations, dated April 1, 2011, state that university employees traveling on official business shall observe normally accepted standards of appropriateness in the type and manner of expenses they incur. In addition, it is the traveler's responsibility to report his/her actual travel expenses in a responsible and ethical manner. Travelers should make certain that the business-related expenses they incur are ordinary, reasonable, not extravagant, and necessary for the purpose of the trip. Additionally, the approving authority designated to approve travel claims is responsible for ensuring that all expenses are reasonable in terms of price, purpose and necessity. Some specific requirements include:

- ▶ Transportation expenses shall be reimbursed based on the most economical mode of transportation and the most commonly traveled route consistent with the authorized purpose of the trip.

- ▶ Valet parking charges in excess of normal parking charges shall be borne by the traveler, unless the traveler obtains an exception.
- ▶ Subsistence expenses, such as charges for lodging, meals, and incidental expenses, for travel within 25 miles of an employee's headquarters or residence shall not be reimbursed.
- ▶ Original, itemized receipts for all lodging expenses and for any reimbursable items costing \$25 or more shall be required for reimbursement of travel costs. For substantiation of an expense, a receipt indicates what was purchased, the amount due, the form of payment, and preferably a zero balance.
- ▶ Lodging expenses must not be extravagant and should be reasonable for the locality of travel.
- ▶ In the event the traveler must forego the provided meal for health or business reasons, an explanation for the purchase of the meal replacement must accompany the claim. Supporting documentation may be requested and required.
- ▶ Travelers to foreign destinations will receive a fixed amount per diem for lodging, meals, and incidentals in accordance with the Federal Maximum Travel Per Diem Allowances for Foreign Areas published by the U.S. Department of State.

Financial Services Coded Memo 2010-01, *CSU Policy and Procedures Governing Travel and Relocation Expense Reimbursement*, dated January 14, 2010, was the travel policy in effect until April 2011. This states that for in-state travel, actual meal costs will be reimbursed up to \$50, and actual incidental costs up to \$5 may be reimbursed for each complete 24-hour period of travel.

The assistant vice chancellor of risk management and public safety stated that in her judgment and due to the scale and complexity of CSURMA programs, a hands-on approach was required to effectively design, develop, and negotiate insurance and self-insurance products, and produce agendas for numerous CSURMA meetings. She further stated that due to these duties, coupled with the range of risk management needs for the largest public university system in the United States, extensive travel was required and warranted. She also stated that all trips were reviewed and approved in advance, as were all expense claims after the trips were completed.

Insufficient control over travel expenses increases the risk of wasteful or abusive use of funds and unauthorized or inappropriate payments.

Recommendation 10

We recommend that the CSURMA and the CO:

- a. Evaluate the business necessity for such frequent travel, and determine to what extent other more efficient or economical options may be used, such as day trips instead of overnight stays or the use of phone or video conferencing. Document and maintain the results of this evaluation.

- b. Remind employees who travel on CSURMA-related business that they must follow CSU travel requirements, including the need for providing applicable receipts for expenses, and prior written authorization for policy exceptions.
- c. Improve the oversight and post-review of travel expenditures for CSURMA-related business. This could include, but not be limited to, providing periodic refresher training to employees who review, approve, and process travel expense claims, and implementing processes to elevate concerns with travel that does not comply with CSURMA or CSU policies and procedures, including timely research/resolution of noted concerns and appropriate personnel actions.
- d. Evaluate the need for the CSURMA EC to receive quarterly reports regarding CSURMA administrative and travel expenditures.

Management Response

We concur. The CSU EVC for business and finance has carefully considered the findings and recommendations within the audit and in one case, due to an approved medical condition, valet services were appropriate. The EVC has reexamined internal controls related to preapproval, travel appropriateness, and expenditure reimbursement and has reminded employees of CSU travel requirements. Practices are now in place to ensure the frequency and duration of travel is necessary to conduct CSURMA business. Travel has been significantly curtailed and is being replaced with alternate technological means to conduct business, such as audio calls, video conferences, or Skype, when appropriate.

Oversight and post-review of travel expenditures within the CO has improved, and when appropriate, reimbursement is subject to denial. Further exploration is under way to determine whether the CSURMA EC should receive quarterly reports regarding the CSURMA administrative and travel expenditures of the CSU Office of Risk Management. The EVC will conduct appropriate personnel action, including a potential for reimbursement of ineligible or questionable expenditures.

INFORMATION SYSTEMS

The CSURMA did not have documented policies on information security systems access for the iVOS claims processing system.

SAM §5340 states that management is responsible for ensuring that the appropriate physical, technical, and administrative controls are in place to support proper access to information assets.

SAM §20050 states that one symptom of a deficient internal control system is policy and procedural or operational manuals that are either not currently maintained or nonexistent.

The assistant vice chancellor of risk management and public safety stated that although a practice was in place for iVOS information security systems access, the need for a documented process had not been recognized.

The lack of written policies and procedures for information security systems access increases the risk of inappropriate access to confidential claims data.

Recommendation 11

We recommend that the CSURMA document policies on information security systems access for the iVOS claims processing system.

Management Response

We concur. At its May 9, 2013, meeting, the CSURMA EC took action to review and accept the iVOS user policy of the Systemwide Office of Risk Management for access to the iVOS claims processing system.

PROGRAM ADMINISTRATION

Administration of the claims settlement process needed improvement.

We found that:

- ▶ Delegation of authority from the EC or the Board to AORMA, CSU campuses, legal counsel, and others who signed and/or approved claims settlement agreements was not documented.
- ▶ The CSURMA did not have a documented policy or procedure for the CSURMA claims settlement process for campus pooled programs.
- ▶ The CSURMA did not maintain a central repository of CO and campus settlement authorities for workers' compensation and general liability claims.

CAJPA Standard VIII, *Claims Management*, Section G, requires JPAs to have a written policy addressing settlement authority.

CSURMA Bylaws state that the EC has the duty and responsibility to authorize payment of claims against the entity, provided that claim settlement authority shall be in accordance with the policies and procedures governing the particular coverage program.

GC §13402 and 13403 state that management is responsible for establishing and maintaining a system of internal administrative controls, which includes documenting the system, communicating system requirements to employees, and assuring that the system is functioning as prescribed and is modified, as appropriate, for changes in conditions. It further states that administrative controls include a system of authorization and recordkeeping procedures adequate to provide effective accounting control over assets, liabilities, revenues, and expenditures.

The assistant vice chancellor of risk management and public safety stated that a practice that included the input and participation of general counsel and the former chancellor was in place for claims settlement, but the need for a documented process had not been recognized.

Failure to properly administer the claims settlement process increases the risk of unauthorized or inappropriate payments.

Recommendation 12

We recommend that the CSURMA:

- a. Document the delegation of authority from the EC or the Board to the various entities and individuals who sign and/or approve claims settlement agreements.
- b. Develop and document a policy or procedure to address the CSURMA claims settlement process for campus pooled programs.
- c. Maintain a central repository of CO and campus settlement authorities for workers' compensation and general liability claims.

Management Response

We concur. At its May 21, 2013, meeting, the CSURMA EC adopted Policy and Procedure No. 19 – Campus Risk Pool Settlement Authority, describing the claims settlement process, and delegated authorities. The program administrator has been directed to maintain a central repository of CO and campus settlement authorities and has obtained written notification from 22 of the campuses and the CO. Obtaining of the 23rd campus' information will be completed by September 2013. The program administrator has been directed to include an update of the campus notification as a part of the annual service calendar.

APPENDIX A: PERSONNEL CONTACTED

<u>Name</u>	<u>Title</u>
<u>Office of the Chancellor</u> Benjamin F. Quillian	Executive Vice Chancellor and Chief Financial Officer and CSURMA Board of Directors Alternate Member
George Ashkar	Assistant Vice Chancellor/Controller, Financial Services and CSURMA Treasurer
Leona Ching	Risk Management Administrative Analyst
Kelly Cox	Associate Director, Accounting
Robert Eaton	Senior Director, Financing and Treasury
Zachary Gifford	Associate Director, Systemwide Risk Management
Jean Gill	Assistant Controller
Martha Guiditta	Risk Management Specialist
William Hsu	General Counsel and CSURMA Counsel
Alice Kim	Manager, Enterprise and Chancellor's Office Financial Reporting
Charlene Minnick	Assistant Vice Chancellor, Risk Management and Public Safety and CSURMA Secretary
Oliver Ravela	Banking Services Analyst
Michael Redmond	Senior Director, Chancellor's Office Fiscal Controls and Special Initiatives
Colleen Zenger	Financial Manager
<u>California State University, Fresno</u> Cynthia Teniente-Matson	Vice President for Administration and Chief Financial Officer and CSURMA Chair



Business and Finance
401 Golden Shore, 5th Floor
Long Beach, CA 90802-4210

www.calstate.edu

Benjamin F. Quillian
Executive Vice Chancellor and
Chief Financial Officer

562-951-4600
Fax 562-951-4971
bquillian@calstate.edu

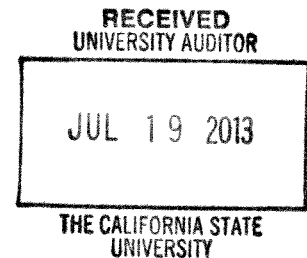
MEMORANDUM

DATE: July 18, 2013

TO: Larry Mandel
University Auditor

FROM: Benjamin F. Quillian *B.F.*
Executive Vice Chancellor and
Chief Financial Officer

SUBJECT: Responses to Audit Report Number 12-65
Risk Management Authority



Management has reviewed the preliminary draft of the Risk Management Authority Audit Report #12-65. As you know I have had lingering concerns about Risk Management & Public Safety and appreciate the thoroughness of the report.

Attached are the responses to the recommendations. Please let me know if you have any questions. Thank you.

c: Cynthia Teniente-Matson, Vice President for Administration and CFO, CSU Fresno
Mary Ann Rodriguez, Vice President, Administration and Finance, CSU Dominguez Hills
Charlene Minnick, Assistant Vice Chancellor, Risk Management and Public Safety
Zachary Gifford, Associate Director, Risk Management and Public Safety
Daniel Howell, CSURMA Program Director

CSU Campuses
Bakersfield
Channel Islands
Chico
Dominguez Hills
East Bay

Fresno
Fullerton
Humboldt
Long Beach
Los Angeles
Maritime Academy

Monterey Bay
Northridge
Pomona
Sacramento
San Bernardino
San Diego

San Francisco
San José
San Luis Obispo
San Marcos
Sonoma
Stanislaus

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY****Audit Report 12-65****GENERAL ENVIRONMENT****CSURMA ADMINISTRATION****Recommendation 1**

We recommend that the CSURMA:

- a. Document the requirement that CSURMA Board members and alternates must be appointed in writing, and ensure that the appointment of all current members and alternates is documented.
- b. Develop a written policy for nominating and electing EC members.

Management Response

We concur. The program administrator created a policy to document the existing process of appointing a nominating committee for EC appointees, and at its March 21, 2013 meeting, the CSURMA Executive Committee adopted Policy and Procedure No. 18 - Board of Directors Participation and Executive Committee Nominations and Elections Process.

By October 15, 2013, the CSURMA Program administrator will update the procedure manual and CSURMA calendar of activities to ensure board appointment documentation occurs on a regular basis along with a process for communicating changes in appointees. Board appointments and updates have already occurred for the current period.

SYSTEMWIDE POLICIES AND PROCEDURES**Recommendation 2**

We recommend that the CO update systemwide policies relating to the CSURMA.

Management Response

We concur. The Assistant Vice Chancellor for Risk Management and Public Safety will update EO 638 and other relevant executive orders to reflect the current roles and responsibilities of the CSURMA. This will be completed by September 2013.

CSURMA POLICIES AND PROCEDURES

Recommendation 3

We recommend that CSURMA define and document which CSU policies are relevant to program administration and formally adopt a travel policy.

Management Response

We concur. The CSURMA has already taken action at its May Board meeting to adopt the CSU 3601.01 travel policy and has further discussed at the May EC as to which ICSUAM 3000, General Accounting, policies are appropriate for adoption. At the September EC meeting, the final resolution will be presented for approval and this will be completed by December 2013. At the September 2013 Executive Committee meeting, review, consideration and adoption of applicable portions of ICSUAM 8000 that are relevant to program administration will be completed. Any amendment or development of a CSURMA policy and practice not accomplished at the September meeting will be completed by December 2014.

CONFLICTS OF INTEREST

Recommendation 4

We recommend that the CSURMA:

- a. Update the conflict-of-interest code to ensure that information included is current.
- b. Require all key personnel at the CSURMA program administrator to complete Form 700 conflict-of-interest filing statements.
- c. Ensure that the CSURMA program administrator maintains all conflict-of-interest statements on file.

Management Response

We concur. The CSURMA program administrator shall develop a procedure to ensure that all Form 700s are current and maintained for all persons required to submit Statements of Economic Interest under the CSURMA Conflict of Interest Code; CSURMA's Conflict of Interest Code was updated and re-adopted by the Executive Committee at their meeting on December 6, 2012. The program administrator's Form 700 records are now current for all required filers. To ensure that the program administrator maintains all conflict-of-interest statements on file, the program administrator will annually prepare a status report on all filings at the CSURMA Executive Committee's annual Long Range Planning Meeting. The status report will show all the persons required to make filings and the status of those filings.

GENERAL LIABILITY CLAIMS AUDITS

Recommendation 5

We recommend that the CSURMA perform audits of the CSURMA and AORMA general liability claims programs in accordance with CSURMA policy.

Management Response

We concur. The claims audits of the CSURMA Campus Liability, AORMA Liability, and AIME programs have been completed. The CSURMA EC reviewed and accepted the Campus Risk Pool liability claims audit at its May 9, 2013 meeting and the AORMA Committee will review the AORMA Liability Program Claims Audit at its September 2013 meeting. The AIME program claims audit will be reviewed at the September EC meeting. In the future, the CSURMA program administrator will include this in the schedule of activities to ensure timely completion every other year as provided in Policy and Procedure No. 19.

FISCAL ADMINISTRATION**CONTRACTING POLICIES****Recommendation 6**

We recommend that the CSURMA document policies and procedures for the contracting process, including information on the required reviews and approvals and use of standard terms and conditions.

Management Response

We concur. The Assistant Vice Chancellor for Risk Management and Public Safety has reviewed and updated the CSURMA policies for contracting, review, approval and execution of agreements/contracts. The Executive Committee adopted Resolution No 03-13 (EC) regarding standard terms and conditions to be requested in service agreements at its March 21, 2013 meeting. The administrative contracting and review process will be presented to the Executive Committee at the September meeting. This will be completed by October 2013.

DELEGATIONS OF AUTHORITY**Recommendation 7**

We recommend that the CSURMA:

- a. Document the delegation of authority from the Board or the EC to the CO risk management staff or other appropriate individuals to approve expenditures and sign MOUs related to cost recovery.
- b. Document the delegation of authority from the Board to the EC to approve changes to the CSURMA budget.

Management Response

We concur. The CSURMA Board addressed both matters in its Resolution No. 01-13 (BOD) adopted at its meeting on May 10, 2013. The Executive Committee approved and delegated authority to sign MOUs related to cost recovery at its meeting on May 9, 2013.

THIRD-PARTY TRUST ACCOUNTS

Recommendation 8

We recommend that the CSURMA ensure that A-G Administrators provides bank statements and bank account reconciliations for CSURMA funds held in trust.

Management Response

We concur. A-G Administrators had provided periodic bank statements and bank account reconciliations for CSURMA funds held in trust. A-G is now providing bank statements and bank account reconciliations on a monthly basis to CSURMA accounting. Accounting will review the statements for accuracy.

CSURMA INVESTMENTS

Recommendation 9

We recommend that the CSURMA:

- a. Update the CSURMA investment policy and ensure that it is reviewed and approved on an annual basis by the EC.
- b. Document the delegation of authority from the CSURMA treasurer to the CO administrator assigned the responsibility of overseeing CSURMA investments.

Management Response

We concur. The CSURMA Board has adopted an updated investment policy. The CSURMA Program Administrator will add the review of the investment policy to the annual activities reviewed by the EC in September 2013. The CSURMA Board addressed the delegation of authority in its Resolution No. 01-13 (BOD) adopted at its meeting on May 10, 2013.

TRAVEL EXPENSES

Recommendation 10

We recommend that the CSURMA and the CO:

- a. Evaluate the business necessity for such frequent travel, and determine to what extent other more efficient or economical options may be used, such as day trips instead of overnight stays or the use of phone or video conferencing. Document and maintain the results of this evaluation.
- b. Remind employees who travel on CSURMA-related business that they must follow CSU travel requirements, including the need for providing applicable receipts for expenses, and prior written authorization for policy exceptions.
- c. Improve the oversight and post-review of travel expenditures for CSURMA-related business. This could include, but not be limited to, providing periodic refresher training to employees who review, approve, and process travel expense claims, and implementing processes to elevate

concerns with travel that does not comply with CSURMA or CSU policies and procedures, including timely research/resolution of noted concerns and appropriate personnel actions.

- d. Evaluate the need for the CSURMA Executive Committee to receive quarterly reports regarding CSURMA administrative and travel expenditures.

Management Response

We concur. The CSU Executive Vice Chancellor (EVC) for Business and Finance has carefully considered the findings and recommendations within the audit and in one case due to an approved medical condition valet services were appropriate. The EVC has reexamined internal controls related to preapproval, travel appropriateness, and expenditure reimbursement, and has reminded employees of CSU travel requirements. Practices are now in place to ensure the frequency and duration of travel is necessary to conduct CSURMA business. Travel has been significantly curtailed and is being replaced with alternate technological means to conduct business such as audio calls, video conferences or Skype, when appropriate.

Oversight and post-review of travel expenditures within the Chancellor's Office has improved and when appropriate reimbursement is subject to denial. Further exploration is underway to determine if the CSURMA Executive Committee should receive quarterly reports regarding the CSURMA administrative and travel expenditures of the CSU Office of Risk Management. The Executive Vice Chancellor will conduct appropriate personnel action including a potential for reimbursement of ineligible or questionable expenditures.

INFORMATION SYSTEMS

Recommendation 11

We recommend that the CSURMA document policies on information security systems access for the iVOS claims processing system.

Management Response

We concur. At its May 9, 2013 meeting, the CSURMA Executive Committee took action to review and accept the iVOS user policy of the Systemwide Office of Risk Management for access to the iVOS claims processing system.

PROGRAM ADMINISTRATION

Recommendation 12

We recommend that the CSURMA:

- a. Document the delegation of authority from the EC or the Board to the various entities and individuals who sign and/or approve claims settlement agreements.
- b. Develop and document a policy or procedure to address the CSURMA claims settlement process for campus pooled programs.

- c. Maintain a central repository of CO and campus settlement authorities for workers' compensation and general liability claims.

Management Response

We concur. At its May 21, 2013 meeting the CSURMA Executive Committee adopted Policy and Procedure No. 19 - Campus Risk Pool Settlement Authority describing the claims settlement process and delegated authorities. The program administrator has been directed to maintain a central repository of CO and campus settlement authorities and has obtained written notification from 22 of the campuses and the CO. Obtaining of the 23rd campus' information will be completed by September 2013. The program administrator has been directed to include an update of the campus notification as a part of the annual service calendar.

THE CALIFORNIA STATE UNIVERSITY
OFFICE OF THE CHANCELLOR

BAKERSFIELD

CHANNEL ISLANDS

July 23, 2013

CHICO

DOMINGUEZ HILLS

MEMORANDUM

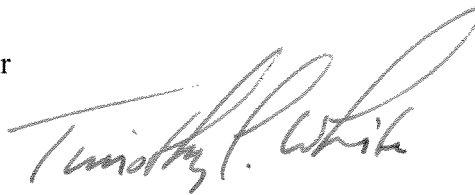
EAST BAY

TO: Mr. Larry Mandel
University Auditor

FRESNO

FULLERTON

FROM: Timothy P. White
Chancellor



HUMBOLDT

SUBJECT: Draft Final Report 12-65 on the
California State University Risk Management Authority

LONG BEACH

LOS ANGELES

MARITIME ACADEMY

In response to your memorandum of July 23, 2013, I accept the response as submitted with the draft final report on the *California State University Risk Management Authority*.

MONTEREY BAY

NORTHRIDGE

TPW/amd

POMONA

SACRAMENTO

SAN BERNARDINO

SAN DIEGO

SAN FRANCISCO

SAN JOSÉ

SAN LUIS OBISPO

SAN MARCOS

SONOMA

STANISLAUS

Office of the University Auditor Report 12-65 – CSURMA Response Matrix

#	Recommendation	Open Items	Response / Comments
1a	Document the requirement that CSURMA Board members and alternates must be appointed in writing, and ensure that the appointment of all current members and alternates is documented.	4c provided the memorandums that document campus representatives, however was missing some campuses. We will need all 23 campuses to close this item.	Item closed.
1b	Develop a written policy for nominating and electing EC members.	None.	Item closed.
2	We recommend that the CO update systemwide policies relating to the CSURMA.	Revised Executive Order drafted and approved.	<p>▶ Executive Order 1087 Issued October 17, 2013</p> <p>Item submitted for closure.</p>
3	We recommend that CSURMA define and document which CSU policies are relevant to program administration and formally adopt a travel policy.	<ul style="list-style-type: none"> ▶ Please provide the May 2013 Resolution that adopted ICSUAM 3601.01 – Travel Policy. ▶ Please provide a copy of Policy and Procedure 17, the Travel Reimbursement procedure. ▶ Will need the finalized September 2013 resolution to clear. 	<p>▶ Items cleared by CSURMA EC action at September 13, 2013 meeting</p> <p>Item submitted for closure.</p>
4a	Update the conflict-of-interest code to ensure that information included is current.	None.	Item closed.
4b	Require all key personnel at the CSURMA program administrator to complete Form 700 conflict-of-interest filing statements.	Please provide the March 2013 EC minutes, which discussed which Alliant personnel were appropriate to fill out COI forms.	<p>▶ Item cleared by CSURMA EC action at September 13, 2013 meeting.</p> <p>Item submitted for closure.</p>
4c	Ensure that the CSURMA program administrator maintains all conflict-of-interest statements on file.	Please provide the internal Alliant procedure that was developed to show how Form 700s will be tracked and maintained.	<p>▶ Alliant item submitted.</p> <p>Item submitted for closure.</p>
5	We recommend that the CSURMA perform audits of the CSURMA and AORMA general liability claims programs in accordance with	None.	Item closed.

Office of the University Auditor Report 12-65 – CSURMA Response Matrix

	CSURMA policy.		
6	We recommend that the CSURMA document policies and procedures for the contracting process, including information on the required reviews and approvals and use of standard terms and conditions.	Please provide a signed version of the EC Resolution 03-13.	Item closed.
7	We recommend that the CSURMA <ul style="list-style-type: none"> a. Document the delegation of authority from the Board or the EC to the CO risk management staff or other appropriate individuals to approve expenditures and sign MOUs related to cost recovery. b. Document the delegation of authority from the Board to the EC to approve changes to the CSURMA budget. 	<ul style="list-style-type: none"> ▶ Please provide a signed copy of the BOT Resolution 01-13. ▶ Please provide signed copies of the MOUs for Financial Services Overhead Costs, OGC, and Risk Management. 	Item closed.
8	We recommend that the CSURMA ensure that A-G Administrators provides bank statements and bank account reconciliations for CSURMA funds held in trust.	▶ Discussed review of service agreements for the three vendors holding program funds and either amending or requiring going forward that monthly statements and reconciliations are provided.	<ul style="list-style-type: none"> ▶ Agreement review completed, Carl Warren & Co service agreement amended. <p>Item submitted for closure.</p>
9	We recommend that the CSURMA: <ul style="list-style-type: none"> a. Update the CSURMA investment policy and ensure that it is reviewed and approved on an annual basis by the EC. b. Document the delegation of authority from the CSURMA treasurer to the CO administrator assigned the responsibility of overseeing CSURMA investments. 	<p>Please provide approved CSURMA investment policy (Dan indicated there was a version approved March 2013.)</p> <p>Also, a copy of the finalized September 2013 resolution adopting the approved investment policy.</p>	<ul style="list-style-type: none"> ▶ Additional changes to be adopted by CSURMA EC at September 13, 2013 meeting. <p>Item submitted for closure.</p>
10	Travel Expenses		▶ CSURMA EC addressed item d regarding quarterly report by action

Office of the University Auditor Report 12-65 – CSURMA Response Matrix

			<p>taken at September 13, 2013 meeting</p> <p>Item submitted for closure.</p>
11	<p>We recommend that the CSURMA document policies on information security systems access for the iVOS claims processing system.</p>	<p>Please provide a copy of the policy.</p>	<p>Item closed.</p>
12	<p>We recommend that the CSURMA:</p> <ul style="list-style-type: none"> a. Document the delegation of authority from the EC or the Board to the various entities and individuals who sign and/or approve claims settlement agreements. b. Develop and document a policy or procedure to address the CSURMA claims settlement process for campus pooled programs. c. Maintain a central repository of CO and campus settlement authorities for workers' compensation and general liability claims. 	<p>Please provide the confirmations from the campuses on the settlement authorities, once received.</p>	<ul style="list-style-type: none"> ▶ All campus responses received and submitted. <p>Item submitted for closure.</p>

THE CALIFORNIA STATE UNIVERSITY
OFFICE OF THE CHANCELLOR



BAKERSFIELD

October 17, 2013

CHANNEL ISLANDS

MEMORANDUM

CHICO

DOMINGUEZ HILLS

TO: CSU Presidents

EAST BAY

FROM: Timothy P. White
Chancellor

FRESNO

FULLERTON

SUBJECT: California State University Risk Management Authority
Executive Order 1087

HUMBOLDT

LONG BEACH

Attached is a copy of Executive Order 1087 relating to reauthorizing the existence of California State University Risk Management Authority (CSURMA) formerly known as the California State University Risk Pool.

LOS ANGELES

MARITIME ACADEMY

In accordance with policy of the California State University, the campus president has the responsibility for implementing executive orders where applicable and for maintaining the campus repository and index for all executive orders.

MONTEREY BAY

NORTHRIDGE

If you have questions regarding this executive order, please call Systemwide Risk Management and Public Safety at (562) 951-4580.

POMONA

SACRAMENTO

TPW/zg

SAN BERNARDINO

Attachment

SAN DIEGO

c: CSU Office of the Chancellor Leadership
Campus Risk Managers

SAN FRANCISCO

SAN JOSÉ

SAN LUIS OBISPO

SAN MARCOS

SONOMA

STANISLAUS

THE CALIFORNIA STATE UNIVERSITY
Office of the Chancellor
401 Golden Shore
Long Beach, California 90802-4210
(562) 951-4580

Executive Order: 1087
Effective Date: October 17, 2013
Supersedes: Executive Order 638 – California State University Risk Pooling Policy
Title: California State University Risk Management Authority

This executive order is issued pursuant to Government Code 11007.4, et seq. and the Standing Orders of the Board of Trustees, section II (d) and (f). This executive order, which shall supersede Executive Order 638, reauthorizes the California State University to participate in the formation and membership of the Joint Powers entity known as the California State University Risk Management Authority (“CSURMA” or the “Entity”) formerly known as the California State University Risk Pool.

Introduction

Executive Order 638 established risk pooling and a self-insurance program for the California State University, replacing the ‘pay-as-you-go’ system that was in place. The goals were to reduce loss, increase accountability and prevent unanticipated disruptions to the annual budgets from catastrophic losses. Since the issuance and implementation of Executive Order 638 (in July, 1995) the program has grown in size and complexity. This supersession of that preexisting executive order purports to reflect more accurately the nature and scope of the CSURMA.

Risk Pooling

This executive order continues to authorize self-insurance programs for University exposures, including but not limited to workers’ compensation, employer liability, general liability, errors and omissions, professional liability, property damage and other lines of coverage.

The program’s self-insurance provision is complemented by its ability to purchase insurance and reinsurance coverage as well as certain necessary program administrative services such as risk management consulting, loss prevention and control, centralized loss data accumulation and reporting, actuarial services, claims adjusting and legal defense services.

CSURMA includes the following key elements:

1. Policies and Procedures

CSURMA may adopt Policies and Procedures necessary for the operation of the program, compliance, and sound business practices. The following elements of CSURMA are described in the Joint Exercise of Powers Agreement, bylaws, policies and procedures.

2. Board of Directors

There shall be a board of directors tasked with managing the activities and affairs of the Entity. It is composed of up to thirty (30) directors appointed by the California State University Executive Vice Chancellor/Chief Financial Officer; and up to ten (10) directors elected by those auxiliary organizations that are, or become, members of the Entity (“Members”).

It is the policy of the CSURMA that membership in the Board of Directors shall be adequately documented, and that nomination and election to the Executive Committee shall follow the process described in CSURMA Policy and Procedure No. 18.

3. Executive Committee

The Executive Committee consists of nine members of the Board of Directors. It comprises the Chair, Vice Chair, Treasurer, four members elected from among the University-appointed directors and two members elected from among the Member-appointed (auxiliary organization members) directors.

4. Administration

CSURMA is governed by a Joint Exercise of Powers Agreement (the “Agreement”) that is made and entered into by and between the Trustees of the California State University and its auxiliary organizations. The Agreement is complemented by bylaws and written policies and procedures.

The Agreement is entered into pursuant to the provisions of Article 1, Chapter 5, Division 7, Title 1 of the California Government Code (beginning with §6500) which authorizes the University and its auxiliary organizations, such as the Members who are parties to the Agreement, to establish and operate pooled coverage programs and to provide related services.

5. Budget

The Entity adopts an annual budget, which shall include a separate budget for each separate coverage program under development or adopted and implemented by the Entity.

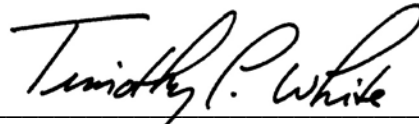
6. Accounting Services

As directed by the Executive Committee, the treasurer of the Entity establishes and maintains such funds and accounts as may be required by law and generally accepted accounting principles. Fund accounting procedures are established and maintained for each insurance program under development or adopted and implemented by the Entity. Books and records of the Entity in the hands of the treasurer are open to inspection at all reasonable times by authorized representatives of Members. A quarterly unaudited financial statement will be produced. The Entity shall adhere to the standards of strict accountability for funds set forth in Government Code §6505.

7. Legal Services

CSURMA's counsel is appointed by the CSU General Counsel as provided under CSURMA's Joint Powers Agreement Section 14(b). CSURMA's counsel serves as counsel to CSURMA in areas including but not limited to:

- Open meeting law compliance;
- Legal counsel on matters related to CSURMA operations;
- Legislative and regulatory analysis; and
- Special projects.



Timothy P. White, Chancellor

Dated: October 17, 2013

Recommendation of Proposed Amendment of Joint Exercise of Powers Agreement and Adoption of Revised Investment Policies

ISSUE: At the Long Range Planning meeting on Friday, March 22, 2013, the Executive Committee received a report from the committee's appointed Investment Task Group. Among the items was a discussion about whether CSURMA's governing document, the Joint Exercise of Powers Agreement (JEPA) allowed certain investments to be managed as per the Government Code sections that apply to local governments or the sections that apply to the University.

Staff has reviewed the applicable sections and issues with CSURMA's General Counsel and is recommending that the JEPA be amended in order to clarify that CSURMA's original intent was to allow for maximum flexibility in making investment decisions, including the decision as to whether or not to invest in the securities and other investments identified in Government Code section 53601. In addition, the investment policy would be amended to effect this intent. Proposed revisions are attached to this item. As has been the delegated practice, the Executive Committee has adopted the amendment to the investment policy and the Board of Directors is requested to ratify the amended investment policy as well as delegate authority to the Executive Committee to make future amendments to the policy.

In addition, the Section 11(b) of the JEPA limits the Chair and Vice Chair to two consecutive complete terms of office. It is recommended that the Board extend the maximum terms of office for the Chair and Vice Chair to three consecutive terms of office.

RECOMMENDATION: The Executive Committee recommends that Board of Directors review the proposed revisions to CSURMA's Joint Exercise of Powers Agreement and adopt the changes. In addition, it is recommended that the Board adopt the attached resolution adopting the proposed CSURMA Master Investment Policy and the Investment Policy for the Fixed Income Portfolio and delegate authority to the Executive Committee to make future amendments to the policies as appropriate.

FISCAL IMPACT: No direct fiscal impact is expected from action at today's meeting. Revisions to the JEPA and investment policy are expected to offer clarity and provide more guidance about the flexibility in CSURMA's investment program which should maximize the chance for better investment returns.

BACKGROUND: CSURMA's Joint Exercise of Powers Agreement describes in general terms how investments are to be made. Legal counsel has proposed the edits to Section 7(a)(vii) in bold italics below:

(vii) To invest any money in its treasury that is not required for its immediate necessities, pursuant to Government Code § 6509.5. *The Entity may exercise this power to invest monies pursuant to Government Code § 6509.5, notwithstanding Section 7(b), below. Section 7(b) is not intended to, and shall not, preclude or limit the Entity from investing*

monies pursuant to Government Code § 6509.5, if it determines such an investment is in the best interests of the Members.

In addition, it is proposed that Section 10(b) of the JEPA be amended as follows:

(b) The Chair and Vice Chair shall be elected by the board of Directors from the member of the Board and shall serve two year terms. Neither officer shall serve for more than ~~two~~ *three* complete consecutive terms in his or her respective office...

ATTACHMENT(S): 1) Proposed Revision to CSURMA Investment Policy

a) CSURMA Master Investment Policy

b) CSURMA Fixed Income Portfolio Investment Policy

2) Resolution No.04- 13 (BOD) Ratifying Adoption of Investment Policies

**CALIFORNIA STATE UNIVERSITY RISK MANAGEMENT
AUTHORITY (CSURMA)**

MASTER INVESTMENT POLICY

DRAFT

March-August 237, 2013

I. PURPOSE

The purpose of this master investment policy (MIP), and each of CSURMA’s other investment policies (collectively with the MIP, the “Policies”), is to provide a framework for the management of CSURMA assets. The Policies outline objectives, benchmarks, restrictions and responsibilities so that the Executive Committee of CSURMA (EC), officers, staff, consultants, investment managers, members and beneficiaries, and all CSURMA stakeholders clearly understand the objectives and policies of CSURMA’s investment program.

The Policies set forth the guidelines which the EC deems to be appropriate and prudent in consideration of the needs of and the legal requirements applicable to CSURMA’s investment program. The Policies provide criteria against which investment results will be measured and serve as a review document to guide ongoing operations and oversight. The Policies also are intended to ensure that the EC is fulfilling its fiduciary responsibilities in the management of CSURMA investments.

The EC intends for the Policies to be dynamic documents and will review them from time to time. Policies will be modified periodically to reflect the changing nature of CSURMA’s assets and investment programs, organizational objectives, and economic conditions.

In addition, within this MIP, the EC has delegated to the Treasurer of CSURMA (Treasurer) certain authorities that pertain to the ongoing management and administration of CSURMA assets and various investment programs.

II. STRATEGIC OBJECTIVES

The overall objective of the CSURMA investment program is to provide its stakeholders with an appropriate risk-adjusted return on assets available for investment. Because the primary source of CSURMA funding derives from the operations of the California State University (CSU) and because CSURMA has the authority to invest funds pursuant to California Government Code 6509.5, the EC has determined that CSURMA funds should be invested in a manner that draws from both ~~consistent with~~ the investment policy of the CSU, specifically, the sections labeled “Investment Policy Statement” and “Investment Authority” of the California State University Investment Policy (Attachment A), which are incorporated by reference into this MIP, as well as

~~California Government Code 6509.5, specifically Section 53601. As such, the sections labeled “Investment Policy Statement” and “Investment Authority” of the California State University Investment Policy (Attachment A) shall serve as the basis of the MIP and are incorporated by reference into this MIP.~~

Consistent with the California State University Investment Policy, when CSURMA Funds are invested, the primary objective shall be to safeguard the principal, the secondary objective shall be to meet liquidity needs, and the third objective shall be to provide an acceptable risk-adjusted return.

The EC also has the following objectives with respect to funds available for investment:

1. To ensure that CSURMA has, at all times, sufficient funds available to meet immediate liquidity needs.
2. To allow for the investment of funds not immediately needed for liquidity over a longer time horizon with the goal of providing the opportunity for greater risk-adjusted return.
3. To make periodic loans to CSU campuses or auxiliaries to mitigate potentially higher claims liability associated with certain situations.

III. INVESTMENT PORTFOLIOS

Based on the investment objectives, the EC has determined that CSURMA assets should be invested in three portfolios, each with its own investment policy. The three portfolios, along with target ranges are as follows:

<u>Portfolio</u>	<u>Target Range</u>
CSU Systemwide Investment Fund Trust (SWIFT)	25-33%
Fixed Income Portfolio (FIP)	67-75%
Loan Portfolio (to be included within the SWIFT allocation)	0-15%

The SWIFT Investment Policy is attached as Attachment B

The FIP Investment Policy is attached as Attachment C

The Loan Portfolio Policy, titled “Member Loans Policy and Procedure No. 10”, is attached as Attachment D

The EC recognizes that the SWIFT Portfolio and the SWIFT Investment Policy are under the control of the CSU and are not under the EC’s ability to modify.

IV. RESPONSIBILITIES

- A. The EC’s responsibilities include, but are not limited to:
 1. Acting as the investment committee for CSURMA.
 2. Developing and adopting policies to achieve CSURMA’s strategic objectives.
 3. Reviewing policy recommendations made by the Treasurer and staff.
 4. Periodically reviewing and amending the Policies, as appropriate.

- B. The Treasurer's responsibilities include, but are not limited to:
1. Recommending policies for EC consideration.
 2. Reviewing policy recommendations made by staff, investment consultants, and/or investment managers.
 3. Periodically reviewing the Policies and recommending revisions, as appropriate.
 4. Overseeing the engagement of CSU staff (to serve as CSURMA staff), investment consultants, investment managers, and other appropriate specialists.
 5. Monitoring the portfolios' investments, risks, and performance.
 6. Periodically, but at least annually, reporting to the EC on the portfolios' investments, risks, and performance.

The Treasurer may delegate responsibilities, as appropriate, to the Senior Director of Financing and Treasury of the CSU (Senior Director) in his/her capacity as staff to CSURMA.

Approved by the EC:
13, 2013

March 22 September

**Investment Policy for the California State University Risk Management Authority
Fixed Income Portfolio
~~March 7~~ August 23, 2013**

The Organization

The California State University Risk Management Authority (CSURMA) is an association of the California State University (CSU) and auxiliary organizations joined to protect member resources by providing broad coverage and quality risk management services that stabilize risk cost in a reliable, economical and beneficial manner.

History

The Chancellor's Office staff and representatives of auxiliary organizations within the CSU have developed a systematic approach to managing risk exposures across CSU campuses.

On January 1, 1997, the CSURMA was formed by the CSU and those qualified auxiliary organizations of the CSU that opted to join with intentions to participate in the risk management programs to be offered by the CSURMA.

Scope of This Investment Policy

The assets governed by this investment policy statement are funds held for investment in the CSURMA Fixed Income Portfolio (FIP). In meeting the investment needs of the FIP, the general principles of modern portfolio theory will be followed. In doing so, the FIP will be constructed in a way that maximizes expected return for a given level of risk.

Cash flow requirements are not expected of the FIP being managed under this policy statement. However, in the event cash flow is required, it will be met on a total return basis. The following investment guidelines have been developed for management of the FIP.

Statement of Investment Policy and Guidelines

When investing CSURMA funds, the primary objective of the investment manager(s) (IM) for the FIP shall be to safeguard the principal. The secondary objective shall be to meet the liquidity needs of the CSURMA. The third objective shall be to return an acceptable yield.

The objective of the investment policy is to obtain the best possible return commensurate with the degree of risk that the CSURMA is willing to assume in obtaining such return.

Delegation of Authority

The Executive Committee of CSURMA (EC) is a fiduciary, and is responsible for

directing and monitoring the investment management of FIP assets. As such, the EC is authorized to delegate certain responsibilities to officers and/or staff of CSURMA, as well as professional experts in various fields. These include, but are not limited to:

1. **Treasurer of the CSURMA.** The Treasurer of CSURMA (Treasurer) is responsible for the ongoing general management of the FIP. The Treasurer may delegate, as appropriate, authority contained in this policy statement to the Senior Director, Financing and Treasury of the CSU. Duties include, but are not limited to, the following:
 - Selection and retention of outside IM as the investment policy dictates. *The Treasurer acts with the EC's authority in all matters relating to IM selection.*
 - Review performance of the FIP to stated objectives. Review and monitor performance of the IM.
 - Determine if overall policies and objectives continue to be appropriate and reasonable and make recommendations to the EC as necessary.
2. **Investment Consultant.** The consultant acts as a discretionary advisor to the Treasurer and may assist the Treasurer in: establishing investment policy, objectives, and guidelines; selecting IMs; reviewing such IMs over time; measuring and evaluating investment performance; and other tasks as deemed appropriate.
3. **Investment Manager (IM).** The IM has discretion to purchase, sell, or hold the specific securities that will be used to meet the FIP's investment objectives.
4. **Custodian.** The custodian will physically (or through agreement with a sub-custodian) maintain possession of securities owned by the FIP, collect dividend and interest payments, redeem maturing securities, and effect receipt and delivery following purchases and sales. The custodian may also perform regular accounting of all assets owned, purchased, or sold, as well as movement of assets into and out of the FIP accounts.
5. **Additional specialists.** Additional specialists such as attorneys, auditors, actuaries, trust administrators, and others may be employed by the Treasurer to assist in meeting his/her responsibilities and obligations to administer FIP assets prudently.

The Treasurer will not reserve any control over the day-to-day investment decisions. The IM will be held responsible and accountable to achieve the objectives stated in this policy statement. While it is not believed that the limitations in this policy statement will hamper the IM, the IM should request modifications to this policy statement that they deem appropriate. All expenses for experts must be customary and reasonable, and will be paid out of FIP assets and deducted before returns are calculated to meet objectives. Goals and objectives must be accomplished net of all expenses necessary to operate and manage the FIP assets.

Adherence to Policy Guidelines

CSURMA assets are to be managed in accordance with the policy guidelines expressed herein, or expressed by separate written instructions when deviation is deemed prudent and desirable. Written instructions amending this policy document must be signed by the Treasurer or his/her delegate.

Discretionary Authority

The IM is expected to exercise complete investment discretion within the boundaries of the restrictions outlined in this statement of investment policy. Such discretion includes decisions to buy, hold, or sell fixed income securities (including cash equivalents) in amounts and proportions reflective of the IM's current investment strategy.

Communication

The Treasurer encourages, and the IM is responsible for, frequent and open communication with the Treasurer and/or his/her delegate on all significant matters pertaining to the investment of the assets for the FIP. These communications should generally be addressed to the Treasurer. In this manner, the Treasurer and/or his/her delegate expects to be advised of any major changes in investment outlook, investment strategy, portfolio structure, or market value of the assets, and other substantive matters affecting the FIP. The Treasurer and/or his/her delegate also expects to be informed of any significant changes in the ownership, organizational structure, financial condition, or senior personnel staffing of the IM and/or investment consultants.

The Treasurer recognizes that this statement of investment policy requires periodic examination and perhaps revision if it is to continue to serve as a working document to encourage effective investment management. Whenever the IM believes this statement of investment policy should be altered, it is the responsibility of the IM to initiate written communication to the Treasurer or his/her delegate.

Benchmark

The benchmark of the FIP shall be the Barclays Intermediate Government / Credit Bond Index.

Rating

In all instances, when the term "rating" is used, it denotes a specific rating and not a rating category.

Quality

1. The minimum quality should be “A-” or better by one nationally recognized statistical rating organization (NRSRO), ~~with the exception that the minimum quality of bonds, notes, or debentures (including medium term notes) of U.S. corporations may be BBB or better.~~
2. Highest rating of at least one NRSRO shall apply in the case of split rating
3. The weighted average quality of the portfolio should be AA or better.
4. Money Market Funds selected shall contain securities whose credit rating at purchase would be rated investment grade by Standard and Poors, Moody's, or Fitch ~~and/or their equivalent.~~

Investment Authority

The FIP may invest in any of the securities authorized by Government Code Section 16430 ~~listed in Section A and or Government~~ Code Section 53601.

Securities eligible for investment include:

- Bonds, notes or obligations of the United States, or those with principal and interest secured by the full faith and credit of the United States; (no limitations)
- Bonds, notes or obligations with principal and interest guaranteed by a federal agency of the United States; (no limitations)
- Bonds or warrants of any county, city, water district, utility district or school district of the state of California; ~~No issuer with a rating below A-/A3 is allowed;~~ (no one issuer to exceed 5% of the portfolio)
- California State bonds, notes, or warrants, ~~or bonds those~~ with principal and interest guaranteed by the full faith and credit of the State of California; (no one issue to exceed 5%); (not to exceed 25% of portfolio)
- ~~—Obligations of the CSURMA members authorized by California Education Code Section 89760(a).~~
- Various debt instruments issued by: (1) Federal Land Banks (FFCB), (2) Central Bank for Cooperatives, (3) Federal Home Loan Bank (FHLB), (4) Federal National Mortgage Association (FNMA), (5) Federal Home Loan Mtg. Corp. (FHLMC), and (6) Tennessee Valley Authority (TVA); (no one issuer to exceed 25% of the portfolio)
- Mortgage Pass-Through Securities issued by GNMA, FNMA and FHLMC; (not to exceed 20% of the portfolio)
- Collateralized Mortgage Obligations issued by GNMA, FNMA and FHLMC which at time of purchase pass the FFIEC test; (not to exceed 20% of the portfolio)
- Asset Backed Securities up to a maximum maturity of five years which that are rated at least Aa3a by Moody's, AA-A by Standard and Poor's, or AA-A by Fitch with no rating below the top investment rating that level. Issuer will be rated at least single A; (no one issuer to exceed 5% of the portfolio); (not to exceed 20% of the portfolio)
- Commercial paper exhibiting the following qualities: (1) “prime” rated, (2) less than ~~1810~~ days maturity, (3) issued by a U.S. corporation with assets exceeding \$500,000,000.

Investments must not exceed 10 percent of corporation's outstanding paper, and total investments in commercial paper cannot exceed 30% of an investment pool.

Notwithstanding the above, no one issuer to exceed 5% of the portfolio. In addition, A-2/P-2/F-2 commercial paper will be limited to no more than 10% of the portfolio and limited in maturity to 14 days. No purchase will be made of paper rated below A-2/P-2/F-2; (not to exceed 30% of portfolio)

- Banker's acceptances eligible for purchases by the Federal Reserve System; Issuer's will be rated A-1, P-1, or F-1 with no rating below that level; (no one issuer to exceed 5% of the portfolio); (not to exceed 30% of the portfolio)
- Certificates of deposit (insured by FDIC, or appropriately collateralized); (not to exceed FDIC insurance limits)
- Investment certificates or withdrawal shares in federal or state credit unions that are doing business in California and that have their accounts insured by the National Credit Union Share Insurance Fund; (not to exceed NCUSIF insurance limits)
- Negotiable certificates of deposit and bank notes issued by FDIC insured banks ~~which that~~ are rated A-1, P-1, or F-1 if short-term, or A- by S&P, A3 by Moody's, or A- by Fitch, in both cases with no rating below those levels; (no one issuer to exceed 5% of the portfolio); (not to exceed 30% of the portfolio)
- Loans and obligations guaranteed by the United States Small Business Administration or the United States Farmers Home Administration; (no limitations)
- Student Loan Notes insured by the Guaranteed Student Loan Program; (no limitations)
- Debt issued, assumed, or guaranteed by the Inter-American Development Bank or ~~Puerto Rican Government~~ Development Bank for Puerto Rico; (no limitations)
- Bonds, notes or debentures ~~(including medium term notes)~~ with a maximum remaining maturity of five years or less issued by U.S. Corporations rated at least within the top three ratings of A by S&P, A2 by Moody's, or A by Fitch, with no rating below that level ~~a nationally recognized rating service. No issuer with a rating below BBB2/BBB is allowed;~~ (no one issuer to exceed 5% of the portfolio); (not to exceed 30% of the portfolio); ~~securities rated below A3/A not to exceed 10% of the portfolio)~~
- Repurchase Agreements. Repurchase agreements with banks and dealers with which the CSU ~~RMA System~~, or its agents on its behalf, has entered into a master repurchase contract which specifies terms and conditions or repurchase agreements, and are fully collateralized by delivery to an independent third party custodian for the FIP's account or to the FIP's custodian. In order to conform with provisions of the Federal Bankruptcy Code which provides for the liquidation of securities held as collateral for repurchase agreements, only those marketable securities eligible for investment by the FIP are permitted as collateral. Treasuries, Agencies and eligible money market instruments will be collateralized at 102%. Corporates and other eligible collateral will be collateralized at 105%. Repurchase Agreements will be conducted exclusively with primary dealers. Repurchase Agreements may not exceed 90 days.

- Reverse Repurchase Agreements. The FIP limits reverse repurchase agreements to unencumbered securities already held in the portfolio. The FIP prohibits securities purchased with the proceeds of a reverse repurchase agreement from being used as collateral for another reverse repurchase while the original reverse repurchase is outstanding. Securities subject to a reverse repurchase agreement must have been owned a minimum of 30 days before being delivered in a reverse repurchase agreement. The total of all securities sold on reverse repurchase agreements will not exceed 20% of the market value of the portfolio. Reverse repurchase agreement will not exceed 92 days.
- Money Market Mutual Funds. Money market mutual funds registered with the Securities and Exchange Commission and rated AAA/Aaa by no less than two NRSROs.
- 144A Securities. 144A securities are allowed to be purchased and held in the portfolio; (not to exceed 20% of the portfolio).

Duration Guidelines

The duration of the portfolio will be targeted within -1 or +1 of the duration of the Lehman Brothers Intermediate Government / Credit Bond Index.

For issues that trade to a weighted-average-life (WAL), the WAL will be used as the effective maturity for duration measurement and for maximum maturity constraints.

For issuers with variable interest rates, the reset date will be used as the effective maturity for duration measurement purposes and the legal final maturity date will be used for maximum maturity constraints.

All maturity and duration constraints are measured from trade date.

Concentration/Diversification Guidelines

All concentration guidelines are measured at the time of purchase with the exception of commercial paper which must be less than 30% at all times.

Concentration Limitations:

<u>Security Type</u>	<u>Issuer</u>	<u>Sector</u>
Obligations backed by the full faith and credit of the U.S Government	100%	100%
Obligations guaranteed by a federal agency of the U.S. Government	100%	100%
California Municipal Obligations	5%	100%
Obligations of the State of California	5%	25%

<u>Security Type</u>	<u>Issuer</u>	<u>Sector</u>
Obligations of CSURMA members authorized under Code Section 89760a	100%	100%
Government-Sponsored Entities (FFCB, FHLB, FNMA, FHLMC, TVA)	25%	100%
Mortgage Pass-Through Securities issued by GNMA, FNMA FHLMC*	20%	20%

Collateralized Mortgage Obligations issued by GNMA, FNMA, FHLMC*	20%	20%
Asset-Backed Securities*	5%	20%
Commercial Paper	5%	30%
Banker's Acceptances	5%	30%
Certificates of Deposit (insured by FDIC or properly collateralized)	\$250k	100%
Share Certificates in federal or state credit unions (insured by NCUSIF)	\$250k	100%
Negotiable Certificates of Deposit	5%	30%
Obligations of the SBA or FHA	100%	100%
Student Loan Notes insured by the Guaranteed Student Loan Program	100%	100%
Obligations guaranteed by the Inter-Amer. Dev. Bank or Puerto Rico Dev.	100%	100%
Corporate Obligations	5%	30%
Corporate Obligations rated below A3/A	5%	10%
Repurchase Agreements	5%	100%
Reverse Repurchase Agreements	5%	20%
Money Market Funds	10%	20%

* Mortgage Pass-Through Securities, Collateralized Mortgage Obligations and Asset-Backed Securities may not exceed 20% of the portfolio in aggregate.

For ABS issuers, securities issued by the same originator with different collateral types will not be aggregated at the issuer level for concentration measurement purposes.

Reporting

The Treasurer expects the Custodian to provide access to daily reports of the FIP via its online portal to CSU Office of the Chancellor staff, the IM, and other members of the EC as directed. Additionally, monthly reports will be provided by the Custodian for the FIP. These reports will include portfolio activity, market valuations, sector metrics, affirmation of compliance, and performance relative to agreed-upon benchmarks. If a meeting is scheduled with the Treasurer or his/her delegate, the reports should be received at least one week in advance of the meeting date.

The Investment Consultant shall furnish the Treasurer and/or his/her delegate with a quarterly account review detailing investment performance in addition to a listing of portfolio holdings within the FIP. The Investment Consultant shall also supply timely information concerning changes in the IM's investment philosophy, management strategy, or ownership and key personnel. In addition, the Investment Consultant must supply the Treasurer and/or his/her delegate with quarterly reports that provide information and analyses necessary for the EC to fulfill its fiduciary responsibility.

Compliance with Prudence and Diversification Measures

As fiduciary, the IM is expected to diversify the portfolio to preserve the principal of the FIP assets. If diversification is deemed not to be prudent, the IM must communicate this decision to the Treasurer or his/her delegate immediately. The IM is expected to invest the FIP assets with ease, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with such aims.

All restrictions, minimum ratings requirements and diversification limitations pertain to the account at the time of purchase. In the event of a downgrade of any security to a level where the new rating would not comply with the minimum rating for new purchases of a similar asset, or a limitation being breached due to a change in portfolio size, the IM shall notify the Treasurer, the Treasurer's delegate, and/or the Investment Consultant.

Evaluation and Review

The objective of the evaluation and review process is to monitor the progress of the FIP assets in achieving the overall investment objectives. Performance will be measured and reviewed periodically by the Treasurer and/or his/her delegate. Particular attention will be directed toward determining whether:

- * the FIP is achieving its stated objectives,
- * the IM is adhering to the guidelines set forth herein,
- * the IM is adhering to its stated philosophy and style,
- * the overall policies and objectives continue to be appropriate, reasonable and achievable.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

**EXECUTIVE COMMITTEE
RESOLUTION NO. 04-13 (BOD)**

Resolution to Adopt the California State University Risk Management Authority Master Investment Policy and Investment Policy for the Fixed Income Portfolio and Amendments to the Joint Exercise of Powers Agreement

The Board of Directors of the California State University Risk Management Authority (CSURMA) finds and determines as follows:

- (a) Section 4.3 of the Bylaws of the CSURMA provides that the Executive Committee establish policies and procedures to implement the Agreement, the Bylaws and the operation of specific programs.
- (b) It is the desire of the CSURMA Board of Directors that, when investing funds, the investment objectives, in order of importance, shall be to safeguard the principal through sufficient number and diversity of investments; provide adequate liquidity to meet normal cash needs, scheduled extraordinary cash needs, and unforeseen cash needs; and maintain a constant rate of return representative of current market yield direction.
- (c) Significant effort and energy has been expended in the creation and maintenance of the investment policies of the CSURMA, which is designed to meet those objectives.
- (d) Pursuant to California Government Code Section 53646(a)(2) the Treasurer of the CSURMA shall annually render to the Executive Committee an Investment Policy for review.
- (e) The Executive Committee has reviewed the California State University Risk Management Authority Master Investment Policy and Investment Policy for the Fixed Income Portfolio and finds that they reasonably set forth the procedure, guidelines, and criteria for the operation of the investment program of the California State University Risk Management Authority.
- (f) The term limitation for the offices of Chair and Vice Chair described in Section 11(b) of the CSURMA Joint Exercise of Powers Agreement should be amended from a maximum of two complete terms to three complete terms in the interest of continuity of service.

In consideration of the foregoing findings and determinations,

IT IS RESOLVED by the Board of Directors of the California State University Risk Management Authority as follows:

- (1) The Treasurer of the California State University Risk Management Authority is directed to adopt the California State University Risk Management Authority Master Investment Policy and the Investment Policy for the Fixed Income Portfolio as the Investment Policies of the California State University Risk Management Authority per the attached documents and annually present them to the Executive Committee for review and amendment as necessary.
- (2) Section 7(a)(vii) of the CSURMA Joint Exercise of Powers Agreement is amended as provided in bold italics below:

7(a)(vii) To invest any money in its treasury that is not required for its immediate necessities, pursuant to Government Code § 6509.5. ***The Entity may exercise this power to invest monies pursuant to Government Code § 6509.5, notwithstanding Section 7(b), below. Section 7(b) is not intended to, and shall not, preclude or limit the Entity from investing monies pursuant to Government Code § 6509.5, if it determines such an investment is in the best interests of the Members.***
- (3) Section 11(b) of the CSURMA Joint Exercise of Powers Agreement is hereby amended to allow the officers serving as Chair and Vice Chair to serve for three consecutive complete terms.

I hereby certify that the foregoing is a full, true and correct copy of a Resolution duly and regularly adopted and passed at a meeting of the Board of Directors of the California State University Risk Management Authority held on the 6th day of November, 2013 which was approved by the following vote:

AYES, and in favor thereof, members:

NOES, members:

ABSTAIN, members:

ABSENT, members:

Chair
Cynthia Teniente-Matson

ATTEST:

Secretary-Auditor

Election of Vice Chair and Executive Committee Members

ISSUE: With the departure of Mary Ann Rodriguez, and vacancy of Tom McCarron's position, the CSURMA Executive Committee has vacancies to fill. The Chair has recommended that the Executive Committee nominate the following candidates for election by the Board of Directors:

- CSURMA Vice Chair: Linda Hawk to replace Mary Ann Rodriguez effective November 6, 2013 for term expiring June 30, 2014.
- CSURMA EC Member: Mike Lee to replace Tom McCarron effective July 1, 2013 for term expiring June 30, 2014.
- CSURMA EC Member: Lisa Chavez to replace Linda Hawk effective November 6, 2013 for term expiring June 30, 2015.

As per CSURMA's prior practice, the CSURMA Chair has appointed Mike Lee to Tom McCarron's seat and the Board will be asked to ratify that appointment as a part of the election at their November 6, 2013 meeting.

RECOMMENDATION: The Executive Committee's Nomination recommendation will be presented to the Board at the meeting and it is recommended that the Board of Directors take action to elect representatives to the pending open seats and ratify the appointment of Mike Lee as executive Committee member effective July 1, 2013.

FISCAL IMPACT: No direct fiscal impact is expected from action on this item at today's meeting.

BACKGROUND: The criteria for service and terms of office for CSURMA Officers and Executive Committee members are described in Sections 11 and 12 of the Joint Powers Agreement and in Article IV of the Bylaws.

ATTACHMENT(S): Terms of Office Matrix

CSURMA

EXECUTIVE COMMITTEE TERMS OF OFFICE FY 2013/2014 - As Nominated

Position (election year)	July 1, 2007 to June 30, 2008	July 1, 2009 to June 30, 2010	July 1, 2010 to June 30, 2011	July 1, 2011 to June 30, 2012	July 1, 2012 to June 30, 2013	July 1, 2013 to June 30, 2014	July 1, 2014 to June 30, 2015
Chair - (even year)	Morishita	Morishita	Matson	Matson	Matson	Matson	<i>TBD</i>
Vice-Chair - (even year)	Graham	Matson	Rodriguez	Rodriguez	Rodriguez	Rodriguez/ Hawk	<i>TBD</i>
CSU Seat #1 - (odd year)	Matson	Rodriguez	Morishita	Hawk	Hawk	Hawk/Chavez	Chavez
CSU Seat #2 - (odd year)	Risser/Thorpe	Thorpe	Thorpe	Thorpe	Thorpe	Thorpe	Thorpe
CSU Seat #3 - (even year)	D. West	Wight	Wight	Wright	Gentles	Gentles	<i>TBD</i>
CSU Seat #4 - (even year)	Garcia	Garcia	McCarron	McCarron	McCarron	Lee	<i>TBD</i>
AORMA Seat #5 - Chair	Prenovost	Mimnaugh	Brown	Worley	Borsting	Brumett	DeWit
AORMA Seat #6 - V Chair	Jackson	Brown	Worley	Borsting	Brumett	DeWit	<i>TBD</i>
CSU Seat #1/Treasurer - Appointed by EVC/CFO	Hordyk/ Nickles	Ashkar	Ashkar	Ashkar	Ashkar	Ashkar	Ashkar
Secretary/Auditor - Appointed	Minnick	Minnick	Minnick	Minnick	Minnick/ Rodriguez	Rodriguez/Eaton	Eaton

Note:

The Treasurer is appointed by the CSU Executive Vice Chancellor/CFO and holds a seat on the CSURMA Executive Committee.

The Secretary-Auditor is appointed by the CSURMA Executive Committee and does not hold a voting seat on the Executive Committee.

TBD in BOLD & ITALICS indicates seat up for election at May 2014 Board of Directors meeting.

INDEPENDENT AUDITOR'S FINANCIAL AUDIT REPORT
AS OF JUNE 30, 2013

ISSUE: Pursuant to Section 16(d) of the CSURMA Joint Exercise of Powers Agreement, CSURMA engaged the independent audit firm KPMG to conduct an annual fiscal year audit (as of June 30, 2013) of the financial position of CSURMA. The CSURMA Treasurer and Accounting Staff will be present at today's meeting to review the report.

RECOMMENDATION: The Executive Committee has reviewed the audited financial reports and is recommending acceptance of the financial report by the Board of Directors.

FISCAL IMPACT: None.

BACKGROUND: Section 16(d) of the California State University Risk Management Authority Joint Exercise of Power Agreement requires that an annual audit be completed for all accounts and financial statements of CSURMA.

ATTACHMENT(S): 1) The Independent Auditor's Financial Audit Report as of June 30, 2013 is included as a separate document with the agenda packet and hard (printed) copies will be made available at this meeting.
2) SAS114 Communication from KPMG



KPMG LLP
Suite 700
20 Pacifica
Irvine, CA 92618-3391

October 2, 2013

The Board of Directors
California State University Risk Management Authority
401 Golden Shore
Long Beach, California 90802-4210

Ladies and Gentlemen:

We have audited the financial statements of California State University Risk Management Authority (the Authority) as of and for the year ended June 30, 2013 and issued our report thereon under date of September 20, 2013. Under our professional standards, we are providing you with the accompanying information related to the conduct of our audit.

Our Responsibility Under Professional Standards

We are responsible for forming and expressing an opinion about whether the financial statements, that have been prepared by management with the oversight of the Board of Directors (the Board), are presented fairly, in all material respects, in conformity with U.S. generally accepted accounting principles. We have a responsibility to perform our audit of the financial statements in accordance with auditing standards generally accepted in the United States of America. In carrying out this responsibility, we planned and performed the audit to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether caused by error or fraud. Because of the nature of audit evidence and the characteristics of fraud, we are to obtain reasonable, not absolute, assurance that material misstatements are detected. We have no responsibility to plan and perform the audit to obtain reasonable assurance that misstatements, whether caused by error or fraud, that are not material to the financial statements are detected. Our audit does not relieve management or the Board of their responsibilities.

In addition, in planning and performing our audit of the financial statements, we considered 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 opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.



The Board of Directors
California State University Risk Management Authority
September 20, 2013
Page 2 of 4

We also have a responsibility to communicate significant matters related to the financial statement audit that are, in our professional judgment, relevant to the responsibilities of the Board in overseeing the financial reporting process. We are not required to design procedures for the purpose of identifying other matters to communicate to you.

Other Information in Documents Containing Audited Financial Statements

Our responsibility for other information in documents containing the Authority's financial statements and our auditors' report thereon does not extend beyond the financial information identified in our auditors' report, and we have no obligation to perform any procedures to corroborate other information contained in these documents. We have, however, read the other information included in the Authority's financial statements, and no matters came to our attention that cause us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

Accounting Practices and Alternative Treatments

Significant Accounting Policies

The significant accounting policies used by the Authority are described in Note 2 to the financial statements.

Qualitative Aspects of Accounting Practices

We have discussed with the Board and management our judgments about the quality, not just the acceptability, of the Authority's accounting principles as applied in its financial reporting. The discussions generally included such matters as the consistency of the Authority's accounting policies and their application, and the understandability and completeness of the Authority's financial statements, which include related disclosures.

Management Judgments and Accounting Estimates

The preparation of the financial statements requires management of the Authority to make a number of estimates and assumptions relating to the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period.

Management's estimate of the claims liability for losses and loss adjustment expense are based on an analysis of historical claims. We evaluated the key factors and assumptions used to develop the claims liability, including possible management bias in developing the estimate, in determining that the claims liability is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the amounts recoverable related to reinsurance agreements are based on paid claims and claim adjustment expenses. We evaluated the assumptions used to develop



The Board of Directors
California State University Risk Management Authority
September 20, 2013
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the estimated amounts due from reinsurers, in determining that the estimated amounts recoverable were reasonable in relation to the financial statements taken as a whole.

Management's estimates of the fair values of various accounts are described in the notes to the financial statements.

Uncorrected and Corrected Misstatements

Uncorrected Misstatements

In connection with our audit of the Authority's financial statements, we have discussed with management certain financial statement misstatements that have not been corrected in the Authority's book and records as of and for the year ended June 30, 2013. We have reported such misstatements to management on a Summary of Audit Misstatements and have received written representations from management that management believes that the effects of the uncorrected financial statement misstatements are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Attached is a copy of the summary that has been provided to, and discussed with, management.

Disagreements with Management

There were no disagreements with management on financial accounting and reporting matters that would have caused a modification of our auditors' report on the Authority's financial statements.

Significant Issues Discussed, or Subject to Correspondence, with Management

Major Issues Discussed with Management Prior to Retention

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with you and management each year prior to our retention by you as the Authority's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Material Written Communications

Attached to this letter please find copies of the following material written communications between management and us:

1. Engagement letter;
2. Management representation letter

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management in performing our audit.



The Board of Directors
California State University Risk Management Authority
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Independence

Our professional standards and other regulatory requirements specify that we communicate to you in writing, at least annually, all relationship between our firm and the Authority and persons in a financial reporting oversight role at the Authority and provide confirmation that we are independent accountants with respect to the Authority.

Confirmation of Audit Independence

We hereby confirm that as of the date of this letter, we are independent accountants with respect to the Authority under relevant professional and regulatory standards.

* * * * *

This letter to the Board is intended solely for the information and use of the Board and management and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

KPMG LLP

Correcting Entry Required at Current Period End				Income Statement Effect - Debit(Credit)			Balance Sheet Effect - Debit(Credit)					Cash Flow Effect - Increase (Decrease)							
ID	Description of misstatement	Type of misstatement	Accounts	Debit	(Credit)	Income effect of correcting the balance sheet as prior period (carryforward from prior period)	Income effect of correcting the current period balance sheet	Income effect according to Balance Sheet (Income Statement) method	Net Position	Current Assets	Noncurrent Assets	Current Liabilities	Noncurrent Liabilities	Operating Activities	Capital and Related Financing	Noncapital and Related Financing	Investing Activities		
				A	B		C=A(Bal Income Statement amounts)	CB											
1	Premium Reinsurance	Factual	Net Assets - Unretmeted Beginning Balance Reinsurance Premium Expense	2,014,509 -	- (2,014,509)	- -	- (2,014,509)	- (2,014,509)	2,014,509 (2,014,509)	- -	- -	- -	- -	- -	- -	- -	- -		
Total				2,014,509	(2,014,509)		(2,014,509)	(2,014,509)											
Financial statement amounts (per final financial statements)										(3,005,000)	(61,743,000)	36,300,000	130,935,000	(76,271,000)	(69,223,000)	11,395,000	-	2,534,000	(13,666,000)
Uncorrected audit differences after tax effect as a percentage of financial statement amounts										67.04%	0.00%	0.40%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Aggregate of uncorrected audit differences-total impact on revenue	(2,014,509)
Financial statement amounts (as per final financial statements), revenues and transfers	(88,555,000)
Uncorrected audit differences as a percentage of financial statement amounts	2.3%
Aggregate of uncorrected audit differences-total impact on expenditures	-
Financial statement amounts (as per final financial statements), expenses and transfers	35,172,000
Uncorrected audit differences as a percentage of financial statement amounts	0.0%



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Irvine, CA 92618-3391

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Internet www.us.kpmg.com

December 13, 2012

Mr. George Ashkar
Assistant Vice Chancellor and Controller
California State University
401 Golden Shore, 5th Floor
Long Beach, California 90802-4210

Dear Mr. Ashkar:

This letter (the Engagement Letter) confirms our understanding of our engagement to provide professional services to California State University (CSU).

Objectives and Limitations of Services

Financial Statement Audit Services

We will issue a written report upon our audit of CSU's financial statements as set forth in Appendix I.

We have the responsibility to conduct and will conduct the audit of the financial statements in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, with the objective of expressing an opinion as to whether the presentation of the financial statements, that have been prepared by management with the oversight of those charged with governance, conforms with U.S. generally accepted accounting principles.

In conducting the audit, we will perform tests of the accounting records and such other procedures, as we consider necessary in the circumstances, to provide a reasonable basis for our opinion on the financial statements. We also will assess the accounting principles used and significant estimates made by management, and evaluate the overall financial statement presentation.

Our audit of the financial statements is planned and performed to obtain reasonable, but not absolute, assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. Absolute assurance is not attainable because of the nature of audit evidence and the characteristics of fraud. Therefore, there is a risk that material errors, fraud (including fraud that may be an illegal act), and other illegal acts may exist and not be detected by an audit of financial statements performed in accordance with the auditing standards generally accepted in the United States of America. Also, an audit is not designed to detect matters that are immaterial to the financial statements, and because the determination of abuse is subjective, *Government Auditing Standards* does not expect auditors to provide reasonable assurance of detecting abuse.

We will also perform certain limited procedures to the required supplementary information as required by auditing standards generally accepted in the United States of America. However, we will not separately express an opinion or provide any assurance on the supplementary information. Our report relating to the financial statements will include our consideration of required supplementary information and our opinion in relation to the financial statements taken as a whole.

KPMG LLP is a Delaware limited liability partnership,
the U.S. member firm of KPMG International Cooperative
("KPMG International"), a Swiss entity.



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Our report will be addressed to the Board of Trustees of the CSU. We cannot provide assurance that an unqualified opinion will be rendered. Circumstances may arise in which it is necessary for us to modify our report or withdraw from the engagement.

While our report may be sent to CSU electronically for your convenience, only the hard copy report is to be relied upon as our work product.

Internal Control over Financial Reporting and Compliance and Other Matters

In planning and performing our audit of the financial statements, we will consider CSU's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing an opinion on the financial statements and not to provide an opinion on the effectiveness of the CSU's internal control over financial reporting. In accordance with *Government Auditing Standards*, we are required to communicate that the limited purpose of our consideration of internal control may not meet the needs of some users who require additional information about internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of CSU's compliance with certain provisions of laws, regulations, contracts and grant agreements, violations of which could have a direct and material effect on the financial statements. However, our objective is not to provide an opinion on compliance with such provisions.

In accordance with *Government Auditing Standards*, we will prepare a written report, *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* (GAGAS report), on our consideration of internal control over financial reporting and tests of compliance made as part of our audit of the financial statements. While the objective of our audit of the financial statements is not to report on CSU's internal control over financial reporting and we are not obligated to search for material weaknesses or significant deficiencies as part of our audit of the financial statements, this report will include any material weaknesses and significant deficiencies to the extent they come to our attention. 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 financial statements will not be prevented or detected and corrected on a timely basis. 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. This report will also include illegal acts and fraud, unless clearly inconsequential, and material violations of provisions of contracts and grant agreements and abuse. It will indicate that it is intended solely for the information and use of the audit committee and management of CSU and federal awarding agencies and pass-through entities and that it is not intended to be and should not be used by anyone other than these specified parties.

In accordance with *Government Auditing Standards*, we will also issue a management letter to communicate violations of provisions of contracts or grant agreements or abuse that have an effect on the financial statements that is less than material but more than inconsequential that come to our attention.

In accordance with *Government Auditing Standards*, we are also required in certain circumstances to report fraud or illegal acts directly to parties outside the auditee.



OMB Circular A-133 Audit Services

We will also perform audit procedures with respect to CSU's major federal programs in accordance with the provisions of OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations* (OMB Circular A-133). OMB Circular A-133 includes specific audit requirements, mainly in the areas of internal control and compliance with laws, regulations, contracts, and grant agreements that exceed those required by *Government Auditing Standards*.

As part of our audit procedures performed in accordance with the provisions of OMB Circular A-133, we will perform tests to evaluate the effectiveness of the design and operation of internal controls that we consider relevant to preventing or detecting material noncompliance with laws, regulations, contracts, and grant agreements applicable to each of CSU's major programs. The tests of internal control performed in accordance with OMB Circular A-133 are less in scope than would be necessary to render an opinion on internal control.

Compliance with laws, regulations, contracts, and grant agreements applicable to federal programs is the responsibility of management, including:

- Identifying the CSU's government programs and understanding and complying with the compliance requirements.
- Establishing and maintaining effective controls that provide reasonable assurance that the CSU administers government programs in compliance with the compliance requirements.
- Evaluating and monitoring the CSU's compliance with the compliance requirements.
- Taking corrective action when instances of noncompliance are identified, including corrective action on audit findings of the compliance audit.

We will perform tests of CSU's compliance with certain provisions of laws, regulations, contracts, and grant agreements we determine to be necessary based on the *OMB Circular A-133 Compliance Supplement (Compliance Supplement)*. The procedures outlined in the *Compliance Supplement* are those suggested by each federal agency and do not cover all areas of regulations governing each program. Program reviews by federal agencies may identify additional instances of noncompliance.

As required by OMB Circular A-133, we will prepare a written report which provides our opinion on the schedule of expenditures of federal awards in relation to CSU's financial statements. In addition, we will prepare a written report (A-133 report) which 1) provides our opinion on compliance with laws, regulations, contracts, and grant agreements that could have a direct and material effect on a major federal program and 2) communicates our consideration of internal control over major federal programs. The A-133 report will indicate that it is intended solely for the information and use of the audit committee and management of CSU and federal awarding agencies and pass-through entities and that it is not intended to be and should not be used by anyone other than these specified parties.

Offering Document

Should CSU wish to include or incorporate by reference these financial statements and our audit report(s) thereon into an offering of exempt securities, prior to our consenting to include or incorporate by reference our report(s) on such financial statements, we would consider our consent to the inclusion of our report and the terms thereof at that time. We will be required to perform procedures as required by the standards of the American Institute of Certified Public Accountants, including, but not limited to, reading other information



incorporated by reference in the offering document and performing subsequent event procedures. Our reading of the other information included or incorporated by reference in the offering document will consider whether such information, or the manner of its presentation, is materially inconsistent with information, or the manner of its presentation, appearing in the financial statements. However, we will not perform procedures to corroborate such other information (including forward-looking statements). The specific terms of our future services with respect to future offering documents will be determined at the time the services are to be performed.

Should CSU wish to include or incorporate by reference these financial statements and our audit report(s) thereon into an offering of exempt securities without obtaining our consent to include or incorporate by reference our report(s) on such financial statements, and we are not otherwise associated with the offering document, then CSU agrees to include the following language in the offering document:

“KPMG LLP, our independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. KPMG LLP also has not performed any procedures relating to this official statement.”

Our Responsibility to Communicate with the Board of Trustees

We will report to the Board of Trustees, in writing, the following matters:

- Corrected misstatements arising from the audit that could, in our judgment, either individually or in aggregate, have a significant effect on CSU’s financial reporting process. In this context, corrected misstatements are proposed corrections of the financial statements that were recorded by management and, in our judgment, may not have been detected except through the auditing procedures performed.
- Uncorrected misstatements aggregated during the current engagement and pertaining to the latest period presented that were determined by management to be immaterial, both individually and in aggregate.
- Any disagreements with management or other significant difficulties encountered in performance of our audit.
- Other matters required to be communicated by auditing standards generally accepted in the United States of America.

We will also read minutes, if any, of audit committee meetings for consistency with our understanding of the communications made to the audit committee and determine that the audit committee has received copies of all material written communications between ourselves and management. We will also determine that the audit committee has been informed of i) the initial selection of, or the reasons for any change in, significant accounting policies or their application during the period under audit, ii) the methods used by management to account for significant unusual transactions, and iii) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

If, in performance of our audit procedures, circumstances arise which make it necessary to modify our report or withdraw from the engagement, we will communicate to the audit committee our reasons for modification or withdrawal.



Management Responsibilities

The management of CSU is responsible for the fair presentation, in accordance with U.S generally accepted accounting principles, of the financial statements and all representations contained therein. Management also is responsible for identifying and ensuring that CSU complies with laws, regulations, contracts, and grant agreements applicable to its activities, and for informing us of any known material violations of such laws and regulations and provisions of contracts and grant agreements. Management also is responsible for preventing and detecting fraud, including the design and implementation of programs and controls to prevent and detect fraud, for adopting sound accounting policies, and for establishing and maintaining effective internal controls and procedures for financial reporting to maintain the reliability of the financial statements and to provide reasonable assurance against the possibility of misstatements that are material to the financial statements. Management is also responsible for informing us, of which it has knowledge, of all material weaknesses and significant deficiencies in the design or operation of such controls. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Management of CSU also agrees that all records, documentation, and information we request in connection with our audit will be made available to us, that all material information will be disclosed to us, and that we will have the full cooperation of CSU personnel. As required by the auditing standards generally accepted in the United States of America, we will make specific inquiries of management about the representations embodied in the financial statements and the effectiveness of internal control, and obtain a representation letter from management about these matters. The responses to our inquiries, the written representations, and the results of audit tests, among other things, comprise the evidential matter we will rely upon in forming an opinion on the financial statements.

In addition to the OMB Circular A-133 requirements to maintain internal control and comply with the compliance requirements applicable to federal programs as discussed above, OMB Circular A-133 also requires CSU to prepare a:

- Schedule of expenditures of federal awards;
- Summary schedule of prior audit findings;
- Corrective action plan; and
- Data collection form (Part I).

While we may be separately engaged to assist you in the preparation of these items, preparation is the responsibility of CSU.

Certain provisions of OMB Circular A-133 allow a granting agency to request that a specific program be selected as a major program provided that the federal granting agency is willing to pay the incremental audit cost arising from such selection. CSU agrees to notify KPMG LLP (KPMG) of any such request by a granting agency and to work with KPMG to modify the terms of this letter as necessary to accommodate such a request.



California State University
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In accordance with *Government Auditing Standards*, as part of our planning of the audit we will evaluate whether CSU has taken appropriate corrective action to address findings and recommendations from previous engagements that could have a material effect on the financial statements. To assist us, management agrees to identify previous audits, attestation engagements, or other studies that relate to the objectives of the audit, including whether related recommendations have been implemented, prior to July 1, 2013.

Management is responsible for adjusting the financial statements to correct material misstatements and for affirming to us in the representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements being reported upon. Because of the importance of management's representations to the effective performance of our services, CSU will release KPMG and its personnel from any claims, liabilities, costs and expenses relating to our services under this letter attributable to any misrepresentations in the representation letter referred to above. The provisions of this paragraph shall apply regardless of the form of action, damage, claim, liability, cost, expense, or loss asserted, whether in contract, statute, tort (including but not limited to negligence) or otherwise.

Management is also responsible for providing us with written responses in accordance with *Government Auditing Standards* to the findings included in the GAGAS or A-133 report within 14 days of being provided with draft findings. If such information is not provided on a timely basis prior to release of the report(s), the report(s) will indicate the status of management's responses.

Government Auditing Standards require external and internal auditors to meet minimum Continuing Professional Education (CPE) hours. Therefore, management is responsible for monitoring and documenting the compliance with the Government Auditing Standards CPE hours of those internal auditors assigned to the audit in direct assistance roles.

Management is responsible for the distribution of the reports issued by KPMG.

Dispute Resolution

Any dispute or claim arising out of or relating to this Engagement Letter or the services provided hereunder, or any other audit or attest services provided by or on behalf of KPMG or any of its subcontractors or agents to CSU or at its request, shall be ruled by the provisions set forth in the MEA #50677 dated April 4, 2007.

Other Matters

This letter shall serve as CSU's authorization for the use of e-mail and other electronic methods to transmit and receive information, including confidential information, between KPMG and CSU and between KPMG and outside specialists or other entities engaged by either KPMG or CSU. CSU acknowledges that e-mail travels over the public Internet, which is not a secure means of communication and, thus, confidentiality of the transmitted information could be compromised through no fault of KPMG. KPMG will employ commercially reasonable efforts and take appropriate precautions to protect the privacy and confidentiality of transmitted information.



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December 13, 2012
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Further, for purposes of the services described in this letter only, CSU hereby grants to KPMG a limited, revocable, non-exclusive, non-transferable, paid up and royalty-free license, without right of sublicense, to use all logos, trademarks and service marks of CSU solely for presentations or reports to CSU or for internal KPMG presentations and intranet sites.

KPMG is a limited liability partnership comprising both certified public accountants and certain principals who are not licensed as certified public accountants. Such principals may participate in the engagements to provide the services described in this letter.

In connection with the performance of services under the Engagement Letter, KPMG may utilize the services of KPMG controlled entities, KPMG member firms and/or third party service providers within and without the United States to complete the services under the Engagement Letter. Moreover, KPMG may utilize third party service providers within and without the United States to provide, at KPMG's direction, administrative and clerical support services to KPMG.

CSU agrees to provide prompt notification if CSU or any of its subsidiaries currently are or become subject to the laws of a foreign jurisdiction that require regulation of any securities issued by CSU or such subsidiary.

The work papers for this engagement are the property of KPMG. Pursuant to *Government Auditing Standards*, we are required to make certain work papers available in a full and timely manner to Regulators upon request for their reviews of audit quality and for use by their auditors. In addition, we may be requested to make certain work papers available to Regulators pursuant to authority provided by law or regulation. Access to the requested work papers will be provided under supervision of KPMG personnel. Furthermore, upon request, we may provide photocopies of selected work papers to Regulators. Such Regulators may intend, or decide, to distribute the photocopies or information contained therein to others, including other government agencies.

In the event KPMG is requested pursuant to subpoena or other legal process to produce its documents and/or testimony relating to this engagement for CSU in judicial or administrative proceedings to which KPMG is not a party, CSU shall reimburse KPMG at standard billing rates for its professional time and expenses, including reasonable attorney's fees, incurred in responding to such requests.

Other Government Auditing Standards Matters

As required by *Government Auditing Standards*, we have attached a copy of KPMG's most recent peer review report.

Additional Reports and Fees for Services

Appendix I to this letter lists the additional reports we will issue as part of this engagement and our fees for professional services to be performed per this letter.

In addition, fees for any special audit-related projects, such as research and/or consultation on special business or financial issues, will be billed separately from the audit fees for professional services set forth in Appendix I and may be subject to written arrangements supplemental to those in this letter.

* * * * *



California State University
December 13, 2012
Page 8 of 8

Our engagement herein is for the provision of annual audit services for the financial statements and OMB Circular A-133 and for the periods described in Appendix I, and it is understood that such services are provided as a single annual engagement. Pursuant to our arrangement as reflected in this letter we will provide the services set forth in Appendix I as a single engagement for each of CSU's subsequent fiscal years until either Management or we terminate this agreement, or mutually agree to the modification of its terms. The fees for each subsequent year have been established in the Modification No. 1 dated September 2, 2009 to the Master Enabling Agreement (MEA) dated April 4, 2007.

We shall be pleased to discuss this letter with you at any time. For your convenience in confirming these arrangements, we enclose a copy of this letter. Please sign and return it to us.

Very truly yours,

KPMG LLP

Mark T. Thomas
Partner

Enclosures

MTT:ls:glb:T1149_v2

ACCEPTED:

California State University

Authorized Signature

Title

Date

2/8/13

Fees for Services

Based upon our discussions with and representations of management, our fees for services we will perform are estimated as follows:

Audit of financial statements of CSU as of and for the year ended June 30, 2013 per the billing schedule	\$2,750,000
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The reports that we will issue as part of this engagement are as follows:

Report

CSU Combined Financial Statements
Revenue Bond Programs
Federal Funds (A-133 Single Audit)

Other Reports to be issued:

Risk Management Authority
California State University Institute
Stockton Center Site Authority
CSUCI Site Authority
CSUCI Financing Authority

Other Required Tasks:

GAAP Manual and Year End Workshop

Additional procedures related to the review of Auxiliary Organization financial information and implementation of GASB pronouncements (to be billed on a rate per hour basis)	\$ 100,000
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The above estimates are based on the level of experience of the individuals who will perform the services. Our fees are based on significantly discounted hourly rates and include all out-of-pocket expenses.

Circumstances encountered during the performance of these services that warrant additional time or expense could cause us to be unable to deliver them within the above estimates. We will endeavor to notify you of any such circumstances as they are assessed.

Where KPMG is reimbursed for expenses, it is KPMG's policy to bill clients the amount incurred at the time the good or service is purchased. If KPMG subsequently receives a volume rebate or other incentive payment from a vendor relating to such expenses, KPMG does not credit such payment to the client. Instead, KPMG applies such payments to reduce its overhead costs, which costs are taken into account in determining KPMG's standard billing rates and certain transaction charges which may be charged to clients.



System Review Report

To the Partners of KPMG LLP
and the National Peer Review Committee of the AICPA Peer Review Board

We have reviewed the system of quality control for the accounting and auditing practice of KPMG LLP (the Firm), applicable to non-SEC issuers, in effect for the year ended March 31, 2011. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. The Firm is responsible for designing a system of quality control and complying with it to provide the Firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the Firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards*, audits of employee benefit plans, an audit performed under FDICIA, and an audit of a carrying broker-dealer.

In our opinion, the system of quality control for the accounting and auditing practice of KPMG LLP, applicable to non-SEC issuers, in effect for the year ended March 31, 2011, has been suitably designed and complied with to provide the Firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. KPMG LLP has received a peer review rating of *pass*.

December 2, 2011

PricewaterhouseCoopers LLP, 400 Campus Drive, P. O. Box 988, Florham Park, NJ 07932
T: (973) 236 4000, F: (973) 236 5000, www.pwc.com/us



California State University Risk Management Authority

September 20, 2013

KPMG LLP
20 Pacifica, Suite 700
Irvine, California 92618

Ladies and Gentlemen:

We are providing this letter in connection with your audits of the financial statements of the California State University Risk Management Authority's, (the Authority), a component unit of the California State University, as of and for the year ended June 30, 2013 and 2012, and the related notes to the financial statements for the purpose of expressing an opinion as to whether these financial statements present fairly, in all material respects, the financial position, changes in financial position and cash flows of the Authority in conformity with U.S. generally accepted accounting principles.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purposes of appropriately informing ourselves, as of September 20, 2013, the following representations made to you during your audit:

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated December 13, 2012, for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles.
2. We have made available to you:
 - a. All records, documentation, and information that is relevant to the preparation and fair presentation of the financial statements.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access and the full cooperation of personnel within the entity from whom you determined it necessary to obtain audit evidence.

- d. All minutes of the meetings of the Board of Directors or summaries of actions of recent meetings for which minutes have not yet been prepared.
3. There have been no communications from regulatory agencies, governmental representatives, employees, or others concerning investigations or allegations of noncompliance with laws and regulations, deficiencies in financial reporting practices, or other matters that could have a material adverse effect on the financial statements.
4. There are no:
 - a. Violations or possible violations of laws or regulations, whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
 - b. Unasserted claims or assessments that our lawyers have advised us are probable of assertion and must be disclosed in accordance with paragraphs 96 – 113 of Governmental Accounting Standards Board (GASB) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.
 - c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB Statement No. 62, paragraphs 96 – 113.
 - d. Material transactions, for example, grants and other contractual arrangements, that have not been properly recorded in the accounting records underlying the financial statements.
 - e. Events that have occurred subsequent to the date of the statement of net position and through the date of this letter that would require adjustment to or disclosure in the financial statements.
5. All known actual or possible litigation and claims have been accounted for and disclosed in accordance with GASB Statement No. 62, paragraphs 96 – 113.
6. The effects of the uncorrected financial statement misstatements summarized in the accompanying schedules are immaterial, both individually and in the aggregate, to the financial statements.
7. We acknowledge our responsibility for preventing and detecting fraud, including the design and implementation of programs and controls to prevent and detect fraud; for adopting sound accounting policies; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements and to provide reasonable assurance against the possibility of misstatements that are material to the financial statements whether due to error or fraud. Misstatements arising from fraudulent financial reporting are intentional misstatements, or omissions of amounts or disclosures in financial statements to deceive financial statement users. Misstatements arising from misappropriation of assets involve the theft

of an entity's assets where the effect of the theft causes the financial statements not to be presented in conformity with U.S. generally accepted accounting principles.

8. We have disclosed to you all deficiencies in the design or operation of internal control over financial reporting of which we are aware, which could adversely affect the Authority's ability to initiate, authorize, record, process, or report financial data. We have separately disclosed to you all such deficiencies that we believe to be significant deficiencies or material weaknesses in internal control over financial reporting, as those terms are defined in AU-C Section 265, Communicating Internal Control Related Matters Identified in an Audit.
9. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
10. We have disclosed to you all information that we are aware of regarding fraud or suspected fraud affecting the Authority involving:
 - a. Management,
 - b. Employees who have significant roles in internal control over financial reporting, or
 - c. Others where the fraud could have a material effect on the financial statements.
11. We have disclosed to you all information that we are aware of regarding allegations of fraud or suspected fraud affecting the Authority received in communications from employees, former employees, regulators, or others.
12. We have no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, and deferred inflows of resources.
13. We have no knowledge of any officer or Board member of the Authority, or any other person acting under the direction thereof, having taken any action to fraudulently influence, coerce, manipulate, or mislead you during your audit.
14. The following have been properly recorded or disclosed in the financial statements:
 - a. Related party relationships and transactions of which we are aware in accordance with the requirements of U.S. generally accepted accounting principles, including sales, purchases, loans, transfers, leasing arrangements, guarantees, ongoing contractual commitments, and amounts receivable from or payable to related parties. The term "related party" refers to government's related organizations, joint ventures, and jointly governed organizations, as defined in GASB Statement No. 14, The Financial Reporting Entity, as amended; elected and appointed officials of the government; its management; members of the immediate families of elected or appointed officials of the government and its management; and other

parties with which the government may deal if one party can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests. Another party also is a related party if it can significantly influence the management or operating policies of the transacting parties or if it has an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests.

- b. Guarantees, whether written or oral, under which the Authority is contingently liable.
 - c. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and lines of credit or similar arrangements.
 - d. Agreements to repurchase assets previously sold, including sales with recourse.
 - e. Changes in accounting principle affecting consistency.
 - f. The existence of and transactions with joint ventures and other related organizations.
15. The Authority has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets, nor has any asset been pledged as collateral.
16. The Authority has complied with all aspects of laws, regulations, contractual agreements, and grants that may affect the financial statements, including noncompliance.
17. Management is responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to the Authority. Management has identified and disclosed to you all laws, regulations, and provisions of contracts and grant agreements that have a direct and material effect on the determination of financial statement amounts.
18. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
19. Amounts advanced to related entities represent valid receivables and are expected to be recovered at some future date in accordance with the terms of related agreements.
20. Receivables reported in the financial statements represent valid claims against debtors arising on or before the date of the statement of net assets position and have been appropriately reduced to their estimated net realizable value.
21. Deposits and investment securities are properly classified and reported.

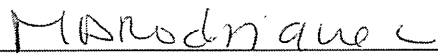
22. The Authority is responsible for determining the fair value of certain investments as required by GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, as amended. The amounts reported represent the Authority's best estimate of fair value of investments required to be reported under the Statement. The Authority also has disclosed the methods and significant assumptions used to estimate the fair value of its investments.
23. We believe that all material expenditures or expenses that have been deferred to future periods will be recoverable.
24. Capital assets, including infrastructure assets, are properly capitalized, reported and, if applicable, depreciated.
25. The Authority has no:
 - a. Commitments for the purchase or sale of services or assets at prices involving material probable loss.
 - b. Loss to be sustained as a result of other-than-temporary declines in the fair value of investments.
26. The Authority has obligated itself to perform pollution monitoring activities. We believe that no such obligation is necessary in accordance with Provision has been made in the financial statements for the Authority's pollution remediation obligations. We believe that such estimate has been determined in accordance with the provisions of GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, as there has not been triggering events that mandate remediation of the soil. We have made available to you all relevant information related to pollution remediation obligation and is reasonable based on available information.
27. The Authority has identified and properly accounted for and presented all deferred outflows of resources and deferred inflows of resources.
28. Components of net asset position (net invested in capital assets, net of related debt; restricted; and unrestricted) are properly classified and, if applicable, approved.
29. Revenues are appropriately classified in the statements of revenues, expenses, and changes in net position.
30. The Authority has identified and properly accounted for all non-exchange transactions.
31. Expenses have been appropriately classified in the statements of revenues, expenses, and changes in net position.
32. The financial statements disclose all of the matters of which we are aware that are relevant to the Authority's ability to continue as a going concern, including significant conditions and events, and our plans.

33. We have disclosed to you all accounting policies and practices we have adopted that, if applied to significant items or transactions, would not be in accordance with U.S. generally accepted accounting principles. We have evaluated the impact of the application of each such policy and practice, both individually and in the aggregate, on the Authority's current period financial statements and our assessment of internal control over financial reporting, and the expected impact of each such policy and practice on future periods' financial reporting. We believe the effect of these policies and practices on the financial statements and our assessment of internal control over financial reporting is not material. Furthermore, we do not believe the impact of the application of these policies and practices will be material to the financial statements in future periods.
34. The Authority has not presented management's discussion and analysis that U.S. generally accepted accounting principles (GAAP) require to supplement, although not to be part of the financial statement.
35. We agree with the findings of specialists in evaluating the loss reserve and incurred but not reported estimates related to claims and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.
36. We acknowledge our responsibility for the presentation of supplementary information in accordance with the applicable criteria and/or prescribed guidelines and:
 - a. Believe the supplementary information, including its form and content, is fairly presented in accordance with the applicable criteria and/or prescribed guidelines.
 - b. The methods of measurement or presentation of the supplementary information have not changed from those used in the prior period.
 - c. The significant assumptions or interpretations underlying the measurement or presentation of the supplementary information are reasonable and appropriate in the circumstances.
37. The Authority has complied with all applicable laws and regulations in adopting, approving, and amending budgets.
38. The Authority was formed pursuant to California Government Code Section 6500 et seq. and, as a government entity is not subject to federal or state income taxes.

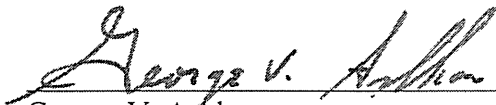
Further, we confirm that we are responsible for the fair presentation in the financial statements including the statements of net position, statements of revenues, expenses and changes in net position and statement of cash flows and the related notes to the financial statements, in conformity with U.S. generally accepted accounting principles. We are also responsible for establishing and maintaining effective internal control over financial reporting.

Respectfully yours,

California State University Risk Management Authority



Mary Ann Rodriguez
Vice President, Administration and Finance
CSU Dominguez Hills



George V. Ashkar
Assistant Vice Chancellor/Controller, Financial Services
CSU Chancellor's Office

CSURMA
Summary of Uncorrected Audit Mismatements

30-Jun-13

Amounts in USD
Method Used to Quantify Audit Mismatements Income
Final Materiality 3,500,000

Detailed instructions on automatically populating the audit mismatements from the Tracker are provided in the "Instructions" tab.

Correcting Entry Required at Current Period End					
ID	Description of misstatement	Type of misstatement	Accounts	Debit	(Credit)
1	Premium Reinsurance	Factual	Net Assets - Unrestricted Beginning Balance Reinsurance Premium Expense	2,014,509	(2,014,509)
Total				2,014,509	(2,014,509)

Financial statement amounts (per final financial statements)
Uncorrected audit differences after tax effect as a percentage of financial statement amounts

Aggregate of uncorrected audit differences- total impact on revenues	(2,014,509)
Financial statement amounts (as per final financial statements)- revenues and transfers	(88,555,000)
Uncorrected audit differences as a percentage of financial statement amounts	2.3%
Aggregate of uncorrected audit differences- total impact on expenditures	-
Financial statement amounts (as per final financial statements)- expenses and transfers	85,172,000
Uncorrected audit differences as a percentage of financial statement amounts	0.0%

CAMPUS RISK POOLS ACTUARIAL REPORTS

ISSUE: CSURMA's retains the services of an independent actuary to evaluate the liabilities of its major self-insured programs. The complete draft reports for the Campus General and Errors & Omissions Liability, Workers' Compensation, and Athletic Injury Medical Expense (AIME) risk pools are included separately with the agenda packet. Staff has highlighted here and in attachments to this item key findings and exhibits. The information provided by the actuary is used to establish fiscal year-end financial reports, and as the starting point in consideration of rates and funding for FY 2014/15 as well as evaluating potential campus dividends or assessments.

The Actuary's findings and recommendations include:

Campus Liability

1. Change in Projected Ultimate Limited Losses from last year's to this year's study decreased by 6.5%.
2. Loss Funding at 70% actuarial confidence increases slightly from \$13,461,600 (FY 13/14) to \$13,953,600 (FY 14/15).

Campus WC

1. Change in Projected Ultimate Limited Losses from last year's to this year's study increased by 1.5%.
2. Loss Funding at 70% actuarial confidence increases from \$21,151,900 (FY 13/14) to \$26,808,100 (FY 14/15).

AIME

1. Change in Projected Ultimate Limited Losses from last year's to this year's study increased by 13.1%. Note, however, last year's study did not include East Bay, who joined AIME on 8/1/12. The real net change is about +10%.
2. Loss Funding at 70% actuarial confidence increases from \$2,912,150 (FY 13/14) to \$3,246,100 (FY 14/15). This also did not include CSUEB in last year's study.

RECOMMENDATION: The Board is asked to review the draft actuarial studies and accept the reports for use in CSURMA's financial reporting, rate setting, and funding evaluations.

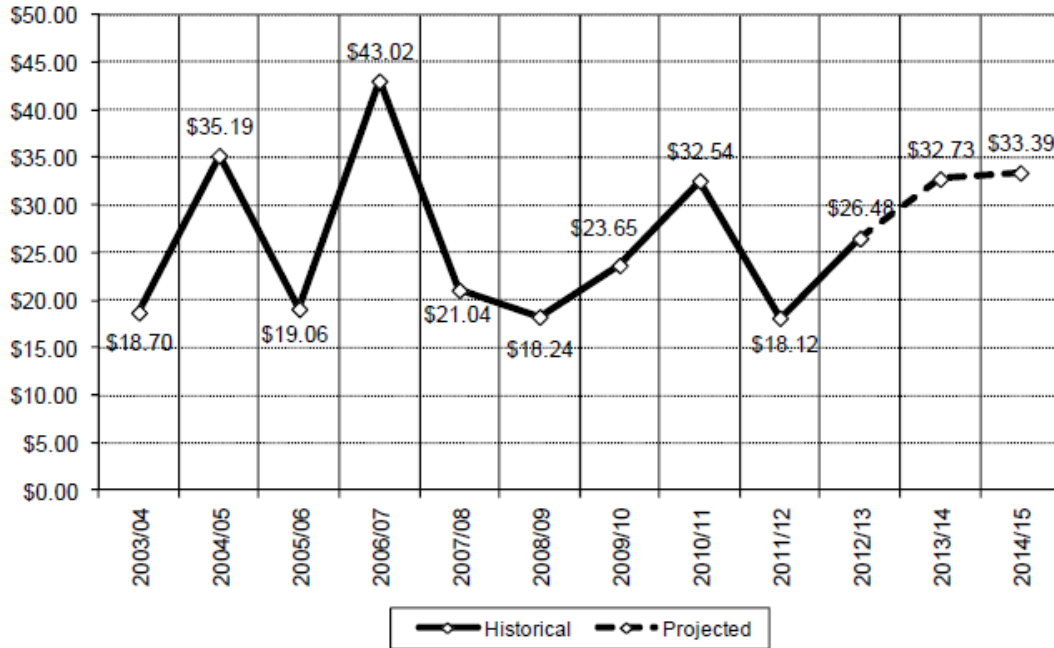
FISCAL IMPACT: The action recommended will have the direct effect of establishing liabilities reported in CSURMA's financial statements. Indirectly, information from the accepted actuarial studies will be used in rate setting and funding forecasts.

BACKGROUND: The complete actuarial study includes a discussion on the methodology used by the actuary to establish the financial projections for each coverage program. Staff will be present at today's meeting to review and comment on the findings in the reports.

ATTACHMENT(S): Charts and exhibits from the Liability, Workers' Compensation and AIME draft actuarial reports valued at June 30, 2013. *Complete copies of the draft studies dated July 29, 2013 are included separately with the Agenda packet.*

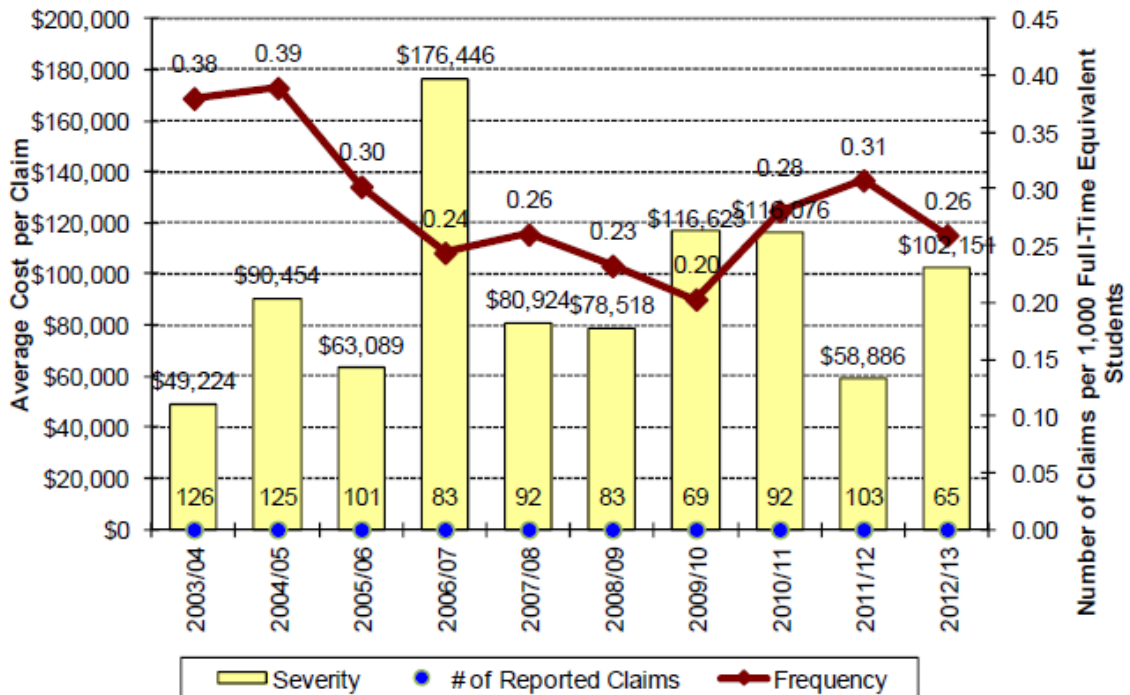
Exhibit (GL)

Graph I-1
Loss Rate per Full Time-Equivalent Student
(Gross of Member Deductibles)



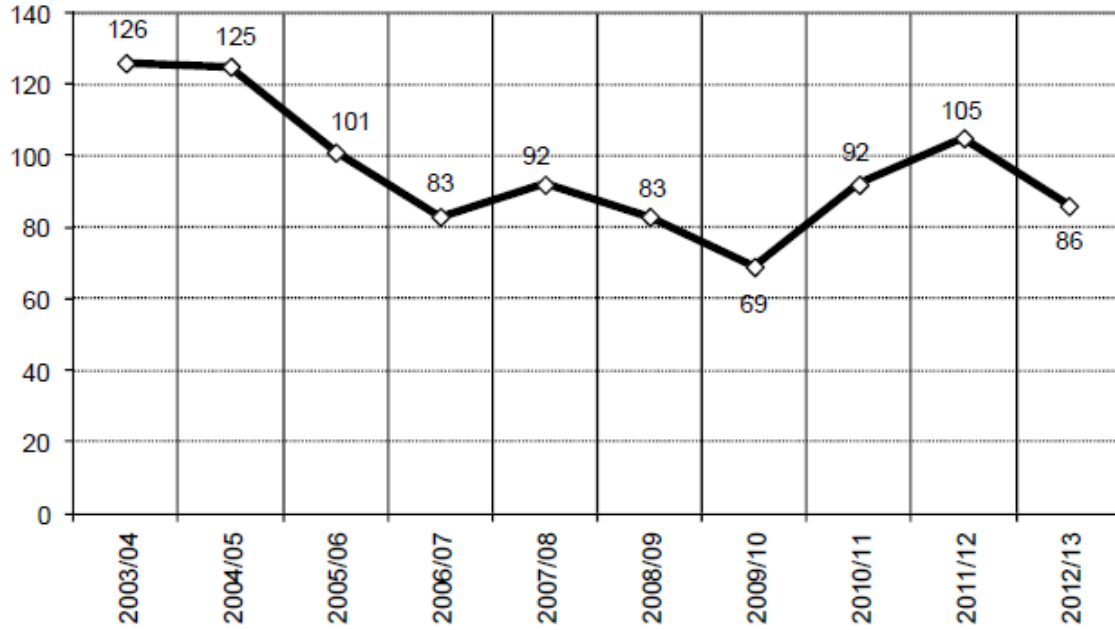
Note: Loss rates are from Exhibit GL-10, columns (4) and (7).

Graph I-2
Frequency and Severity
(Gross of Member Deductibles)



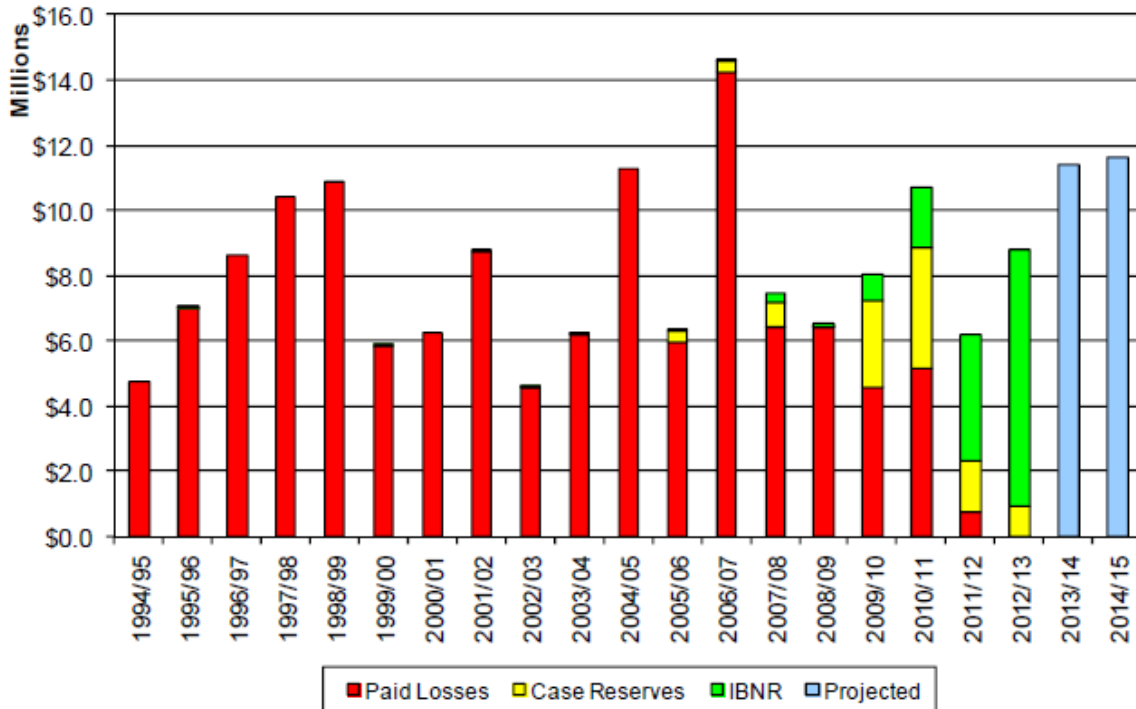
Note: Frequency amounts are from Exhibit GL-8, Section I, column (7).
 Severity amounts are based on the projected claim counts in Exhibit GL-8 and the projected ultimate losses in Exhibit GL-9.

Graph I-3
Projected Ultimate Claims
2003/04 to 2012/13



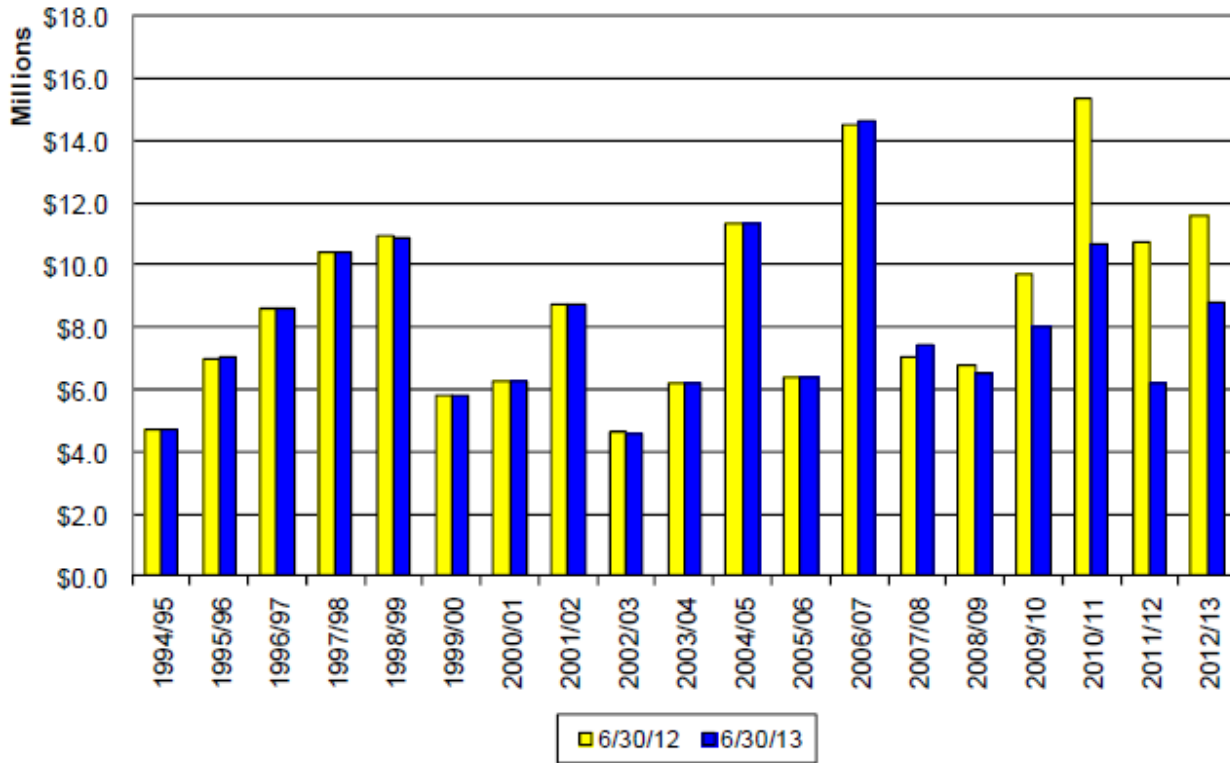
Note: Projected ultimate claims are from Exhibit GL-8, Section I, column (5).

Graph I-4
Composition of Projected Ultimate Limited Losses
(Gross of Member Deductibles)



Note: Amounts through 2012/13 are from Exhibit GL-15 (page 1).
 Amounts for 2013/14 and 2014/15 are from Exhibit GL-10.

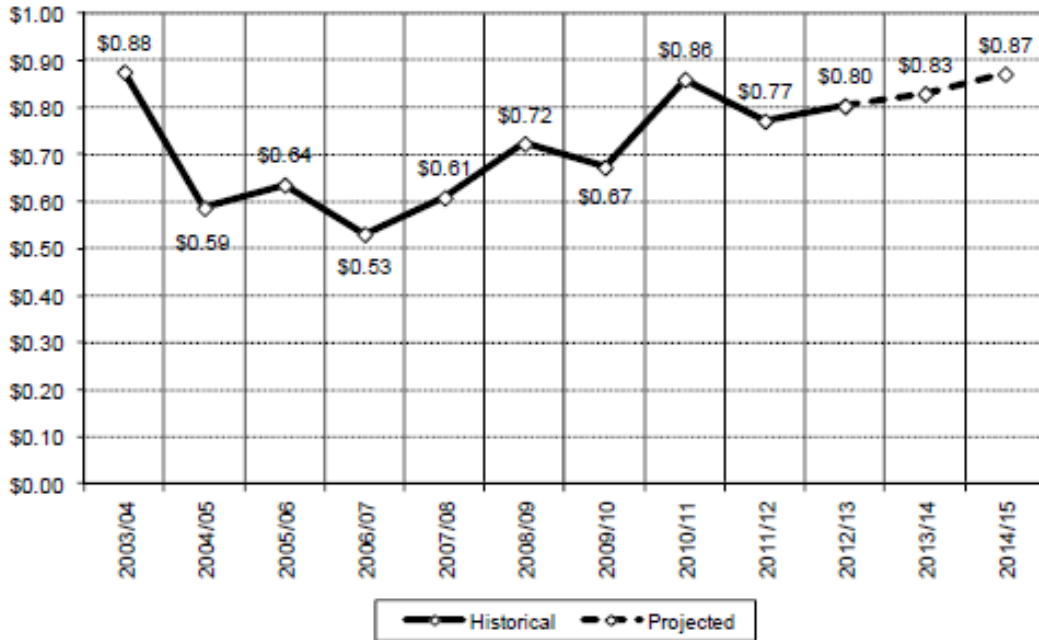
**Graph I-6
Comparison of Projected Ultimate Limited Losses
as of June 30, 2012 and June 30, 2013
(Gross of Member Deductibles)**



Note: Amounts as of June 30, 2012 are from the previous actuarial study.
Amounts as of June 30, 2013 are from Exhibit GL-9.

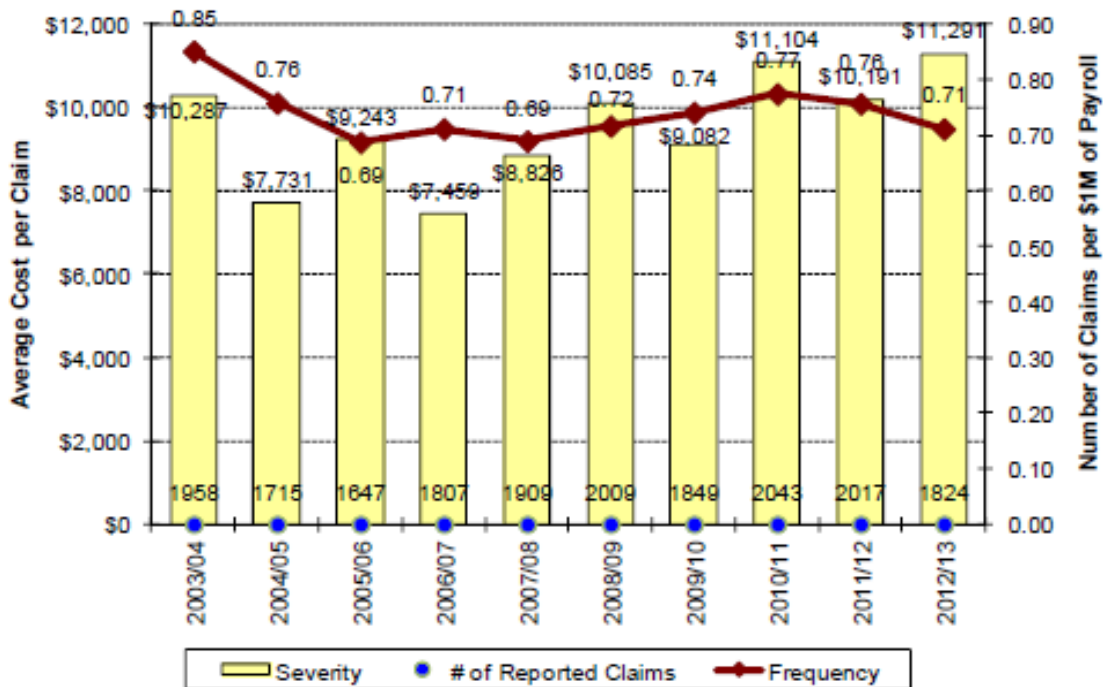
Exhibit (WC)

Graph I-1
Loss Rate per \$100 of Payroll
(Workers Compensation)



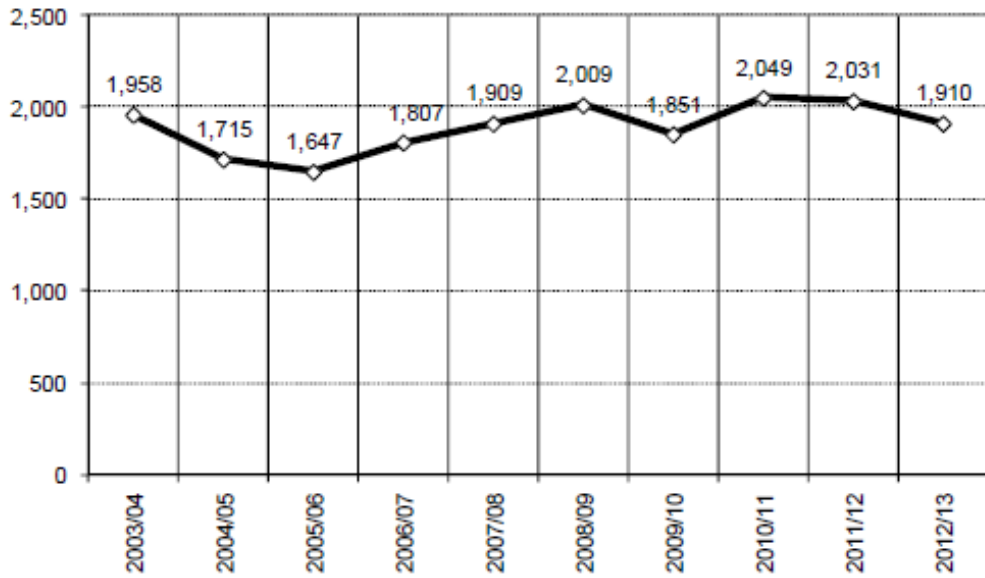
Note: Loss rates are from Exhibit WC-10, columns (4) and (7).

Graph I-2
Frequency and Severity
(Workers Compensation)



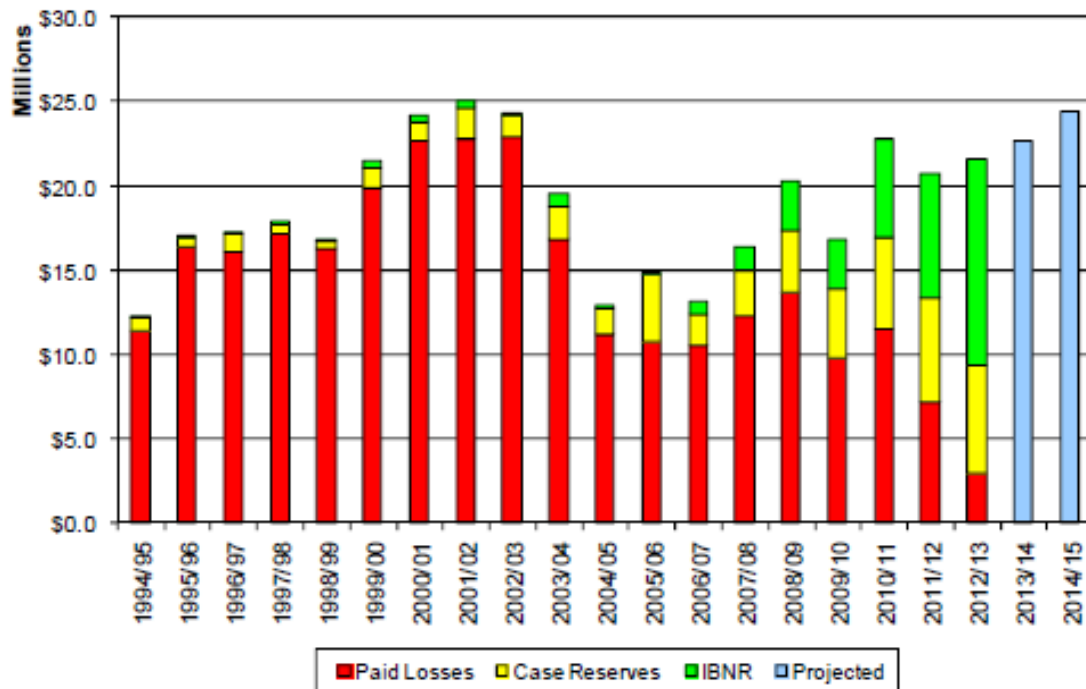
Note: Frequency amounts are from Exhibit WC-8, Section I, column (7).
 Severity amounts are based on the projected claim counts in Exhibit WC-8 and the projected ultimate losses in Exhibit WC-9.

Graph I-3
Projected Ultimate Claims
2003/04 to 2012/13
(Workers Compensation)



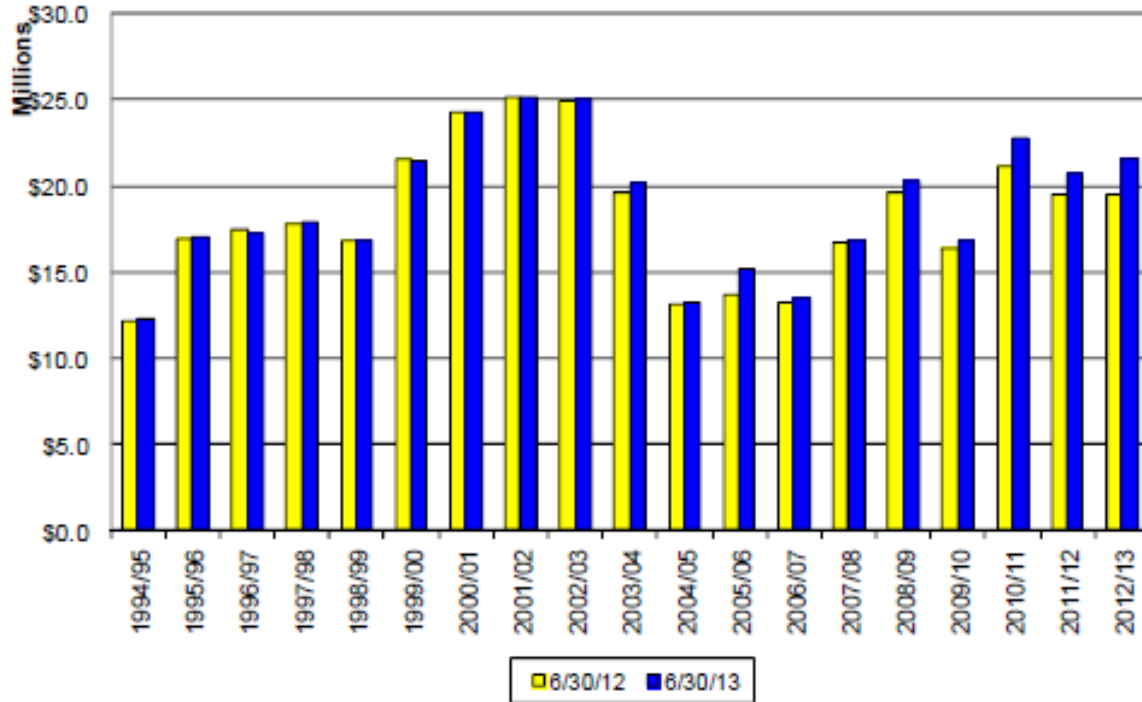
Note: Projected ultimate claims are from Exhibit WC-8, Section I, column (5).

Graph I-4
Composition of Projected Ultimate Limited Losses
(Workers Compensation)



Note: Amounts through 2012/13 are from Exhibit WC-11. Amounts for 2013/14 and 2014/15 are from Exhibit WC-10.

Graph I-6
Comparison of Projected Ultimate Limited Losses
as of June 30, 2012 and June 30, 2013
(Workers Compensation)



Note: Amounts as of June 30, 2012 are from the previous actuarial study.
Amounts as of June 30, 2013 are from Exhibit WC-9.

**FY 2014/15 CAMPUS COVERAGE PROGRAMS
RECOMMENDED RATES AND GROSS FUNDING**

ISSUE: Upon recommendation of the Executive Committee, the Board of Directors adopts rates and funding for the upcoming fiscal year at its Fall meeting. The Program Administrators prepared FY 2014/15 draft calculations using the final actuarial reports dated July 29, 2013.

The General Liability program cost includes premium deposits for Student Professional Liability Insurance Program (SPLIP) and Student Academic Field Experience for Credit Liability Insurance Program (SAFECLIP). Campus Property program cost includes Blanket Employee Fidelity coverage and Cyber Risk insurance. The costs for the purchased insurance programs (SPLIP, SAFECLIP, Property, Fidelity, Cyber) are estimated at this time since actual rates will not be known until negotiations are finalized in June 2014. Auto Liability is covered by the State Vehicle Liability Self-Insurance Program (VELSIP); its cost is determined by the Office of Risk and Insurance Management (ORIM) and issued in March 2014.

The following summarizes total program costs, with individual Campus costs shown in the attachments to this item.

Campus Coverage Programs Funding Comparison

	FY 13/14 Adopted	FY 14/15 Proposed	% Chg	% Chg
Liability	\$13,670,600	\$14,217,698	\$547,098	4.0%
Workers' Compensation	29,448,933	34,752,679	5,303,746	18.0%
IDL NDI UI	13,500,000	13,500,000	0	0.0%
Property	9,500,000	9,500,000	0	0.0%
<i>AIME</i>	2,932,489	2,932,489	0	0.0%
<i>Auto Liability</i>	648,727	648,727	0	0.0%
Total	\$69,700,749	\$75,551,593	\$5,850,844	8.4%

- (1) This is a projection based on market assessment at this time.
- (2) AIME Committee to recommend final funding for FY 2014/15.
- (3) Auto Liability cost to be issued by DGS ORIM in March 2014.

RECOMMENDATION: The Board is asked to review and adopt the Campus coverage programs funding for FY 2014/15 recommended by the Executive Committee and summarized in the Table above.

FISCAL IMPACT: Adoption of the recommended funding for the campus coverage programs totaling \$75,551,593 are in accordance with the policies & procedures and rating plans adopted and approved by the Board of Directors.

BACKGROUND: CSURMA employs an independent actuarial firm, Aon Risk Solutions to project claim costs for its General and Errors & Omissions Liability, Workers' Compensation and Athletic Injury Medical Expense coverage programs. Aon's draft actuarial reports dated July 29, 2013 were used to calculate the recommended funding for FY 2014/15.

The Board is asked to focus on the aggregate program funding issues at this time. Campuses should contact Rob Leong (415-403-1441) for any specific questions as to how their cost was calculated.

ATTACHMENT(S): FY 2014/15 Campus Coverage Programs Proposed Funding (Draft)

**CSURMA RISK POOL FY 2014/15
Total Program Cost**

Draft

<i>Campus</i>	<i>FY 13/14 Actual</i>	<i>FY 14/15 Proposed</i>	<i>Change</i>
Bakersfield	\$1,373,584	\$1,439,380	4.8%
Channel Islands	1,419,161	1,580,065	11.3%
Chico	2,450,874	2,667,542	8.8%
Dominguez Hills	2,414,932	2,584,902	7.0%
East Bay	2,667,213	3,040,519	14.0%
Fresno	4,175,434	3,853,327	-7.7%
Fullerton	3,580,572	3,759,916	5.0%
Humboldt	2,034,388	2,110,502	3.7%
Long Beach	4,928,707	5,790,703	17.5%
Los Angeles	3,329,678	3,676,039	10.4%
Maritime Academy	466,758	569,708	22.1%
Monterey Bay	1,314,471	1,340,962	2.0%
Northridge	4,278,661	4,787,645	11.9%
Pomona	3,550,552	3,975,172	12.0%
Sacramento	3,541,151	3,957,244	11.8%
San Bernardino	2,512,062	2,506,414	-0.2%
San Diego	4,542,063	4,658,619	2.6%
San Francisco	4,510,616	4,762,886	5.6%
San Jose	4,546,707	4,834,180	6.3%
San Luis Obispo	3,582,689	4,008,422	11.9%
San Marcos	1,391,374	1,613,251	15.9%
Sonoma	1,983,583	1,980,042	-0.2%
Stanislaus	1,636,319	1,705,359	4.2%
Chancellor's Office	979,474	1,066,519	8.9%
Systemwide	2,489,726	3,282,275	31.8%
Total:	\$69,700,749	\$75,551,593	8.4%

**CSURMA RISK POOL FY 2014/15
Liability Program Cost**

Draft

<i>Campus</i>	<i>FY 13/14 Actual</i>	<i>FY 14/15 Proposed</i>	<i>Change</i>
Bakersfield	\$364,805	\$318,088	-12.8%
Channel Islands	328,652	385,208	17.2%
Chico	487,576	548,239	12.4%
Dominguez Hills	775,974	796,545	2.7%
East Bay	378,121	489,684	29.5%
Fresno	1,587,770	1,175,817	-25.9%
Fullerton	553,533	586,720	6.0%
Humboldt	486,110	527,434	8.5%
Long Beach	832,019	897,304	7.8%
Los Angeles	345,777	385,749	11.6%
Maritime Academy	147,284	180,781	22.7%
Monterey Bay	354,511	233,415	-34.2%
Northridge	624,813	774,050	23.9%
Pomona	601,781	689,865	14.6%
Sacramento	781,922	997,905	27.6%
San Bernardino	708,195	446,106	-37.0%
San Diego	613,503	590,851	-3.7%
San Francisco	551,985	604,414	9.5%
San Jose	754,175	928,825	23.2%
San Luis Obispo	377,009	608,365	61.4%
San Marcos	344,410	378,264	9.8%
Sonoma	534,989	410,419	-23.3%
Stanislaus	253,644	323,511	27.5%
Chancellor's Office	299,893	336,506	12.2%
Systemwide	582,149	603,633	3.7%
Total:	\$13,670,600	\$14,217,698	4.0%

Includes Student Professional Liability Insurance Program (SPLIP),
Student Academic Field Experience for Credit Liability Insurance Program (SAFECLIP).

**CSURMA RISK POOL FY 2014/15
Workers' Compensation Program Cost**

Draft

<i>Campus</i>	<i>FY 13/14 Actual</i>	<i>FY 14/15 Proposed</i>	<i>Change</i>
Bakersfield	\$541,487	\$673,290	24.3%
Channel Islands	636,413	737,768	15.9%
Chico	1,167,653	1,382,868	18.4%
Dominguez Hills	989,475	1,166,978	17.9%
East Bay	1,319,044	1,629,987	23.6%
Fresno	1,283,886	1,441,742	12.3%
Fullerton	1,634,592	1,881,763	15.1%
Humboldt	769,970	854,425	11.0%
Long Beach	2,420,619	3,233,311	33.6%
Los Angeles	1,874,294	2,184,466	16.5%
Maritime Academy	171,759	177,826	3.5%
Monterey Bay	530,868	642,951	21.1%
Northridge	1,983,323	2,353,543	18.7%
Pomona	1,934,464	2,345,605	21.3%
Sacramento	1,388,168	1,616,539	16.5%
San Bernardino	1,057,486	1,251,363	18.3%
San Diego	2,100,021	2,397,163	14.1%
San Francisco	2,175,855	2,521,235	15.9%
San Jose	1,577,896	1,820,520	15.4%
San Luis Obispo	1,666,991	1,862,465	11.7%
San Marcos	466,781	571,731	22.5%
Sonoma	605,672	775,921	28.1%
Stanislaus	681,659	730,140	7.1%
Chancellor's Office	470,557	499,079	6.1%
Systemwide	0	0	0.0%
Total:	\$29,448,933	\$34,752,679	18.0%

**CSURMA RISK POOL FY 2014/15
IDL/NDI/UI Program Cost**

Draft

<i>Campus</i>	<i>FY 13/14 Actual</i>	<i>FY 14/15 Proposed</i>	<i>Change</i>
Bakersfield	\$256,239	\$245,879	-4.0%
Channel Islands	282,666	266,117	-5.9%
Chico	445,613	423,942	-4.9%
Dominguez Hills	386,014	403,861	4.6%
East Bay	593,381	571,429	-3.7%
Fresno	565,235	517,263	-8.5%
Fullerton	707,943	767,517	8.4%
Humboldt	475,541	477,222	0.4%
Long Beach	1,024,711	1,017,739	-0.7%
Los Angeles	562,667	571,403	1.6%
Maritime Academy	81,133	149,678	84.5%
Monterey Bay	266,378	303,708	14.0%
Northridge	957,124	936,733	-2.1%
Pomona	564,336	548,187	-2.9%
Sacramento	748,965	769,739	2.8%
San Bernardino	436,158	473,245	8.5%
San Diego	914,769	898,596	-1.8%
San Francisco	1,144,692	1,108,877	-3.1%
San Jose	990,494	957,349	-3.3%
San Luis Obispo	701,297	672,174	-4.2%
San Marcos	345,964	429,009	24.0%
Sonoma	469,725	433,895	-7.6%
Stanislaus	411,679	365,845	-11.1%
Chancellor's Office	167,276	190,593	13.9%
Systemwide			
Total:	\$13,500,000	\$13,500,000	0.0%

Industrial Disability Leave, Nonindustrial Disability Leave, Unemployment Insurance

**CSURMA RISK POOL FY 2014/15
Property Program Cost**

Draft

<i>Campus</i>	<i>FY 13/14 Actual</i>	<i>FY 14/15 Proposed</i>	<i>Change</i>
Bakersfield	\$90,914	\$84,602	-6.9%
Channel Islands	151,635	168,752	11.3%
Chico	296,017	258,299	-12.7%
Dominguez Hills	194,911	148,956	-23.6%
East Bay	320,420	294,415	-8.1%
Fresno	361,473	342,825	-5.2%
Fullerton	485,175	322,348	-33.6%
Humboldt	215,554	163,885	-24.0%
Long Beach	435,315	422,065	-3.0%
Los Angeles	446,583	434,450	-2.7%
Maritime Academy	49,811	45,196	-9.3%
Monterey Bay	104,368	104,345	0.0%
Northridge	537,050	546,960	1.8%
Pomona	359,523	306,850	-14.7%
Sacramento	326,953	275,482	-15.7%
San Bernardino	250,872	277,235	10.5%
San Diego	459,895	317,960	-30.9%
San Francisco	555,771	447,775	-19.4%
San Jose	755,662	656,905	-13.1%
San Luis Obispo	482,658	514,371	6.6%
San Marcos	186,410	184,900	-0.8%
Sonoma	312,204	296,803	-4.9%
Stanislaus	172,101	166,074	-3.5%
Chancellor's Office	41,148	39,905	-3.0%
Systemwide	1,907,577	2,678,642	40.4%
Total:	\$9,500,000	\$9,500,000	0.0%

Includes Crime (Fidelity), Cyber Risks.

Estimate Only

Does not include adjustments due to addition/deletions of buildings.

**CSURMA RISK POOL FY 2014/15
Athletic Injury Medical Expense Program Cost
(AIME)**

Draft

<i>Campus</i>	<i>FY 13/14 Actual</i>	<i>FY 14/15 Proposed</i>	<i>Change</i>
Bakersfield	\$106,193	\$106,193	0.0%
Channel Islands			
Chico	27,472	27,472	0.0%
Dominguez Hills	50,263	50,263	0.0%
East Bay	35,253	35,253	0.0%
Fresno	323,834	323,834	0.0%
Fullerton	169,037	169,037	0.0%
Humboldt	69,818	69,818	0.0%
Long Beach	175,554	175,554	0.0%
Los Angeles	78,913	78,913	0.0%
Maritime Academy	13,322	13,322	0.0%
Monterey Bay	47,249	47,249	0.0%
Northridge	144,409	144,409	0.0%
Pomona	40,661	40,661	0.0%
Sacramento	266,501	266,501	0.0%
San Bernardino	31,308	31,308	0.0%
San Diego	413,386	413,386	0.0%
San Francisco	55,170	55,170	0.0%
San Jose	433,839	433,839	0.0%
San Luis Obispo	274,806	274,806	0.0%
San Marcos	36,712	36,712	0.0%
Sonoma	37,299	37,299	0.0%
Stanislaus	101,490	101,490	0.0%
Chancellor's Office			
Systemwide			
Total:	\$2,932,489	\$2,932,489	0.0%

To be adjusted based on campus claims and sports census.

New Member: East Bay effective 7/1/12.

**CSURMA RISK POOL FY 2014/15
Auto Liability (VELSIP) Program Cost**

Draft

<i>Campus</i>	<i>FY 13/14 Actual</i>	<i>FY 14/15 Proposed</i>	<i>Change</i>
Bakersfield	\$13,946	\$11,328	-18.8%
Channel Islands	19,795	22,220	12.3%
Chico	26,543	26,722	0.7%
Dominguez Hills	18,295	18,299	0.0%
East Bay	20,994	19,751	-5.9%
Fresno	53,236	51,846	-2.6%
Fullerton	30,292	32,531	7.4%
Humboldt	17,395	17,718	1.9%
Long Beach	40,489	44,730	10.5%
Los Angeles	21,444	21,058	-1.8%
Maritime Academy	3,449	2,905	-15.8%
Monterey Bay	11,097	9,294	-16.2%
Northridge	31,942	31,950	0.0%
Pomona	49,787	44,004	-11.6%
Sacramento	28,642	31,078	8.5%
San Bernardino	28,043	27,157	-3.2%
San Diego	40,489	40,663	0.4%
San Francisco	27,143	25,415	-6.4%
San Jose	34,641	36,742	6.1%
San Luis Obispo	79,928	76,241	-4.6%
San Marcos	11,097	12,635	13.9%
Sonoma	23,694	25,705	8.5%
Stanislaus	15,746	18,299	16.2%
Chancellor's Office	600	436	-27.3%
Systemwide	0	0	0.0%
Total:	\$648,727	\$648,727	0.0%

Subject to Final MVIA Assessment from DGS in March 2014.

Auto Liability is managed by the State Vehicle Liability Self-Insurance Program (VELSIP) which also determines the program's total cost each year.

Table 1

	FY 13/14 Adopted	FY 14/15 Proposed	% Chg	% Chg
Liability	\$13,670,600	\$14,217,698	\$547,098	4.0%
Workers' Compensation	29,448,933	34,752,679	5,303,746	18.0%
IDL NDI UI	13,500,000	13,500,000	0	0.0%
Property	9,500,000	9,500,000	0	0.0%
AIME	2,932,489	2,932,489	0	0.0%
Auto Liability	648,727	648,727	0	0.0%
Total	\$69,700,749	\$75,551,593	\$5,850,844	8.4%

CAMPUS RISK POOLS DIVIDENDS

ISSUE: Per CSURMA Policy and Procedure No. 14-JPA, the Executive Committee evaluates and approves dividends and assessments for the Campus Risk Pools. The practice has been to declare a dividend of up to fifty percent (50%) of unencumbered program funds where available and an assessment to cover existing and anticipated funding shortfalls for funds that have a negative fund balance.

Pursuant to proposed P&P No. 14- JPA, staff is recommending that the Executive Committee approve the proposed dividends shown below.

PROPOSED CAMPUS RISK POOLS DIVIDENDS

Program	FY 12/13 Dividend	FY 13/14 Dividend
Liability	\$0	\$7,097,512
Workers' Compensation	7,504,717	0
IDL/NDL/UI	(2,716,515)	0
Total	\$4,788,202	\$7,097,512

RECOMMENDATION: Staff recommends that the Board review the proposed dividends and approve the distribution of the amounts shown in the Table above.

FISCAL IMPACT: Staff's proposal would have the effect of reducing the Liability funds by the amount shown in the Table above.

BACKGROUND: CSURMA adopted a funding policy that calls for each program to fund its liabilities. The authority allows interfund borrowing if a fund has a deficit position. Last year, the Executive Committee declared a simultaneous dividend and assessment that resulted in a \$0 net return to most campuses with some being assessed an additional contribution. An assessment is not needed this year as the IDL/NDL/UI fund has been restored.

ATTACHMENT(S): Summary of Dividends and Assessments Calculation

CSURMA

Recommended Campus Risk Pools Dividends/Assessments

September 12, 2013

Campus	Liability	WC	IDL/NDI/UI	Liability	WC	IDL/NDI/UI	Net
	% of Ttl Deposit	% of Ttl Deposit	% of Ttl Deposit	Dividend	Dividend	Assessment	Dividend
Bakersfield	2.94%	1.65%	1.53%	208,735	0	0	208,735
Channel Islands	1.52%	1.67%	2.09%	108,071	0	0	108,071
Chico	4.32%	3.62%	3.44%	306,788	0	0	306,788
Dominguez Hills	4.52%	3.49%	3.29%	320,476	0	0	320,476
East Bay	2.16%	5.00%	5.17%	153,250	0	0	153,250
Fresno	11.07%	4.17%	4.10%	785,413	0	0	785,413
Fullerton	4.28%	5.66%	4.75%	304,074	0	0	304,074
Humboldt	4.17%	2.43%	3.57%	295,698	0	0	295,698
Long Beach	8.57%	7.44%	6.83%	607,907	0	0	607,907
Los Angeles	4.21%	6.01%	3.63%	298,729	0	0	298,729
Maritime Academy	0.83%	0.60%	0.50%	58,701	0	0	58,701
Monterey Bay	3.04%	1.53%	1.68%	215,648	0	0	215,648
Northridge	4.51%	7.82%	6.96%	320,269	0	0	320,269
Pomona	3.96%	5.73%	3.85%	280,857	0	0	280,857
Sacramento	3.96%	4.57%	5.75%	280,726	0	0	280,726
San Bernardino	4.82%	3.34%	3.30%	342,396	0	0	342,396
San Diego	4.21%	7.60%	6.62%	298,793	0	0	298,793
San Francisco	7.51%	7.65%	9.95%	533,133	0	0	533,133
San Jose	4.87%	5.93%	7.34%	345,740	0	0	345,740
San Luis Obispo	3.29%	6.18%	4.72%	233,229	0	0	233,229
San Marcos	4.50%	1.49%	2.39%	319,466	0	0	319,466
Sonoma	3.24%	2.83%	4.34%	230,262	0	0	230,262
Stanislaus	1.77%	1.80%	3.01%	125,668	0	0	125,668
Chancellor's Office	1.74%	1.76%	1.18%	123,483	0	0	123,483
Total	100.00%	100.00%	100.00%	7,097,512	0	0	7,097,512

	<u>Liability</u>	<u>Work Comp</u>	<u>IDL/NDI/UI</u>	<u>TOTAL</u>
Dividend	\$7,097,512	\$0	\$0	\$7,097,512

Distribution based on percentage of Total Contribution by Fund in past 5 years (7/1/08 to 6/30/13).

FY 2013/14 LONG RANGE PLANNING GOALS

ISSUE: The Executive Committee conducts a Long Range Action Planning meeting each year in March and establishes a long range action plan for the year. Periodically during the year, the Executive Committee receives a report to gauge progress and to re-evaluate where efforts should be focused.

RECOMMENDATION: The Board will hear a report from Staff on the status of the long range action plan items.

FISCAL IMPACT: None.

BACKGROUND: The Executive Committee adopted the FY 2013/14 Long Range Action Plan and goals to be accomplished. The Board will receive a report from Staff on the assigned responsibilities and deadlines of the FY 2013/2014 Long Range Planning goals.

ATTACHMENT(S): FY 2013/14 CSURMA Long Range Action Plan

FY 2013/14 CSURMA LONG RANGE ACTION PLAN

DRAFT

GOAL	ACTION / TASK	RESPONSIBLE ENTITY	DEADLINE	STATUS
LRP-1 ALTERNATIVE MEDICINES ON CAMPUS				
Draft Systemwide Policy regarding use of Alternative Medicines on Campus.	1. Research existing Systemwide policy regarding permissible usage of alternative medicines on campuses.	1. PA, SRM	1. July 2013	In Review.
	2. Research existing Campus policy regarding permissible usage of alternative medicines on campus.	2. PA, SRM	2. August 2013	In Review.
	3. Identify other types of alternative medicines that are used on campus and determine whether or not such usage shall be permitted on campus.	3. PA, SRM, OGC, Student Health Centers, Human Resources	3. September 2013	In Review.
	4. Identify stake holders and enlist support.	4. PA, SRM, OGC, Student Health Centers, Human Resources	4. October 2013	In Review.
	5. Draft Policy & Procedure regarding permissible usage of alternative medicines on campus.	5. PA, SRM, OGC, Student Health Centers, Human Resources	5. November 2013	
	6. Determine whether the draft Policy & Procedure should be an Executive Order, Technical Letter or other.	6. CO	6. December 2013	
	7. Finalize draft Policy & Procedure.	7. PA, SRM	7. January 2014	
	8. Obtain appropriate sign off.	8. CO	8. January 2013	
	9. Roll out to campuses.	9. CO	9. January 2013	
LRP-2 CSURMA WEBSITE ENHANCEMENTS				
Improve CSURMA website.	1. Draft goals for website enhancements: identify what is working well, how utilized, areas to improve.	1. PA	1. January 2013	Completed.
	2. Work with website administrator to program needed/desired changes/enhancements.	2. PA, Website Administrator	2. Feb-Mar 2013	Completed.
	3. Beta testing.	3. PA, Website Administrator	3. Apr-May 2013	Completed.
	4. Populate website.	4. PA, Website Administrator	4. June-July 2013	Completed.
	5. Develop demo presentation.	5. PA	5. August 2013	Completed.
	6. Present enhanced website to SRM, EC, BOD.	6. PA	6. September 2013	Pending.
	7. Roll out to CSURMA members.	7. PA	7. October 2013	
LRP-3 INTRAMURAL/RECREATIONAL SPORTS COVERAGE				
Develop coverage program for Intramural & Recreational Sports.	1. Develop coverage specification and proposed rating structure.	1. PA	1. May 2013	Completed.
	2. Market plan to underwriters.	2. PA	2. May 2013	Completed.
	3. Obtain and evaluate carrier quotes.	3. PA	3. May 2013	Completed.
	4. Draft coverage plan summary and rates.	4. PA	4. June 2013	Completed.
	5. Obtain necessary approvals from SRM, EC, BOD.	5. PA, SRM	5. July 2013	Completed.
	6. Roll out to CSURMA Members.	6. PA	6. August 2013	Completed.
LRP-4 STUDENT PERSONAL PROPERTY & LIABILITY INSURANCE				
Develop coverage program for	1. Develop coverage specification and proposed rating structure.	1. PA	1. May 2013	In Review.
	2. Market plan to underwriters.	2. PA	2. May 2013	

FY 2013/14 CSURMA LONG RANGE ACTION PLAN

DRAFT

GOAL	ACTION / TASK	RESPONSIBLE ENTITY	DEADLINE	STATUS
Student Personal Property & Liability Insurance.	3. Obtain and evaluate carrier quotes.	3. PA	3. May 2013	
	4. Draft coverage plan summary and rates.	4. PA	4. June 2013	
	5. Obtain necessary approvals from SRM, EC, BOD.	5. PA, SRM	5. July 2013	
	6. Roll out to CSURMA Members.	6. PA	6. August 2013	
LRP-5 EARTHQUAKE COVERAGE PROGRAM				
Develop coverage program for Earthquake Insurance.	1. Develop coverage specification and proposed rating structure.	1. PA	1. January 2014	In Review.
	2. Market plan to underwriters.	2. PA	2. Feb-Mar 2014	
	3. Obtain and evaluate carrier quotes.	3. PA	3. Apr-May 2014	
	4. Draft coverage plan summary and rates.	4. PA	4. Apr-May 2014	
	5. Obtain necessary approvals from SRM, EC, BOD.	5. PA, SRM	5. May 2014	
	6. Roll out to CSURMA Members.	6. PA	6. July 2014	
LRP-6 SERVICE ANIMALS ON CAMPUS				
Draft Systemwide Policy regarding use of Service Animals on Campus.	1. Research existing Systemwide policy regarding permissible usage of service animals on campuses.	1. PA, SRM	1. July 2013	In Review.
	2. Research existing Campus policy regarding permissible usage of service animals on campus.	2. PA, SRM, Public Safety	2. August 2013	In Review.
	3. Draft Policy & Procedure regarding permissible usage of service animals on campus.	3. PA, SRM, OGC, Human Resources	3. September 2013	
	4. Determine whether the draft Policy & Procedure should be an Executive Order, Technical Letter or other.	4. CO	4. October 2013	
	5. Finalize draft Policy & Procedure.	5. PA, SRM	5. November 2013	
	6. Obtain appropriate sign off.	6. CO	6. December 2013	
	7. Roll out to campuses.	7. CO	7. January 2014	
LRP-7 BICYCLES / SKATEBOARDS ON CAMPUS				
Draft Systemwide Policy regarding Bicycle & Skateboard Safety on Campus.	1. Research existing Systemwide policy regarding safety protocols for bicycles, skateboards, etc. on campuses.	1. PA, SRM	1. July 2013	In Review.
	2. Research existing Campus policy regarding safety protocols for bicycles, skateboards, etc. on campus.	2. PA, SRM, Public Safety	2. August 2013	In Review.
	3. Draft Policy & Procedure regarding safety protocols for bicycles, skateboards, etc. on campus.	3. PA, SRM, OGC	3. September 2013	
	4. Determine whether the draft Policy & Procedure should be an Executive Order, Technical Letter or other.	4. CO	4. October 2013	
	5. Finalize draft Policy & Procedure.	5. PA, SRM	5. November 2013	
	6. Obtain appropriate sign off.	6. CO	6. December 2013	
	7. Roll out to campuses.	7. CO	7. January 2014	

FY 2013/14 CSURMA LONG RANGE ACTION PLAN

DRAFT

GOAL	ACTION / TASK	RESPONSIBLE ENTITY	DEADLINE	STATUS
LRP-8 PERIODIC REVIEW OF CSURMA POLICIES & PROCEDURES				
Establish Plan for Regular Periodic Review of CSURMA Policies & Procedures.	1. Outline a timetable to review each CSURMA Policy & Procedure (P&P), at least one per month.	1. PA	1. July 2013	Completed.
	2. Outline a format to document P&P items to be reviewed.	2. PA	2. August 2013	Completed.
	3. Draft report of findings and recommendation for review and discussion with Systemwide Risk Management & Public Safety.	3. PA, SRM	3. September 2013	Completed.
	4. Present findings and recommendation as agreed with SRM to EC.	4. PA, SRM, EC	4. EC meetings	Completed.
	5. Execute plan of action as directed by SRM and EC. This step may also require BOD approval if Memorandum of Coverage is to be amended.	5. PA, SRM, EC, BOD	5. After EC meetings	On going.
	6. Obtain appropriate sign off, and BOD approval if necessary.	6. PA, SRM, EC, BOD	6. BOD meetings	As necessary.
LRP-9 NEW MEMBER ORIENTATION FOR EXECUTIVE COMMITTEE AND BOARD OF DIRECTORS				
Establish Plan for Regular Periodic Orientation to CSURMA for New Members	1. Establish regular time and site for CSURMA Orientation, usually the day before EC's September meeting.	1. PA	1. July 2013	Completed.
	2. Maintain log of EC and BOD members who have attended orientation, date, etc., and members who still need orientation.	2. PA	2. August 2013	Completed.
	3. Schedule teleconference or webinars for members who are unable to attend orientation in person.	3. PA, Members	3. September 2013	Completed.
	4. Report orientation attendance to SRM and EC.	4. PA, SRM, EC	4. October 2013	Completed.
LRP-10 THEATER RISK MANAGEMENT & SAFETY				
Develop Systemwide Policy and Training regarding Theater Safety on Campus.	1. Research existing Systemwide policy regarding public safety of theaters on campuses.	1. PA, SRM	1. July 2013	In Review.
	2. Research existing Campus policy regarding public safety of theaters on campus.	2. PA, SRM, Public Safety	2. August 2013	In Review.
	3. Research training programs and costs offered by UC.	3. PA, SRM, OGC	3. September 2013	On going.
	4. Develop schedule to provide on-campus training on Theater Safety.	4. CO	4. October 2013	
	5. Engage service provider.	5. PA, SRM	5. November 2013	
	6. Obtain appropriate sign off.	6. CO	6. December 2013	
	7. Roll out to campuses.	7. CO	7. January 2013	
LRP-11 MINORS ON CAMPUS				
Develop Systemwide Policy and Training regarding Safety of Minors on Campus.	1. Research existing Systemwide policy on safety of minors on campuses.	1. PA, SRM	1. July 2013	In Review.
	2. Research existing Campus policy on safety of minors on campus.	2. PA, SRM, Public Safety	2. August 2013	In Review.
	3. Research training programs and costs offered by Praesidium, Inc.	3. PA, SRM, OGC	3. September 2013	Completed.
	4. Develop schedule to provide on-campus training on Safety of Minors.	4. CO	4. October 2013	
	5. Engage service provider.	5. PA, SRM	5. November 2013	
	6. Obtain appropriate sign off.	6. CO	6. December 2013	
	7. Roll out to campuses.	7. CO	7. January 2013	

FY 2013/14 CSURMA LONG RANGE ACTION PLAN

DRAFT

GOAL	ACTION / TASK	RESPONSIBLE ENTITY	DEADLINE	STATUS
LRP-12	ENTERPRISE RISK MANAGEMENT			
Develop plan to promote Synergy among campuses in regards to Risk Management functions.	1. Establish baseline for minimum essential risk management operations on campuses.	1. PA, SRM	1. July 2013	In Review.
	2. Identify SRM and Campus resources, especially subject matter experts.	2. SRM	2. Aug-Sep 2013	In Review.
	3. Identify opportunities to synergize risk management among campuses, possibly creating regional spheres of influence.	3. SRM, Campus RMs	3. Oct-Nov 2013	In Review.
	4. Create network among campuses for risk management resources.	4. SRM	4. December 2013	
	5. Roll out to campuses.	5. SRM	5. January 2014	
LRP-13	SPONSORED TRAINING FOR EMPLOYEES			
Develop plan to provide Sponsored Training opportunities for Members.	1. Identify training opportunities that may be beneficial to members. These may include conferences, seminars, webinars, and programs leading to professional credentials (e.g., CPCU, ARM, CSP, AIC, AIS, CRM, etc.), and may include regional sessions on campus to economize learning opportunities.	1. PA, SRM	1. July 2013	In Review.
	2. Identify needed training subjects and prioritize.	2. PA, SRM, Campus RMs	2. August 2013	In Review.
	3. Establish funding for sponsored training.	3. PA, SRM, EC	3. September 2013	
	4. Establish criteria for sponsored training and application.	4. PA, SRM	4. October 2013	
	5. Draft schedule for training.	5. PA, SRM	5. November 2013	
	6. Roll out to campuses.	6. PA, SRM	6. December 2013	

Key:

BOD: CSURMA Board of Directors

CABO: CSU Chief Administrators and Business Officers

CO: Chancellor's Office

EC: CSURMA Executive Committee

OGC: CSU Office of General Counsel

PA: CSURMA Program Administrator

SRM: CSU Systemwide Risk Management & Public Safety

**RESOLUTIONS RECOGNIZING THE CONTRIBUTIONS
OF THOMAS McCARRON**

ISSUE: Thomas McCarron has diligently served the California State University Risk Management Authority as a member of its Executive Committee and the Board of Directors since July 2010.

RECOMMENDATION: It is recommended that the CSURMA Board of Directors pass Resolutions No. 02-13 (BOD), recognizing the valued contributions of Thomas McCarron.

FISCAL IMPACT: None.

BACKGROUND: Thomas McCarron has diligently served the California State University Risk Management Authority as a member of its Executive Committee and the Board of Directors since July 2010. He served as a member of the Executive Committee from July 2010 – June 2013. CSURMA has a practice of acknowledging exceptional service by resolution.

ATTACHMENT(S): Resolution No. 02-13 (BOD) - Resolution Recognizing the Contributions of Thomas McCarron

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**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

**BOARD OF DIRECTORS
RESOLUTION NO. 02-13 (BOD)**

**Resolution Recognizing the Contributions of
THOMAS McCARRON
a member of the Executive Committee of the
California State University Risk Management Authority**

The Board of Directors of the California State University Risk Management Authority finds and determines as follows:

- (a) Thomas McCarron has diligently served the California State University Risk Management Authority as a member of its Executive Committee and as a member of the Board of Directors since July 2010.
- (b) It is appropriate to recognize Thomas McCarron for the time, effort and many contributions he has made to ensure the success of the California State University Risk Management Authority.
- (c) For the many contributions made to the California State University Risk Management Authority, its Board of Directors finds it incumbent to express sincere gratitude and appreciation.

In consideration of the foregoing findings and determinations,

IT IS RESOLVED by the Board of Directors of the California State University Risk Management Authority as follows:

The California State University Risk Management Authority does hereby recognize the many contributions of Thomas McCarron to the California State University Risk Management Authority, and by this Resolution does hereby express to him sincere gratitude and appreciation.

I hereby certify that the foregoing is a full, true and correct copy of a Resolution duly and regularly adopted and passed at a meeting of the Board of Directors of the California State University Risk Management Authority held on the 6th day of November, 2013 which was approved by the following vote:

AYES, and in favor thereof, members: ALL
NOES, members: NONE
ABSTAIN, members: NONE
ABSENT, members: NONE

ATTEST: _____

Cynthia Teniente-Matson, Chair

_____, Secretary-Auditor

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**RESOLUTIONS RECOGNIZING THE CONTRIBUTIONS
OF MARY ANN RODRIGUEZ**

ISSUE: Mary Ann Rodriguez has diligently served the California State University Risk Management Authority as a member of its Executive Committee and the Board of Directors since July 2009.

RECOMMENDATION: It is recommended that the CSURMA Board of Directors pass Resolutions No. 03-13 (BOD), recognizing the valued contributions of Mary Ann Rodriguez.

FISCAL IMPACT: None.

BACKGROUND: Mary Ann Rodriguez has diligently served the California State University Risk Management Authority as a member of its Executive Committee and the Board of Directors since July 2009. She served as a member of the Executive Committee from July 2009 – October 2013. CSURMA has a practice of acknowledging exceptional service by resolution.

ATTACHMENT(S): Resolution No. 03-13 (BOD) - Resolution Recognizing the Contributions of Mary Ann Rodriguez

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

**BOARD OF DIRECTORS
RESOLUTION NO. 03-13 (BOD)**

**Resolution Recognizing the Contributions of
MARY ANN RODRIGUEZ
a member of the Executive Committee of the
California State University Risk Management Authority**

The Board of Directors of the California State University Risk Management Authority finds and determines as follows:

- (a) Mary Ann Rodriguez has diligently served the California State University Risk Management Authority as a member of its Executive Committee and as a member of the Board of Directors since July 2009. She has served as the Vice Chair from July 1, 2010 – October-31, 2013 of the CSURMA Executive Committee and Board of Directors.
- (b) It is appropriate to recognize Mary Ann Rodriguez for the time, effort and many contributions she has made to ensure the success of the California State University Risk Management Authority.
- (c) For the many contributions made to the California State University Risk Management Authority, its Board of Directors finds it incumbent to express sincere gratitude and appreciation.

In consideration of the foregoing findings and determinations,

IT IS RESOLVED by the Board of Directors of the California State University Risk Management Authority as follows:

The California State University Risk Management Authority does hereby recognize the many contributions of Mary Ann Rodriguez to the California State University Risk Management Authority, and by this Resolution does hereby express to her sincere gratitude and appreciation.

I hereby certify that the foregoing is a full, true and correct copy of a Resolution duly and regularly adopted and passed at a meeting of the Board of Directors of the California State University Risk Management Authority held on the 6th day of November, 2013 which was approved by the following vote:

AYES, and in favor thereof, members: ALL
NOES, members: NONE
ABSTAIN, members: NONE
ABSENT, members: NONE

ATTEST: _____

Cynthia Teniente-Matson, Chair

_____, Secretary-Auditor

AORMA PROGRAMS UPDATE

ISSUE: The Auxiliary Organizations Risk Management Alliance (AORMA) continues to address the insurance and risk management needs of its Auxiliary Organizations membership. Staff is pleased to report that CSURMA now has 100% participation by Auxiliary Organizations in good standing.

Dwayne Brummett, AORMA Committee Chair, will be on hand at today's meeting to discuss other activities of AORMA.

RECOMMENDATION: No action is required on this item at today's meeting.

FISCAL IMPACT: None.

BACKGROUND: The AORMA was first aggressively marketed to CSU Auxiliary Organizations for the July 1, 1998 policy inception. Since that time, the program has grown from 12 to 90+ members.

PUBLICATION: None.

ATTACHMENT(S): None.

2014 AOA ANNUAL CONFERENCE UPDATE

ISSUE: CSURMA AORMA will be involved in the following 2014 AOA Conference sessions:

1. What's the Risk and How to Manage It – Essentials for Programmers
Programmers are constantly pushing the envelope with activities such as ropes courses, rock walls, bouncy houses, zip lines and campus carnivals. This session will discuss risk assessment techniques, use of waivers, use of insurance and indemnity language in contracts, the legal concept “duty of care”, and inherent risks for campus activities and programming. Additionally, this session will delve into the validity of electronic signatures and acknowledgements for minors and adults and retention of documents in electronic form.

2. Managing the Risk of Serious Injuries in Collegiate Sports
This session will offer a brief overview of the Sports Club Resource Guide and the Sports Club insurance coverage program. This session will discuss policies and practices surrounding concussions and other serious injuries due to involvement in Sports Clubs and other high-risk activities such as boating. This session will focus on the safety of players and participants, including safety precautions that can be taken to avoid serious injuries. Additionally, this session will include how to manage injury treatments effectively.

3. Best Practices for Protecting Minors on Campus
Sexual abuse in universities and organizations has dominated national headlines and local legislation. Industry standards are rapidly rising so it's important that leadership stay on top of the latest trends, legislation and prevention strategies. This presentation will provide an advanced understanding of how abuse happens in organizations and will discuss what models work best and how to overcome some of the common challenges in the university environment.

4. Electronic Signatures & Files
This session will discuss the validity of, and requirements for, electronic signatures and acknowledgements, as well as online/electronic waivers. This session will provide examples of language and requirements for e-signatures. Additionally, this session will include information on the difference between online signatures and wet signatures when it comes to minors. Lastly, this session will discuss the retention of documents in electronic format and whether they can replace hard copies.

5. AORMA Breakfast Presentation

RECOMMENDATION: This item is for information only; no action is required.

FISCAL IMPACT: None.

BACKGROUND: None.

ATTACHMENT(S): None.

PROGRAM ADMINISTRATOR'S STEWARDSHIP REPORT

ISSUE: Each year the Program Administrators prepare a Stewardship Report for the CSURMA Board of Directors. The Stewardship Report describes the activities and accomplishments of CSURMA and its Program Administrators. The Stewardship Report will be presented to the Board at today's meeting.

RECOMMENDATION: This item is presented for the Board's information. No action is requested for this item..

FISCAL IMPACT: None.

BACKGROUND: None.

PUBLICATION: A complete copy of the 2012/13 CSURMA Annual Stewardship Report will be posted on the CSURMA website

ATTACHMENT: CSURMA Annual Stewardship Report for FY 2012/13.



California State University Risk Management Authority

CALIFORNIA STATE UNIVERSITY RISK MANAGEMENT AUTHORITY



Annual Stewardship Report FYE June 30, 2013



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EXECUTIVE SUMMARY

CSURMA and ALLIANT

Alliant Insurance Services (Alliant) is proud of its history and continuing partnership with the California State University and its Auxiliary Organizations, collectively the CSU. Key principals of the Alliant team have consistently provided creative solutions for CSU since 1995. We are proud of our accomplishments for the CSU, and in particular, the opportunity to develop and manage a number of effective and very efficient insurance and coverage plans through the entity we helped form and implement, namely the California State University Risk Management Authority (CSURMA). Launched in 1997, CSURMA is a joint powers authority created under the Government Code of the State of California, and established specifically to address and manage the operational risks of the CSU.

Alliant is a specialty insurance brokerage firm that also provides joint powers authority (JPA) program administration, risk management, and insurance brokerage services. We regard working with the CSU as an exciting professional opportunity. As Program Administrators, Alliant oversees CSURMA's risk pool programs, reinsurance placements, group purchase insurance, and provides risk management consultation and joint power authority administration for all members of the authority.

Alliant is committed to working with the CSU at the system level and directly with all twenty-three campuses (23) and all eighty-eight (88) auxiliary organizations. We provide direct consultative and program management services for the Office of the Chancellor, including Systemwide Risk Management, Public Safety, General Counsel, Capital Planning Design & Construction, and the Chief Administrative & Business Officials (CABO) representing the campuses. On the campuses, Alliant provides risk management consultation and advice for Campus Risk Management, Environmental Health & Safety, Human Resources, Student Health Centers, Athletics, Student Life & Leadership, Facilities, and others, and of course, CSU's Auxiliary Organizations.

Alliant has responded to CSURMA's evolving needs and adapted its services to deliver high quality and stable risk management programs that support CSU's mission and CSURMA's vision.

STEWARDSHIP REPORT

Alliant prepared this Annual Stewardship Report for CSURMA Board of Directors and Members summarizing the Program Administrators' activities and accomplishments during the past fiscal year. Also, this stewardship report offers Alliant the opportunity to reflect on areas for improvement in providing program management services for all CSURMA members. We appreciate the opportunity to work with dynamic, creative and forward thinking leaders of the CSU, and enjoy the opportunity to deliver creative and cost effective products and services addressing the complex risk management needs of the CSU's campuses and auxiliary organizations.

PROGRAM ADMINISTRATORS

Alliant is proud of its team of dedicated professionals who are assigned to serve you. The team is lead by Daniel Howell as CSURMA Program Director, Robert Leong for Campus Coverage Programs, and Mimi Long for AORMA Coverage Programs. Robert Frey provides expert consultation for Property and Liability claims. Jacki Graf consults exclusively for the campuses and auxiliary organizations in all areas of Workers’ Compensation claims, including the hosting of CSU’s monthly meetings of the Workers’ Compensation Coordinators for all CSURMA members. The team is supported by an experienced and quality administrative staff including Stacey Weeks, Van Rin, Hsan Htein, Myron Leavell, and Tevea Him.

Alliant’s CSURMA Program Administration Service Team is depicted herein:



Program Administrators



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The Alliant Team Organization Chart for CSURMA is in the Appendices as Appendix A.

FINANCIAL PERFORMANCE

CSURMA adopted funding policies for each of its risk pools to ensure that each coverage program maintains adequate funds to meet its operating expenses, particularly the claims payment obligations for the current year, and for the outstanding claims liabilities as they become due, which in many cases can be years into the future. Alliant prepares the Risk Pool Funding Status reports, incorporating the findings and recommendations of CSURMA’s independent actuary and accountant, to help guide decision-making for the Executive Committee in regards to rate setting and contribution calculations, with the goals of maintaining safe risk margins, budget stability, and fairness to all members.

The Risk Pools Funding Status at June 30, 2013 are depicted below and highlighted as follows:

Campus Risk Pools:

Per the Executive Committee’s action, the Campus Liability and Campus Workers’ Compensation coverage programs are funded in excess of the actuary’s expected losses to a 70% actuarial confidence. This develops a risk margin of about 15-18%. Similarly, the AIME Committee recommended that CSURMA adopt a funding policy for the AIME Risk Pool at no less than at a 70% actuarial confidence. All programs are fully-funded (100%) to at least the 70% actuarial confidence level. Reserve funds in excess of the targeted funding to 70% actuarial confidence for the Campus Risk Pools at FYE 2012 and 2013 are as follows:

CAMPUS RISK POOLS RESERVE FUNDS

	<u>FYE 2012</u>	<u>FYE 2013</u>
Liability	\$17,274,840	\$29,195,024
Workers’ Compensation	\$15,371,232	\$7,488,169
IDL/NDI/UI	-\$82,189	\$1,209,019
Athletics (AIME)	\$671,543	\$59,610

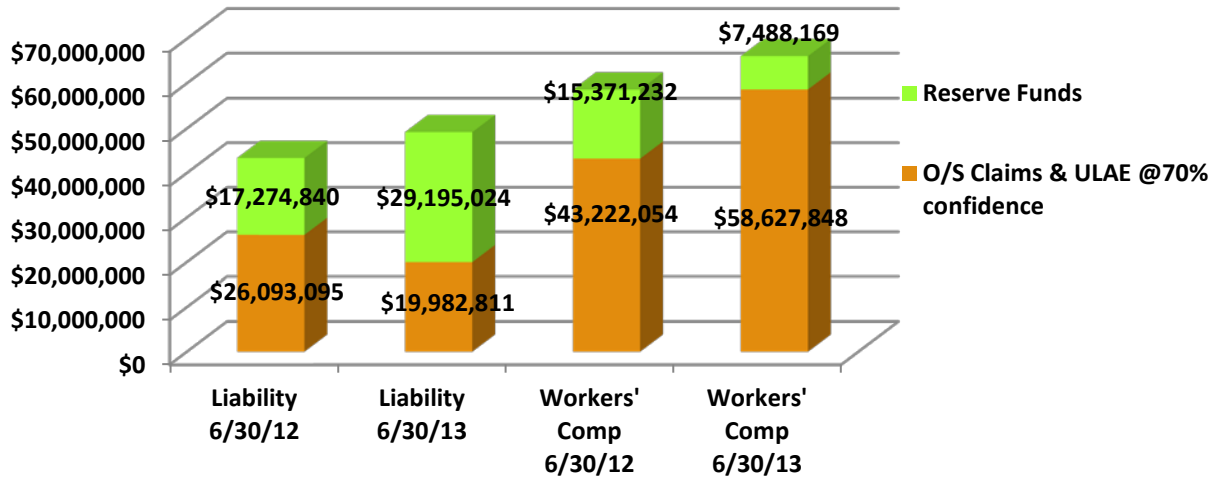
AORMA Risk Pools:

In consideration that the size of the AORMA Risk Pools are much smaller than the Campus programs, the AORMA Committee decided to fund AORMA Liability and AORMA Workers’ Compensation more conservatively to an 80% actuarial confidence, which develops a risk margin of about 25-28%. All programs are fully-funded (100%) to at least the 80% actuarial confidence level. Reserve funds in excess of the funding goal for the AORMA Risk Pools at FYE 2012 and 2013 are as follows:

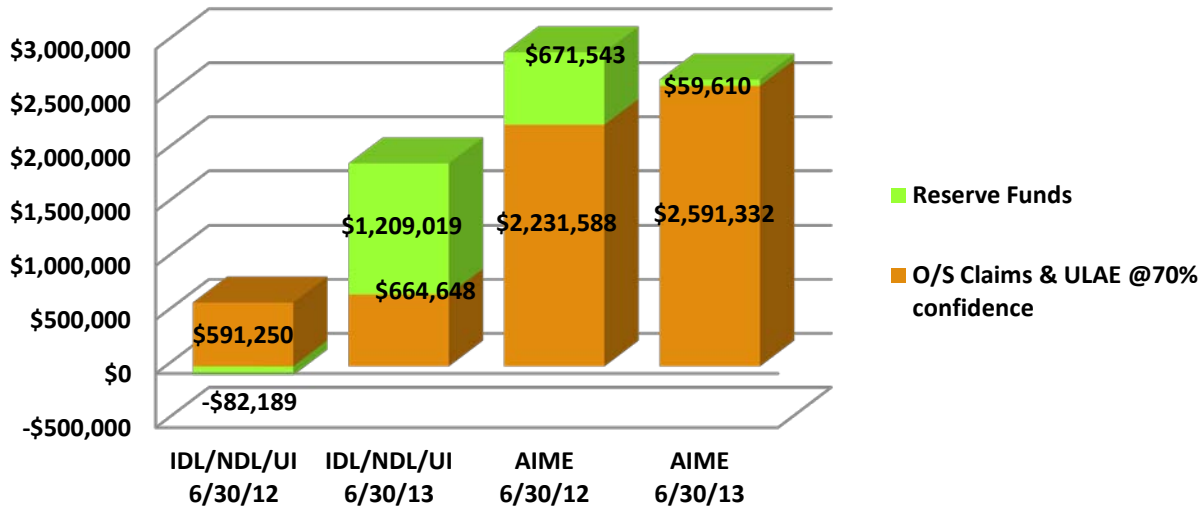
AORMA RISK POOLS RESERVE FUNDS

	<u>FYE 2012</u>	<u>FYE 2013</u>
Liability	\$5,680,760	\$4,379,923
Workers’ Compensation	\$3,285,825	\$3,907,562

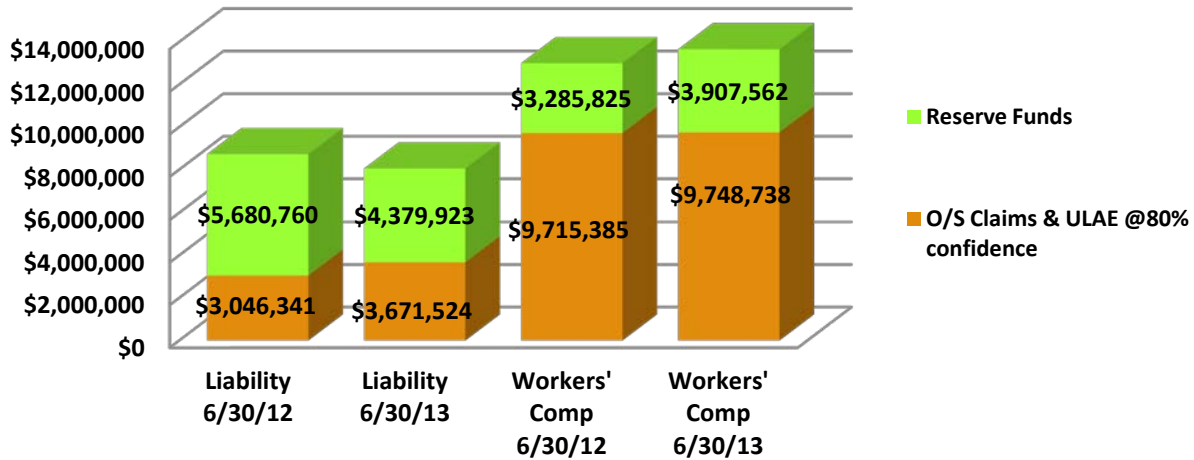
Campus Programs - Pools
Estimated Funding Projected to FYE 2013 (undiscounted)



Campus Programs - Other
Estimated Funding Projected to FYE 2013 (undiscounted)



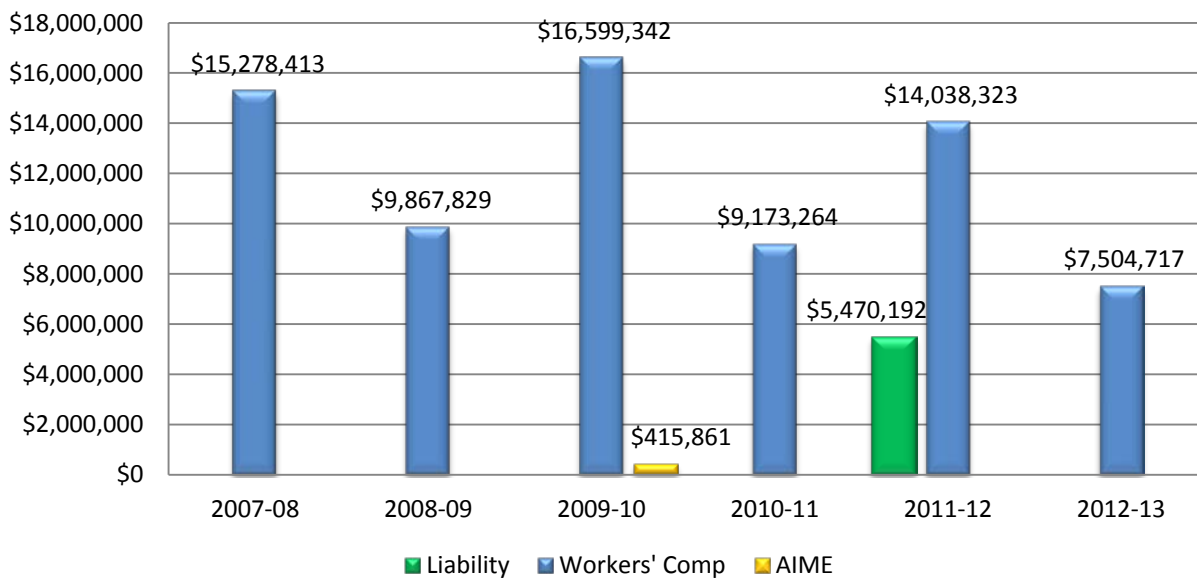
AORMA Programs Estimated Funding Projected to FYE 2013 (undiscounted)



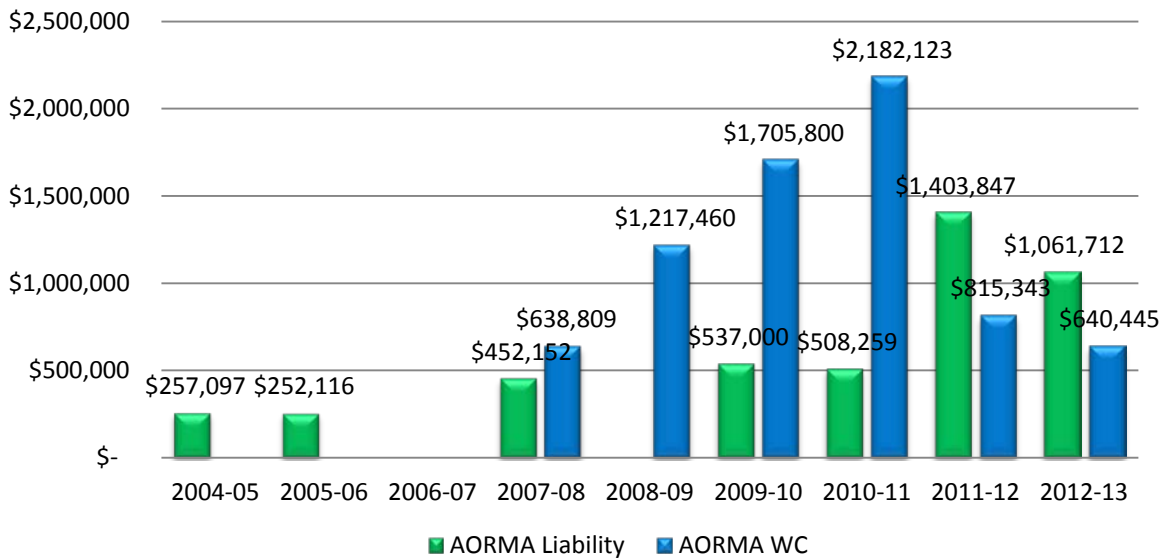
MEMBER REWARDS (Dividends)

CSURMA's dedication to maintain the funding policies in the face of budget pressures at the State level enabled CSURMA to reward its members with distributions of excess reserve funds in the form of cash dividends. A history of the dividends paid to members is summarized in the following charts. *To date, CSURMA returned dividends totaling \$90,020,104 to members*, which if commercially insured, the carriers would have reaped as underwriting profits rather than being restored to members as dividends.

Campus Programs Dividend Payments



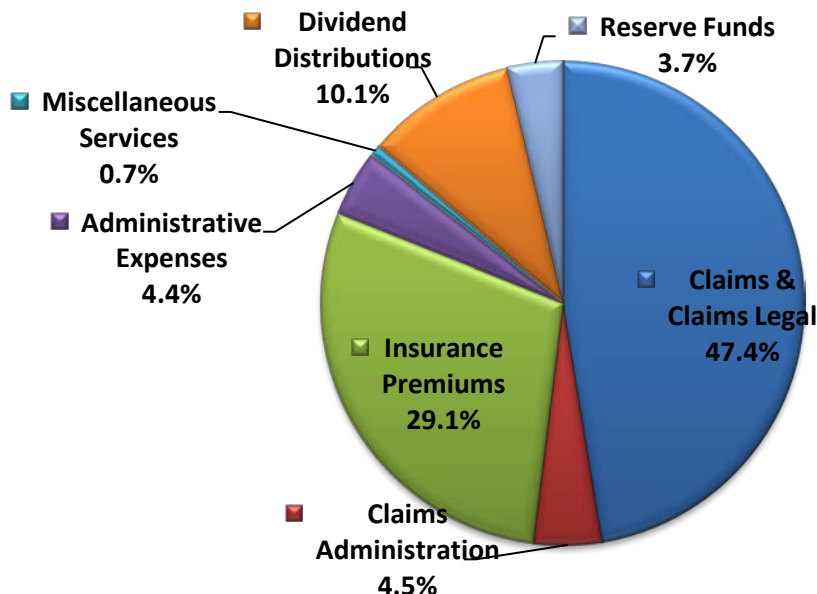
AORMA Programs Dividend Payments



PROGRAM ECONOMICS

The chart below shows a breakdown of expenses for the fiscal year ending June 30, 2013. Eighty-one percent (81%) of your premium deposits are used to pay Claims (47.4% for claims and claims legal, 4.5% for claims adjusting; and 29.1% to cap exposures with insurance and reinsurance). Program Administration Expenses amounted to only 4.4%, while continuing at a high level of service performance. This is a remarkable achievement when compared to similar joint powers insurance authorities which typically operate at 12-17% expense ratios.

"Your Premium Dollars at Work"



COVERAGE PROGRAMS

Alliant manages a number of risk management and coverage programs for CSURMA that serve the University and its Auxiliary Organizations. In addition to program administration of CSURMA's risk pools (group self-insurance programs), Alliant places and manages a number of insurance and reinsurance policies to supplement and support CSURMA's coverage program structures. These are highlighted and described in the following:

CAMPUS PROGRAMS

Campus Liability Coverage Program

The Campus Liability Coverage Program was established to fund the exposures of General Liability, Errors & Omissions, Professional Liability, Employment Practices Liability, and other similar public liability exposures of the University system. The participants include all campuses of the CSU and the Chancellor's Office. The Campus Liability Coverage Program increased its self-insured limit from \$3,000,000 to \$5,000,000 per occurrence on July 1, 2010. Each campus selects its own deductible, which is offered from \$35,000 to \$1,000,000 per occurrence. The pool purchases reinsurance to insure Auto Liability for non-state employees driving for University business from \$1,000,000 self-retention limit to \$5,000,000 each occurrence. Additionally, the pool purchases excess/reinsurance above the \$5,000,000 self-retention limit from various commercial carriers in the global market.

Campus Workers' Compensation Coverage Program

The Campus Workers' Compensation Coverage Program was established to provide statutory Workers' Compensation and Employer's Liability coverage for all CSU state employees and designated volunteers at all campuses and the Office of the Chancellor. The program includes a risk pool and specific excess insurance. The risk pool is self-insured with no deductible and retains the first \$2,500,000 each occurrence. Claims in excess of the risk pool retention are covered by commercial insurance from the \$2,500,000 self-retention to the Statutory Workers' Compensation limits proscribed by the State of California.

Campus IDL/NDI/UI Coverage Program

The Industrial Disability Leave/Non-Industrial Disability Leave/Unemployment Insurance (IDL/NDI/UI) Program Fund was established to provide a funding mechanism for these mandatory employment benefit programs. The IDL/NDI/UI Program Fund is entirely self-insured.

Campus Athletic Injury Medical Expense Coverage Program (AIME)

The Athletic Injury Medical Expense Program (AIME) was established to provide coverage for medical expenses incurred by CSU students participating in NCAA and NAIA intercollegiate athletic activities. The AIME program replaced individual insurance programs previously purchased by the campuses.

The AIME program is self-insured for the members' deductible limit defined by the catastrophe coverage policies purchased by their respective national governing bodies, NCAA or NAIA. NCAA purchased catastrophe liability insurance on behalf of all its member schools with a \$90,000

deductible. NAIA purchased catastrophe liability insurance on behalf of its member schools with a \$25,000 deductible.

Campus Property Coverage Program

The Campus Property Coverage Program was established to provide Property and Boiler & Machinery Insurance covering physical damage to buildings and other specified structures. Building contents may also be covered as may be required by bond covenants. The program insures all CSU campuses and the Chancellor's Office. CSU chose to not purchase coverage for Earthquake because of the high cost for that insurance.

CSURMA is fully insured by a syndication of insurance companies known as the Public Entity Property Insurance Program (PEPIP), an Alliant exclusive. Until July 1, 2010, CSURMA purchased a Deductible Buydown policy to provide coverage from \$100,000 to \$1,000,000 within PEPIP's \$1,000,000 deductible limit. Beginning July 1, 2010, CSURMA self-insured the Deductible Buydown to an aggregate limit of \$2,000,000 for all losses subject to the Deductible Buydown (i.e., \$900,000 excess \$100,000 deductible). All campuses except San Diego State University participate in the Deductible Buydown plan.

Campus Crime Program

The Campus Crime Program insures the University covering all state employees for Employee Fidelity, including faithful performance of duties, theft of monies & securities, counterfeit, fraud, computer crime, and other misappropriation of the University's funds. The coverage is excess of a \$250,000 deductible.

Student Professional Liability Insurance Program (SPLIP)

On August 1, 2006 CSU purchased a systemwide professional liability insurance program to provide coverage for students enrolled in the Nursing, Allied Health or Education internship curricula. This systemwide program is designed to satisfy the requirements of host institutions that students maintain professional liability insurance in order to participate in programs offered under affiliation agreements with the University. The program includes professional and personal liability coverage with broad protection for the students, affiliates and the University. SPLIP provides coverage limits up to \$5 million per occurrence with a \$15 million annual aggregate.

Student Academic Field Experience for Credit Liability Insurance Program (SAFECLIP)

On July 1, 2007 CSU purchased the Student Academic Field Experience for Credit Liability Insurance Program (SAFECLIP) to provide coverage for students involved in the University's service learning programs while performing service or volunteer work for academic credit. SAFECLIP similarly covers CSU students in Radio, Television or Film academic programs. This systemwide program is designed to satisfy the requirements of host institutions that students maintain liability insurance in order to participate in programs offered under affiliation agreements with the University. The program includes professional and personal liability coverage with broad protection for the students, affiliates and the University. SAFECLIP provides coverage limits up to \$2 million per occurrence with a \$10 million annual aggregate.

AORMA PROGRAMS

The CSU Auxiliary Organizations coverage programs operate within CSURMA as the Auxiliary Organizations Risk Management Alliance (AORMA). Alliant works with a dedicated Committee composed of executive officials who are elected from among AORMA members. Participation in the program is voluntary. AORMA coverage programs include:

AORMA Liability Program

The AORMA Liability Program was established on July 1, 2002 to provide liability insurance coverage for participating Auxiliary Organizations. The Liability coverage includes General Liability, Automobile Liability, Directors' & Officers' Liability, Employment Practices Liability, Professional Liability, and Fiduciary Liability. The AORMA Liability Fund is self-insured for the first \$5,000,000 of each occurrence. AORMA's self-insured layer retains \$350,000 of each loss occurrence; CSURMA purchases reinsurance for AORMA to fill the \$5,000,000 coverage limit. Additional coverage excess of the \$5,000,000 limit is provided by AORMA's participation in the Campus Liability excess insurance placements.

AORMA Workers' Compensation Coverage Program

The AORMA Workers' Compensation Coverage Program is the successor to AO-COMP, Inc. AO-COMP was established on May 1, 2004 as a California mutual benefit corporation to provide primary workers' compensation coverage to the CSU's non-profit Auxiliary Organizations. Operating as a self-insured group (SIG) with oversight by the California Department of Industrial Relations (DIR), AO-COMP was the State's first non-profit SIG. Clarification by the DIR of existing state regulation allowed AO-COMP members to join the CSURMA, a California joint powers authority, effective January 1, 2005. The SIG is no longer operating and AO-COMP has been dissolved. All claim liabilities within the SIG have been assumed by CSURMA.

AORMA-WC is self-insured for the first \$500,000 of each occurrence. Excess insurance is purchased from a commercial insurer to provide statutory limits excess of the \$500,000 self-insured limit for Workers' Compensation, and to \$2,000,000 per occurrence for Employers' Liability.

AORMA Property Program

The AORMA Property Coverage Program has an "All Risk" Program Deductible of \$100,000 per occurrence with an aggregate stop loss limit of \$250,000. Members are able to buy down their deductible to a lower per occurrence deductible. The AORMA Property Program funds a self-insured layer, up to the annual aggregate stop loss limit to pay all claims between the members' selected deductibles and the \$100,000 program deductible. If the claims paid out of the "stop-loss" layer exceed the limit agreed upon by AORMA and the insurer, the insurer then pays all claims in excess of the members' selected deductibles.

AORMA Crime Program

The AORMA Crime Program has a program deductible of \$25,000 per occurrence with an aggregate stop loss limit of \$100,000. Members are able to buy down their deductible to a lower per occurrence deductible. The AORMA Crime Program funds a self-insured layer, to the aggregate stop loss limit, to pay all claims between the members' selected deductibles and the \$100,000

program deductible. Additionally, AORMA has a long term goal to maintain a contingency fund of \$125,000 to cover years with excessive claims. If the claims paid out of the “stop-loss” layer exceed the limit agreed upon by AORMA and the insurer, the insurer then pays all claims in excess of the members’ selected deductibles. All members in the Liability Program automatically participate in the AORMA Crime Program.

CAMPUS and AORMA PROGRAMS

Builder’s Risk Insurance Program (BRIP)

CSURMA implemented the Builder’s Risk Insurance Program (BRIP) beginning July 1, 2005. BRIP covers direct physical loss to the University’s and/or the Auxiliary Organizations’ construction projects in the course of construction. All Major Capital Improvement Projects are to be insured by the BRIP in place of the contractor’s insurance. The program is managed by Alliant and the University’s Capital Planning Design & Construction (CPDC) department at the Chancellor’s Office. This program includes coverage for Earthquake damage that is self-funded by the University.

Owner-Controlled Insurance Program (OCIP)

Upon review of the cost savings and effective administration of CSURMA’s Builder’s Risk Insurance Program (BRIP), the Office of the Chancellor Capital Planning Design & Construction (CPDC) requested Alliant to explore an insurance program to provide General/Completed Operations Liability and Workers’ Compensation coverage for all contractors doing work on CSU building projects via a CSU-controlled insurance plan. An Owner-Controlled Insurance program (OCIP) was implemented in January 2012 to cover major building projects of the University and Auxiliary Organizations with initial total construction cost of \$10,000,000 and more.

Club Sports Insurance Program

The Club Sports Insurance Program was launched on August 1, 2012. The program is designed to cover CSU students for medical expense due to accidental injuries while participating in the University’s or Auxiliary Organization’s club sports programs that are officially recognized by the University as a student organization. Beginning August 1, 2013, the program was expanded to include Intramural and Recreational sports. The program maintains a risk pool for primary accidental medical expense up to a \$30,000 limit per accident, subject to a \$100 deductible. The deductible operates to preclude “first aid” claims, and to promote safe play. Catastrophe accident medical expense coverage is provided by commercial insurance to \$5,000,000 lifetime benefit. Additionally, the program purchases primary General Liability insurance with a \$1,000,000 limit; no deductible.

MISCELLANEOUS PROGRAMS

Difference in Conditions Insurance Program (Earthquake)

Difference in Conditions (DIC) coverage for Earthquake losses is not provided as part of CSURMA's blanket coverage through PEP. DIC coverage can be purchased on a stand-alone basis for any member wishing to secure this coverage.

Participant Accident Insurance Program (PAI)

Participant Accident insurance provides coverage for a broad range of non-employer groups. Its primary benefit—accident medical insurance—is designed to provide insurance protection for participants of a group or organization while they are engaged in the group's sponsored activities. The plan is sold as blanket coverage, purchased by a group for all of its participants.

Student Travel Accident Insurance

Beginning in 1994, CSU purchased the Student Travel Accident policy to provide medical expense coverage for injuries to CSU students (including Extended Education Program students) during travel to or from campus to participate in a school sponsored activity. In 2013 the policy limit increased from \$10,000 to \$15,000 with a \$0 deductible.

Foreign Travel Insurance Program (FTIP)

This program provides coverage for employees and students while traveling outside the United States. The program provides General Liability, Non-owned and Excess Hired Auto Liability, Employee Benefits Liability, Foreign Workers' Compensation (if applicable), Primary Accident and Illness, and Executive Assistance Services:

Inland Marine Insurance Program

This is a specialized form of insurance to cover physical damage to specific objects such as: computer and other EDP equipment including media and laptops; scientific and laboratory equipment; cameras, audio, industrial lighting; fine arts; valuable collections; specialized mobile equipment; etc. Rates are based on the type of equipment insured.

Public Entity Automobile Physical Damage Program

CSU participates with select public entities in the Public Entity Automobile Physical Damage Program. The program was designed specifically for public agencies including CSU with a limited number of higher valued vehicles. The program was expanded to include other types of vehicle and mobile equipment. The insurance is an "All Risk" Equipment Floater including earthquake and flood for scheduled equipment on file with the insurer. Claims are adjusted on a replacement cost basis. The deductible varies for each member as selected annually. The plan covers all risks of direct physical loss or damage from any external cause, including salvage charges, except perils excluded.

Non-Owned Aircraft Liability Insurance

As CSU occasionally uses non-owned aircraft for university business, effective July 1, 2011 a special Aviation Liability policy was placed to insure against non-owned aircraft liability. Because

of the increased exposure in athletics and in international travel, air travel involving faculty, staff, students, and auxiliary organizations makes this insurance essential, and it is relatively inexpensive.

Special Events Liability Insurance Program

The Special Events Program of Alliant offers public entities premises liability coverage for a broad range of events held by underinsured third parties in public assembly facilities. The program has the added feature of allowing the host institution to insure its own events if circumstances warrant. The three coverage components are:

- *Tenant/User Liability* – Coverage is provided for events held or sponsored by companies, organizations, or individuals that have been permitted to use a campus or auxiliary organization meeting room or other facility. Liability insurance protects the owner and the user of the facility. The campus or auxiliary organization determines the premium for the event based on published rates and provides a certificate of insurance to the user. Events are reported quarterly, and reports, copies of certificates, and a check for the premium for all events held within the quarter are remitted to Alliant.
- *Instructor/Recreation Classes* – This provides coverage for events that are instructional to participants. Also covered are instructors who are not employed by the campus or auxiliary organization but who provide instructional services for a fee. The events are reported quarterly to Alliant, premiums are determined and certificates are issued to the instructor. Participant coverage requires signed waivers and prior approval from the underwriter.
- *Nominee Events* – Coverage is offered for events held or sponsored by a campus or auxiliary organization itself or by any of its departments or divisions. Coverage can be expanded to cover co-sponsors if desired. This is not a self-rated program, and events must be approved and rated by Alliant, who issues the insurance certificates.

Vendors / Contractors Liability Insurance Program

The Vendors/Contractors Program was developed to meet the needs of public entities such as CSU for those situations when the public entity enters into a contract with a contractor/vendor, and the contractor/vendor is unable to provide the insurance required. The program allows the contractor/vendor to purchase General Liability insurance for the work to be performed for the University or Auxiliary Organization at a significantly reduced cost.

MILESTONES – A Proud History of Accomplishments

Alliant is proud of its history of developing and implementing meaningful and cost effective coverage programs for CSU since the establishment of the Campus Risks Pool in 1995 and its successor joint powers authority, CSURMA, in 1997. Many of the coverage programs for the University, and including the formation of the Auxiliary Group Purchase Insurance Program (AGPIP) for auxiliary organization members, which evolved into Auxiliary Organizations Risk Management Alliance (AORMA), remain viable today and continue to provide highly-valued, cost-effective, state-of-the-art protection for all its member participants.

These accomplishments for CSU campuses and auxiliary organizations can be considered “Milestones” for CSURMA. From the establishment of the risk pools, formation of the joint powers authority, creation of additional coverage, development of loss-sensitive yet equitable rating plans, commissioning independent professional actuarial reviews, setting budget goals to ensure adequate funding, measuring rating adequacy, and recommending dividends to members, to the more recent challenges addressing sound program management that is expected of a public joint powers insurance authority and the administrative expectations of CSU’s Internal Auditors to ensure fiscal responsibility, Alliant has welcomed and embraced these essential tasks and responsibilities for the betterment of all CSURMA members.

The Milestones are highlighted in a chart on pages 18 and 19.

2012 / 2013 – A Year of Challenges and Performances

There have been many challenges during the past fiscal period, which the dedicated members of Alliant have risen to meet and resolve for CSURMA. The major challenges of the year and how Alliant responded for the Campuses and Auxiliary Organizations are highlighted below.

Campus Programs:

1. Launched the Club Sports Insurance Program on August 1, 2012.
2. Completed Workers’ Compensation Third-party Claims Administration Request-for-Proposal (RFP), including preparation of the selection team for the oral interviews of the finalists.
3. Conducted monthly meetings of the Campus Workers’ Compensation Coordinators.
4. Completed RFP process for Claim Auditors and coordinated meetings of the Claims Audit Task Group.
5. Directed the Campus Liability Claims Audit and followed up with claims provider on the auditor’s findings and recommendations.
6. Directed Campus AIME Claims Audit and followed up with claims provider on the auditor’s findings and recommendations.
7. Calculated premium deposits and funding recommendations for all Campus programs.
8. Coordinated and managed new construction and major renovation projects with Capital Planning Design & Construction (CPDC), and reconciling project premiums with the insurer.

9. Completed specifications and application forms for Risk Reduction Incentive Grants for Health & Wellness and Loss Control & Safety.
10. Prepared Educational Memos for Workers' Compensation Coordinators.
11. In-person campus visits.
12. Workers' Compensation Claims Settlement Authorization Requests (SAR) review and discussions – ongoing.
13. Investigation Vendor Panel and Oversight Program – annual review.
14. Rolled out Pharmacy Medical Provider Network (4/1/2013).
15. Workers' Compensation Claims Coding Task Group.
16. Industrial Injury Prevention Program (IIPP) Task Group.
17. Drafted memo regarding First Aid claims for the Student Health Centers.
18. Attended, participated and presented five sessions at the 2012 Fitting the Pieces Together conference: (1) Insurance Requirements in Contracts, (2) Workers' Compensation Claims, (3) Facilities Use and Special Events, (4) Emergency Response to Property Losses, and (5) Foreign Travel.

AORMA Programs:

1. Worked with AORMA Committee to establish mandatory EPL deductible criteria for those auxiliary organizations with a frequency of EPL claims.
2. Coordinated AORMA Unemployment Insurance Program (UIP) RFP process for claims administration, and managed meetings for UIP ad hoc Committee
3. Managed meetings for Member Services, Loss Control & Training Committee; and AORMA Committee.
4. Visited majority of Auxiliary Organizations to review AORMA's loss control and risk management services, and insurance programs.
5. Completed earthquake feasibility study including member surveys, compiling data for the RMS Catastrophe Risk Report, and formulating pricing for interested members.
6. Worked with Programs Committee to explore a one-rate workers' compensation rating formula.
7. Directed AORMA Liability Claims Audit and followed up with claims provider on the auditor's findings and recommendations.
8. Conducted a comprehensive audit of the Property Program rating method and coordinated and managed the redesign of the AORMA Property Program member allocation formula.
9. Conducted a comprehensive audit of the Crime Program rating method and coordinated and managed the redesign of the AORMA Crime Program member allocation formula.
10. Reviewed the AORMA Workers' Compensation payroll rules and provided input to the Programs Committee and AORMA Committee as to their appropriateness.
11. Along with the Member Services, Loss Control and Training Committee, designed the Risk Reduction Matching Grant Program including grant specifications and grant application
12. Along with legal counsel, designed and finalized AORMA Recommended Facilities Use Agreement and Handbook.
13. Completed AORMA Workers' Compensation payroll desk audit to ensure members are classifying payrolls correctly.
14. Calculated premium deposits and funding recommendations for all AORMA programs.

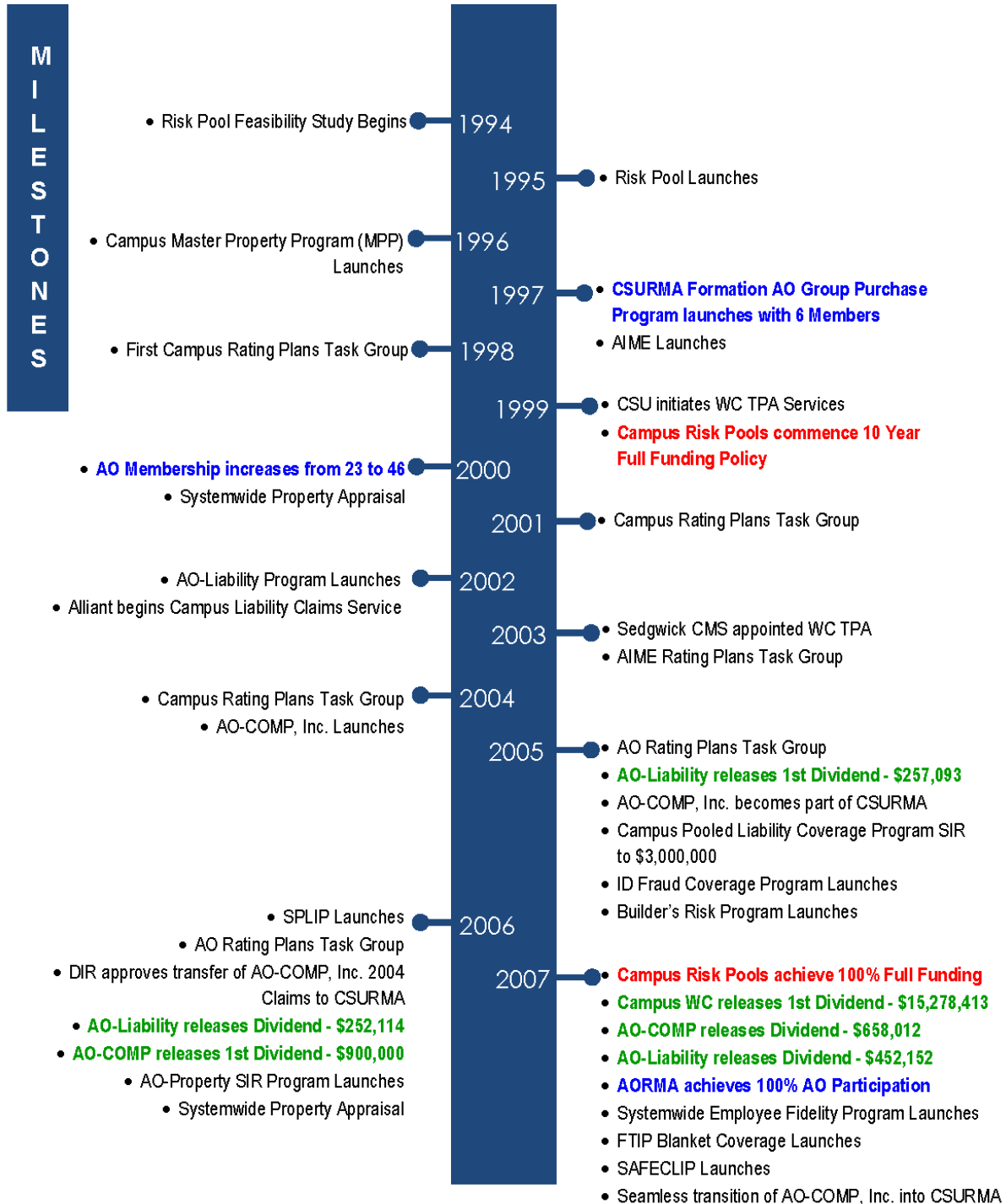
15. Calculated maximum dividend available and provided recommendations for dividend distribution for the Workers' Compensation and Liability programs.
16. Established "AORMA Bulletin" and distributed educational and informational bulletins.
17. Completed AORMA EPL Lessons Learned Presentation which was presented to the AOA HR Committee annual meeting.
18. Updated and improved AORMA Risk Management Toolkit.
19. Completely redesigned AOA AORMA Breakfast Presentation and prepared "AORMA Jeopardy".
20. Developed and amended several policies and procedures.
21. Conducted an orientation for all new AORMA Committee members.
22. Prepared all agendas for AORMA Committee; Programs Committee; Member Services, Loss Control and Training Committee; and Executive Officers Committee; a total of twenty-four (24) meetings in FY 12/13.

JPA Administration:

1. Conducted an "Orientation to CSURMA" for all members via webinar.
2. Completed Trustees' Audit of CSURMA Operations and responded to auditor's findings and recommendations.
3. Developed and recommended several policies & procedures to update operating practices, many of which were brought forth by the Trustees' Auditors.
4. Coordinated and participated in the CSURMA Investment Policy Task Group, which resulted in a recommendation and subsequent drafting of formal procedures that is consistent with the State's regulation regarding investments of public funds.
5. Drafted, managed distribution of meeting agendas, and participated in meetings for the Board of Directors, Executive Committee, AORMA Committee, AIME Committee, and several subcommittees and task groups.

The accomplishments described above highlight Alliant's role in supporting CSURMA's achievements during the year. These would not have been possible without the commitment and professionalism of the Alliant team members working with CSU's Systemwide Office of Risk Management and with the Campuses' and Auxiliary Organizations' leadership.

CSURMA Milestones



M I L E S T O N E S

- Identity Fraud Expense Reimbursement Coverage for AORMA Member Employees added
 - **Campus WC releases Dividend - \$9,867,829**
 - Cyber Liability Program Launches
 - **AO-COMP releases Dividend - \$1,217,462**
 - AORMA WC Code consolidation project
- Campus WC On Time reporting: 93%
 - Self-insured layer to campus property program added (savings of over \$3 million per year)
 - Change Management training for all campuses
 - **Completed digitization of CSURMA records**
 - **Campus WC releases Dividend - \$9,173,264**
 - **\$1,199,767 – Dividends for AORMA members**
- CSU International Programs launches (CSUIP)
 - Owner Controlled Insurance Program (OCIP) launches
 - Published new facilities use agreement template for auxiliary organizations
 - Completed regional trainings for IRIC manual
 - Club Sports Insurance Program (CSIP) launched
 - **AIME achieves 100% campus participation**
 - **Campus WC releases Dividend - \$7,504,717**
 - **\$2,219,190 – Dividends for AORMA members**
- CSU Doctor's Medical Practice Program launches
 - **csurma.org website re-launched**
 - **\$1,702,157 – Dividends for AORMA members**
 - Campus Liability Claims Audit
 - AIME Claims Audit
 - AORMA Liability Claims Audit
 - CSIP adds Intramural/Recreational Sports

LOOKING AHEAD - Opportunities for Improvement

In serving such a vibrant and growing program, Alliant recognizes there are opportunities for improvement in its performance. As a result of our internal review and planning process, we have identified the following priority opportunities for improvement which are contained in the 2013/14 CSURMA Long Range Action Plans:

Campus Programs Long Range Action Plan

- LRP-1: ALTERNATIVE MEDICINES ON CAMPUS
Draft Systemwide Policy regarding use of Alternative Medicines on Campus.
- LRP-2: CSURMA WEBSITE ENHANCEMENTS
Improve CSURMA website.
- LRP-3: INTRAMURAL/RECREATIONAL SPORTS COVERAGE
Develop coverage program for Intramural & Recreational Sports.
- LRP-4: STUDENT PERSONAL PROPERTY & LIABILITY INSURANCE
Develop coverage program for Student Personal Property & Liability Insurance.
- LRP-5: EARTHQUAKE COVERAGE PROGRAM
Develop coverage program for Earthquake Insurance.
- LRP-6: SERVICE ANIMALS ON CAMPUS
Draft Systemwide Policy regarding use of Service Animals on Campus.
- LRP-7: BICYCLES / SKATEBOARDS ON CAMPUS
Draft Systemwide Policy regarding Bicycle & Skateboard Safety on Campus.
- LRP-8: PERIODIC REVIEW OF CSURMA POLICIES & PROCEDURES
Establish Plan for Regular Periodic Review of CSURMA Policies & Procedures.
- LRP-9: NEW MEMBER ORIENTATION FOR EXECUTIVE COMMITTEE AND BOARD OF DIRECTORS
Establish Plan for Regular Periodic Orientation to CSURMA for New Members
- LRP-10: THEATER RISK MANAGEMENT & SAFETY
Develop Systemwide Policy and Training regarding Theater Safety on Campus.
- LRP-11: MINORS ON CAMPUS
Develop Systemwide Policy and Training regarding Safety of Minors on Campus.
- LRP-12: ENTERPRISE RISK MANAGEMENT

Develop plan to promote Synergy among campuses in regards to Risk Management functions.

LRP-13: SPONSORED TRAINING FOR EMPLOYEES

Develop plan to provide Sponsored Training opportunities for Members.

AORMA Long Range Action Plan

- A-1 WORKERS' COMPENSATION POLICIES AND PROCEDURES
All workers' compensation policies and procedures will be reviewed and revised as necessary
- P-1 WORKERS' COMPENSATION PROGRAM RATES
Examine the combined AORMA class code rates against WCIRB rates and establish new rates as appropriate
- P-2 PROPERTY AND CRIME PROGRAMS – MEMBER ALLOCATION FORMULAS
Finalize the new FY 14/15 member allocation formulas
- P-3 LIABILITY PROGRAM – MEMBER ALLOCATION FORMULA
The current allocation formula will be reviewed and revised as appropriate
- M-1 RISK REDUCTION MATCHING GRANT PROGRAM
Update the grant criteria and qualifications
- M-2 AORMA SMART PHONE APPLICATION
Develop the first AORMA smart phone application
- M-3 SHOES FOR CREWS
Develop Shoes for Crews program, if feasible
- M-4 INSURANCE REQUIREMENTS FOR SPONSORED PROGRAMS / GRANTS AND CONTRACTS
Develop appropriate insurance requirements for the Insurance Requirement in Contracts Manual
- M-5 ON-LINE SAFETY TRAINING
Continue to work with the CSU Office of Chancellor in reviewing the on-line training provided by SkillsSoft and LawRoom and establish a final recommendation for the best option available for on-line training

Alliant expects there to be other opportunities for improving our performance, and we encourage CSURMA members to assist us by bringing performance improvement items to our attention. The service team regards working with the CSURMA as an exciting opportunity with our professional

promise to provide the highest level of services. We are committed to improving our effectiveness and value to all members. We appreciate your support and encouragement as we move forward.

CALENDARS

Meeting Calendar

An organization as complex as CSURMA requires regular meetings of its Board of Directors, the Executive Committee, AORMA Committee, AIME Committee, and a number of subcommittees and task groups who are focused on specific tasks and responsibilities. These meetings are important to ensure member needs are met, to communicate program development, and to provide reports to all members regarding status of the program's objectives. As a governmental entity, CSURMA's Campus programs and AORMA programs ascribe to the Bagley-Keane Open Meeting Law. A copy of the Meeting Calendars for 2013 and 2014 are included as Appendix B.

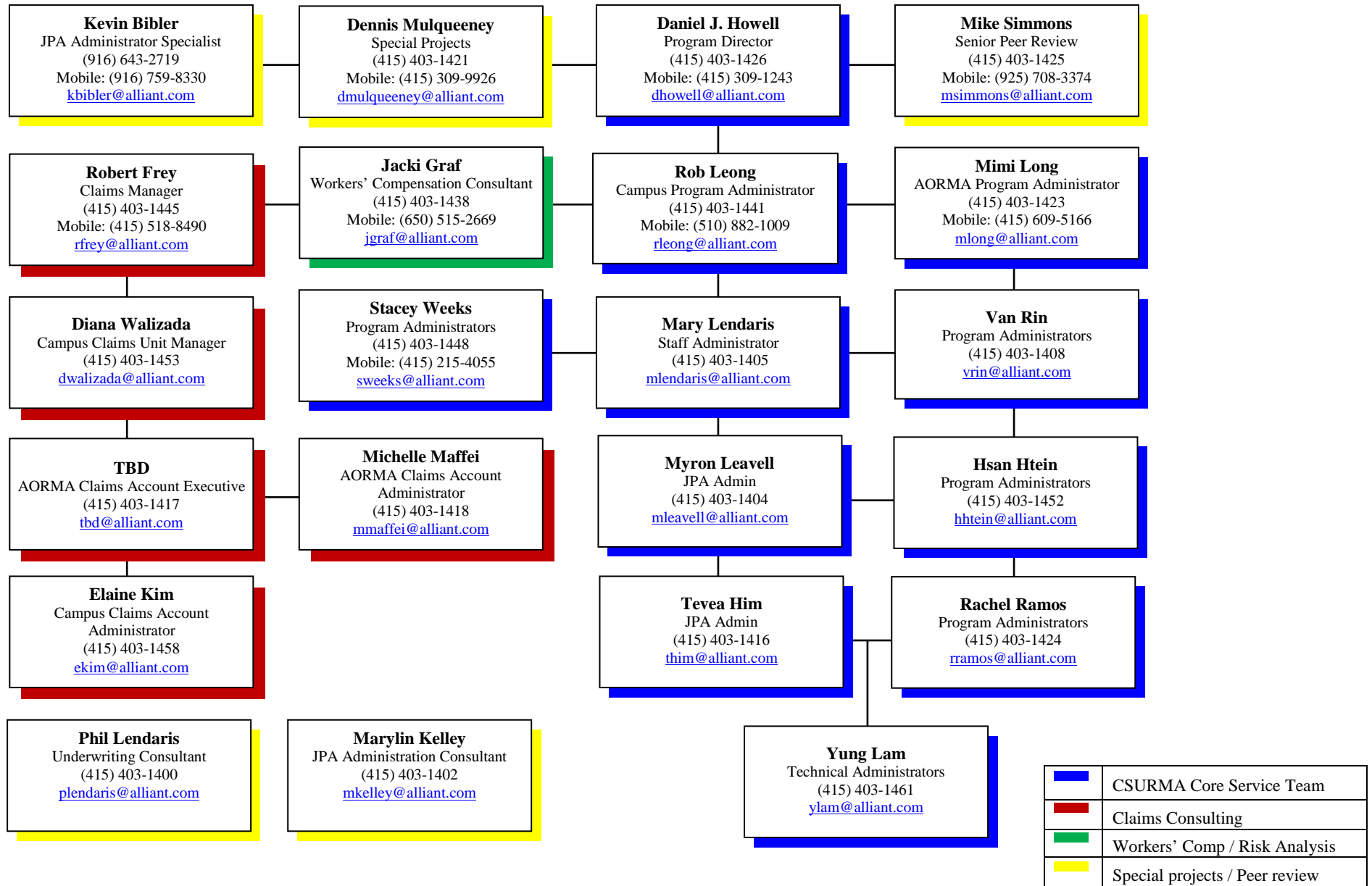
Service Calendar

To help keep us focused on your needs and meet your timelines, we have developed a Service Calendar that continues to evolve. As such, the Service Calendar is an ongoing working draft of necessary tasks and responsibilities. We have included a copy of the most recent edition as Appendix C.

SUMMARY

We are excited to have the opportunity to work with dynamic, creative and forward thinking leaders who are willing to invest energy and resources that is essential for program success. We are extremely proud to be associated with CSU and its Auxiliary Organizations. We are committed to meet the current and future needs of CSURMA.

Appendix A – Alliant Team Organization Chart for CSURMA as of October 1, 2013



Appendix B – CSURMA Meeting Calendar

2013 CSURMA MEETING CALENDAR

January 2013		February 2013		March 2013	
16-19	AOA Conference – Pasadena	3-6	PARMA – Rancho Mirage, CA	21	AORMA – Newport Beach, 9:00 a.m.
24	AIME – San Jose 10:30 a.m.			21	EC – Newport Beach, 2:30 p.m.
				22	EC LRP – Newport Beach, 8:00 a.m.
April 2013		May 2013		June 2013	
21-24	RIMS – Los Angeles, CA	6	AIME – Northridge 10:30 a.m.		
		9	AORMA – Long Beach, 10:00 a.m.		
		9	EC – Long Beach, 9:00 a.m.		
		10	EC – Long Beach, 4:00 p.m.		
		10	BOD – Long Beach, 10:30 a.m.		

AORMA = Auxiliary Organizations Risk Management Alliance Committee

PC = AORMA Programs Committee

EC = CSURMA Executive Committee

AOUI = Auxiliary Organizations Unemployment Insurance Trust

AORMA LRP = AORMA Long Range Planning Meeting

EC LRP = EC Long Range Planning Meeting



Appendix B – CSURMA Meeting Calendar (cont'd)

2013 CSURMA MEETING CALENDAR

July 2013	August 2013	September 2013
10-11 AORMA Officers Retreat – Monterey		11 AORMA New Committee Member Orientation – Long Beach, 9:00 a.m. 11 AORMA LRP – Long Beach, 10:00 a.m. 12 AORMA – Long Beach, 9:00 a.m. 12 EC Orientation – Dominguez Hills, 4:00 p.m. 13 EC – Dominguez Hills, 8:30 a.m.
October 2013	November 2013	December 2013
14 AIME – TBD, 10:30 a.m. 24 AORMA – Newport Beach, 10:00 a.m.	4 AIME – Alliant Office, SF 10:30 a.m. 6 EC: Sacramento, 1:00 p.m. 6 BOD: Sacramento, 3:30 p.m. 7-8 FTPT Conference, Sacramento, CA	5 AORMA – San Francisco, 10:00 a.m.

AORMA = Auxiliary Organizations Committee
 BOD = Board of Directors

AORMA LRP = AORMA Long Range Planning Committee
 EC = Executive Committee

AO-COMP = BOT
 EC LRP = EC Long Range Planning Committee

2014 CSURMA MEETING CALENDAR

JANUARY, 2014	FEBRUARY, 2014	MARCH, 2014
<p>12 EC: Sacramento, 3:00 p.m.</p>		<p>20 AORMA: Newport Beach, 9:00 a.m. 20 EC: Newport Beach, 2:30 p.m. 21 EC LRP: Newport Beach, 8:00 a.m.</p> <p style="background-color: yellow;">Only the AORMA Chair and Vice Chair attend the EC meetings</p> <p style="background-color: yellow;">Only the AORMA Chair attends to AOA EC meeting</p>
APRIL, 2014	MAY, 2014	JUNE, 2014
	<p>8 AORMA: Long Beach, 10:00 a.m. 8 BOD: New Board Member Orientation, Long Beach, 2:00 p.m. 9 EC: Long Beach, 8:30 a.m. 9 BOD: Long Beach, 10:30 a.m.</p> <p style="background-color: yellow;">Only the AORMA Chair and Vice Chair attend the EC meetings</p> <p style="background-color: green;">All AORMA Committee members attend the BOD</p>	
AORMA = Auxiliary Organizations Risk Management Alliance Committee	PC = AORMA Programs Committee	EC = CSURMA Executive Committee
AOUIT = Auxiliary Organizations Unemployment Insurance Trust	AORMA LRP = AORMA Long Range Planning Meeting	EC LRP = EC Long Range Planning Meeting
MSLCTC = AORMA Member Services, Loss Control & Training Committee	AOA = CSU Auxiliary Organizations Association	BOD = CSURMA Board of Directors

2014 CSURMA • AORMA MEETING CALENDAR

JULY, 2014	AUGUST, 2014	SEPTEMBER, 2014
		<p>10 AORMA New Committee Member Orientation: Long Beach, 9:00 a.m.</p> <p>10 AORMA LRP: Long Beach, 10:00 a.m.</p> <p>11 AORMA: Long Beach, 9:00 a.m.</p> <p>11 EC Orientation: Long Beach, 4:00 p.m.</p> <p>12 EC: Long Beach, 8:30 a.m.</p> <p style="text-align: center;">Only the AORMA Chair and Vice Chair attend the EC meetings</p>
OCTOBER, 2014	NOVEMBER, 2014	DECEMBER, 2014
<p>23 AORMA: Long Beach, 10:00 a.m.</p> <p>23 BOD: New Board Member Orientation, Long Beach, 2:00 p.m.</p> <p>24 EC: Long Beach, 9:00 a.m.</p> <p>24 BOD: Long Beach, 10:30 a.m.</p> <p style="text-align: center;">Only the AORMA Chair and Vice Chair attend the EC meetings</p> <p style="text-align: center;">All AORMA Committee members attend the BOD</p>		<p>4 AORMA: Long Beach, 10:00 a.m.</p> <p>5 EC: Long Beach, 8:30 a.m.</p> <p style="text-align: center;">Only the AORMA Chair and Vice Chair attend the EC meetings</p>

AORMA = Auxiliary Organizations Risk Management Alliance Committee	PC = AORMA Programs Committee	EC = CSURMA Executive Committee
AOUIT = Auxiliary Organizations Unemployment Insurance Trust	AORMA LRP = AORMA Long Range Planning Meeting	EC LRP = EC Long Range Planning Meeting
MSLCTC = AORMA Member Services, Loss Control & Training Committee	AOA = CSU Auxiliary Organizations Association	BOD = CSURMA Board of Directors

Appendix C – CSURMA Service Calendar

CSURMA SERVICE CALENDAR

AS = Alliant Insurance Services Staff EC = Executive Committee
 BOD = Board of Directors BD = Board of Directors
 AC = Accounting RM = System wide Risk Management

Date	Activity	Completed by
JANUARY		
01/02/14	JPA ADMIN finalizes current year member listing	JPA Admin
01/06/14	Statement of Facts – Roster of Public Agencies - file with State & County	AS
01/10/14	Form 700 - mail to BD and Committee members – return deadline 03/21/14	JPA Admin
01/15/14	JPA ADMIN sends Form 700 to CSURMA FILERS, including EC, BOD, AORMA, Standing Committees, and designated consultants, including identified Alliant personnel	AS
01/31/14	WC/Liability – estimated WC payroll	AS
FEBRUARY		
02/01/14	Follow up No. 1 - JPA ADMIN follows up with FILER	JPA Admin
02/15/14	Follow up No. 2 - JPA ADMIN follows up with FILER	JPA Admin
02/17/14	Reminder – Form 700s to Board and Alternate Members	AS/JPA Admin
02/20/14	Send email to EC/AORMA reminding of 3/20/14 meeting - Quorum	AS
02/24/14	EC/EC LRP/AORMA Agenda Prep meeting – Agenda out 03/10/14	AS/JPA Admin
MARCH		
03/01/14	Follow up No. 3 - JPA ADMIN follows up with FILER	JPA Admin
03/03/14	Actuarial Study - receive draft and send to Jim Marta	AS
03/03/14	EC/EC LRP/AORMA Agenda Prep Meeting – Agenda out 03/10/14	AS/JPA Admin
03/10/14	EC/EC LRP/AORMA Committee – mail agendas for 03/20/14 meetings	AS/JPA Admin
03/15/14	Follow up No. 4 - JPA ADMIN follows up with FILER	JPA Admin
03/20/14	AORMA Committee Meeting	AORMA
03/20/14	Executive Committee Meeting	EC
03/21/14	Executive Committee LRP	EC
(meeting)	4 th quarter Investment Reports (as of 12/31) - submit for review	EC
(meeting)	4 th quarter Financials (as of 12/31) - submit for review	EC
(meeting)	Claims Auditor - evaluate and consider RFP (Liability odd years/WC even years)	EC
(meeting)	Service Provider Performance Evaluations - submit responses for review	EC
(meeting)	quarter Investment Reports - submit for approval	BD
(meeting)	quarter Financials (as of 12/31) - submit for approval	BD
(meeting)	Liability WC Banking & Shared Risk Layers-deposit calculations for review (excess WC & Liability & Admin costs pending)	BD
(meeting)	Appoint Campus Risk Pool Rating Plans Task group every 3 years (2014, 2017, 2020)	EC

CSURMA SERVICE CALENDAR

AS = Alliant Insurance Services Staff EC = Executive Committee
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Date	Activity	Completed by
(meeting)	Annual review of data security polices	EC
(meeting)	Annual review of all policies and procedures (Even & Odd Years)	EC
(meeting)	Appoint Nominating committee	EC
(meeting)	Annual review of applicable ICSUAM policies	EC
03/21/14	Form 700s - receive from Board Members and Alternates	AS/JPA Admin
(meeting)	Status of form 700's to EC	AS
APRIL		
04/01/14	Form 700s - file with FPPC	JPA Admin
04/01/14	Campus Risk Pool Administrator verifies Campus Primary and Alternate representative remain in place by contacting campus representatives (i.e., ensure no leave of absence, retirement, change in duties, etc.)	AS
04/08/14	Send email to BOD reminding of 05/09/14 meeting - Quorum	AS/JPA Admin
04/14/14	EC & BOD Agenda Prep Meeting	AS/JPA Admin
04/15/14	Alliant begins contact with various contractors regarding renewal terms	AS
04/15/14	1 st Quarter DE-6 (as of 03/31) - request to members	AS
04/15/14	Send annual renewal certificate spreadsheets to members – due 1 month	AS
04/15/14	1 st quarter Losses - receive from Sedgwick (as of 03/31)	AS
04/21/14	EC & BOD Agenda Prep Meeting	AS/JPA Admin
04/29/14	EC & BOD Agendas - mail agendas for 05/09/14 meetings	AS/JPA Admin
MAY		
05/01/14	Campus Risk Pool Administrator confirms replacement appointees with campus president, reports changes to JPA ADMIN, JPA ADMIN sends entering and leaving office notices to FILER, Campus Risk Pool Administrator conducts BOD orientation	AS
05/08/14	AORMA Committee Meeting	AORMA
05/09/14	Executive Committee Meeting	EC
05/09/14	Board of Directors Meeting	BD
05/15/14	Follow up No. 1 - JPA ADMIN follows up with FILER	JPA Admin
(meeting)	Quarter Financials (as of 03/31) - submit for approval	EC
(meeting)	Quarter Investment Reports (as of 03/31) - submit for approval	EC
(meeting)	Liability and WC Program Deposits - review 2014 revisions	EC
(meeting)	FY 2014/15 Budget - submit for review	BD
(meeting)	FY 2014/15 Budget - submit for adoption	BD
(meeting)	Program Administration Contract – submit for approval (as needed)	EC
(meeting)	Systemwide Risk Services Agreement	EC
(meeting)	WC Claims Administration Contract - submit for approval (<i>as needed</i>)	EC

CSURMA SERVICE CALENDAR

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Date	Activity	Completed by
(meeting)	Accounting Services MOU - submit for approval <i>(as needed)</i>	EC
(meeting)	Legal Services MOU - submit for approval <i>(as needed)</i>	EC
(meeting)	Conflict of Interest Code-submit for approval <i>(every even-numbered year)</i>	EC
(meeting)	Insurance renewal delegation of authority	EC
(meeting)	Liability Memorandum of Coverage FY 2014/15 – submit for approval	EC
(meeting)	WC Memorandum of Coverage FY 2014/15 – submit for approval	EC
(meeting)	FY 2014/15 Budget - submit for review	EC
(meeting)	Liability and WC FY 2011/12 Banking & Shared Risk Layer Program	BD
(meeting)	2014 Nominating Committee - select & nominate	EC
(meeting)	Elections to Board of Directors	BOD
JUNE		
06/01/14	Follow up No. 2 - JPA ADMIN follows up with FILER	JPA Admin
06/15/14	Begin preparation of CAJPA Standards review (2014 and every 3 years thereafter)	AS
06/25/14	Send certificates to Certificate Holders and Members	AS
JULY		
07/01/14	Send renewal binders invoices & summaries to Members	AS
07/01/14	JPA ADMIN sends entering and leaving office notices to AORMA FILERS who will be taking office on AORMA and Standing Committees	JPA Admin
07/14/14	Follow up No. 1 - JPA ADMIN follows up with FILER	JPA Admin
07/15/14	Final FY Payroll - request from chancellor's office	AS
07/21/14	Follow up No. 2 - JPA ADMIN follows up with FILER	JPA Admin
07/21/14	Upon receipt of loss data for actuarial studies	AS
07/28/14	FORMS DUE TO FPPC ON THIS DATE [ASSUMING/LEAVING]	JPA Admin
07/29/14	Financial audit prep	AC/RM/AS
AUGUST		
08/11/14	EC – email reminding of 09/12/14 meeting - quorum	AS/JPA Admin
08/11/14	EC – Agenda Prep meeting – Agenda out 09/02/14	AS/JPA Admin
08/18/14	EC – Agenda Prep meeting – Agenda out 09/02/14	AS/JPA Admin
SEPTEMBER		
09/02/14	EC Agenda - mail for 09/12/14 meetings	AS/JPA Admin
09/10/14	AORMA Committee LRP	AORMA
09/11/14	AORMA Committee Meeting	AORMA
09/11/14	Executive Committee Orientation	EC

CSURMA SERVICE CALENDAR

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Date	Activity	Completed by
09/12/14	Executive Committee Meeting	EC
(meeting)	2 nd quarter Investment Reports (as of 06/30) - submit for approval	EC
(meeting)	2 nd quarter Financials (as of 06/30) - submit for approval	EC
(meeting)	Review financial audit or DRAFT	AC
(meeting)	Review and approve actuarial studies	EC
(meeting)	Campus Risk Pool Rates	EC
(meeting)	Investment policy	FC
09/11-13/14	2014 CAJPA Fall Conference and Training Seminar	EC/AS/
09/24/14	EC & BOD – email reminding of meeting - quorum	AS/JPA Admin
09/30/14	EC & BOD – Agenda Prep meeting – Agenda out 10/13/14	AS/JPA Admin
OCTOBER		
10/01/14	Annual Report of Financial Transactions	
10/01/14	Public Self Insurer's Annual Report for JPA & Members - file	AS/SEDGWICK
10/07/14	EC & BOD – Agenda Prep meeting – Agenda out 10/13/14	AS/JPA Admin
10/12/14	AORMA Agenda - mail for 10/23/14 meeting	AS/JPA Admin
10/13/14	EC Agenda - mail for 10/23/14 meeting 11/6	AS/JPA Admin
10/13/14	Board of Directors Agenda - mail for 10/24/14 meeting 11/6	AS/JPA Admin
10/23/14	AORMA Meeting	AORMA
10/24/14	EC Meeting	EC
10/24/14	Board of Directors Meeting	BD
(meeting)	Financial Audit – review draft submission	EC
(meeting)	2014 Meeting Calendar - submit for approval	EC
(meeting)	2014 Service Calendar - submit for approval	EC
(meeting)	3 rd quarter Investment Reports (as of 09/30) - submit for approval	BD
(meeting)	3 rd quarter Financials (as of 09/30) - submit for approval	BD
(meeting)	2014 Meeting Calendar - submit for approval	BD
(meeting)	2014 Service Calendar - submit for approval	BD
(meeting)	Investment Policy - submit for approval	BD
(meeting)	CAJPA review report (2014 and every 3 years thereafter)	BD
(meeting)	Marketing Plan & Renewal Timeline - submit for approval	BD
(meeting)	Claims Administration Audit (<i>GL odd years, WC even years</i>) - submit for approval	EC/AIME/AORMA
(meeting)	2 nd quarter Investment Reports - submit for approval	BD
(meeting)	2 nd quarter Financials (as of 6/30) - submit for approval	BD
(meeting)	Target Equity Presentation – September AORMA	AS
(meeting)	FY 2013/14 Financial Audit - submit for approval	BD

CSURMA SERVICE CALENDAR

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Date	Activity	Completed by
(meeting)	Financial Audit – review and update	AC
(meeting)	Loss Analysis charts (as of 06/30) SEPTEMBER	AORMA
NOVEMBER		
11/01/14	Campus Risk Pool Administrator sends request to campus president to confirm appointments of primary and alternate representative to BOD (Note: AORMA Representatives are maintained through their election process)	AS
11/04/14	EC– Agenda Prep meeting – Agenda out 11/24/14	AS/JPA Admin
11/15/14	Property (location schedules) - request member review	AS
11/15/14	Property Schedules to Members for review – deadline 30 days	AS
11/11/14	EC– Agenda Prep meeting – Agenda out 11/24/14	AS/JPA Admin
11/23/14	AORMA Agenda - mail for 12/04/14 meeting	AORMA
11/24/14	Executive Committee Agenda - mail for 12/05/14 meeting	EC
11/28/14	Property (PEPIP) binders – prepare and send to Members	AS
	Campus risk pool deductible – Confirm (Every 3 years - 2014, 2017, 2020)	AS
	Confirm holders of Campus Claims Settlement Authorities	AS
	Send campus risk pool renewal budget	AS
DECEMBER		
12/1	Send out member survey	RM
	Annual review of Conflict of Interest Code	EC
12/04/14	AORMA Committee Meeting	AORMA
12/05/14	Executive Committee Meeting	EC
(meeting)	3 rd Quarter Financials (as of 09/30) - submit for approval	EC
(meeting)	Claims Audit (<i>GL odd years, WC even years</i>) - review and provide recommendations to BD	EC
(meeting)	FY 2014/15 Marketing Plan & Renewal Timeline - submit for approval	EC
12/15/14	Campus Risk Pool Administrator sends revised Campus Primary and Alternate CSURMA BOD member listing to JPA ADMIN	AS
12/30/14	Financial Audit - mail to State and Counties of members	AC

Appendix D – CSU and AORMA Member Listing

#	Location	Campus
1	Bakersfield	California State University, Bakersfield
2	Chancellor's Office	California State University, Chancellor's Office
3	Channel Islands	California State University, Channel Islands
4	Chico	California State University, Chico
5	Dominguez Hills	California State University, Dominguez Hills
6	East Bay	California State University, East Bay
7	Fresno	California State University, Fresno
8	Fullerton	California State University, Fullerton
9	Humboldt	Humboldt State University
10	Long Beach	California State University, Long Beach
11	Los Angeles	California State University, Los Angeles
12	Maritime Academy	California Maritime Academy
13	Monterey Bay	California State University, Monterey Bay
14	Northridge	California State University, Northridge
15	Pomona	California State Polytechnic University, Pomona
16	Sacramento	California State University, Sacramento
17	San Bernardino	California State University, San Bernardino
18	San Diego	San Diego State University
19	San Francisco	San Francisco State University
20	San Jose	San Jose State University
21	San Luis Obispo	California Polytechnic State University, San Luis Obispo
22	San Marcos	California State University, San Marcos
23	Sonoma	Sonoma State University
24	Stanislaus	California State University, Stanislaus

#	Campus	Auxiliary Organization
1	Bakersfield	Associated Students, California State University, Bakersfield, Inc.
2	Bakersfield	California State University, Bakersfield Auxiliary for Sponsored Programs and Administration
3	Bakersfield	California State University, Bakersfield Foundation
4	Bakersfield	California State University, Bakersfield Student Union, Inc.
5	Chancellor's Office	California State University Foundation
6	Chancellor's Office	California State University Institute
7	Channel Islands	Associated Students of California State University, Channel Islands, Inc.
8	Channel Islands	California State University Channel Islands Foundation
9	Channel Islands	University Glen Corporation
10	Chico	Associated Students of California State University, Chico
11	Chico	Auxiliary Organization Associations
12	Chico	The CSU, Chico Research Foundation
13	Chico	The University Foundation, California State University, Chico
14	Dominguez Hills	Associated Students, California State University, Dominguez Hills
15	Dominguez Hills	California State University, Dominguez Hills Foundation
16	Dominguez Hills	Donald P. and Katherine B. Loker University Student Union, Incorporated
17	East Bay	Associated Students, California State University, East Bay
18	East Bay	Cal State East Bay Educational Foundation
19	East Bay	California State University, East Bay Foundation, Inc.
20	Fresno	Associated Students, Inc. of California State University, Fresno
21	Fresno	California State University, Fresno Association, Inc.
22	Fresno	California State University, Fresno Foundation
23	Fresno	Fresno State Programs for Children, Inc.
24	Fresno	The Agricultural Foundation of California State University, Fresno
25	Fresno	The California State University, Fresno Athletic Corporation
26	Fullerton	Associated Students, California State University, Fullerton, Inc.
27	Fullerton	Cal State Fullerton Philanthropic Foundation
28	Fullerton	CSU Fullerton Auxiliary Services Corporation
29	Fullerton	CSU Fullerton Housing Authority
30	Humboldt	Associated Students, Humboldt State University
31	Humboldt	Humboldt State University Advancement Foundation

#	Campus	Auxiliary Organization
32	Humboldt	Humboldt State University Center Board of Directors
33	Humboldt	Humboldt State University Sponsored Programs Foundation
34	Long Beach	Associated Students, California State University, Long Beach
35	Long Beach	California State University, Long Beach Research Foundation
36	Long Beach	CSULB 49er Foundation
37	Long Beach	Forty-Niner Shops, Inc., CSU Long Beach
38	Los Angeles	Associated Students, California State University, Los Angeles, Inc.
39	Los Angeles	Cal State L.A. University Auxiliary Services, Inc.
40	Los Angeles	California State University, Los Angeles Foundation
41	Los Angeles	University-Student Union Board, California State University, Los Angeles
42	Maritime Academy	California Maritime Academy Foundation, Inc.
43	Maritime Academy	The Associated Students of the California Maritime Academy
44	Monterey Bay	Foundation of California State University, Monterey Bay
45	Monterey Bay	The University Corporation at Monterey Bay
46	Northridge	Associated Students, California State University, Northridge, Inc.
47	Northridge	California State University, Northridge Foundation
48	Northridge	North Campus University Park Development Corporation
49	Northridge	The University Corporation, CSU Northridge
50	Northridge	University Student Union of California State University, Northridge
51	Pomona	Associated Students Inc., California State Polytechnic University, Pomona
52	Pomona	The Cal Poly Pomona Foundation, Inc.
53	Sacramento	Associated Students of California State University, Sacramento
54	Sacramento	Capital Public Radio, Inc., CSU Sacramento
55	Sacramento	The University Foundation at Sacramento State
56	Sacramento	University Enterprises, Inc., CSU Sacramento
57	Sacramento	University Union Operation of CSUS, Inc.
58	San Bernardino	Associated Students Inc., California State University, San Bernardino
59	San Bernardino	CSUSB Philanthropic Foundation
60	San Bernardino	Santos Manuel Student Union of California State University, San Bernardino
61	San Bernardino	University Enterprises Corporation at CSUSB
62	San Diego	Associated Students, San Diego State University

#	Campus	Auxiliary Organization
63	San Diego	Aztec Shops, Ltd., San Diego State University
64	San Diego	San Diego State University Research Foundation
65	San Diego	The Campanile Foundation
66	San Francisco	Associated Students, Inc., San Francisco State University
67	San Francisco	Cesar Chavez Student Center, San Francisco State University
68	San Francisco	San Francisco State University Foundation
69	San Francisco	The University Corporation, San Francisco State
70	San Jose	Associated Student, San Jose State University
71	San Jose	San Jose State University Research Foundation
72	San Jose	Spartan Shops, Inc., San Jose State University
73	San Jose	The Student Union of San Jose State University
74	San Jose	The Tower Foundation, San Jose State University
75	San Luis Obispo	Associated Students, Inc., California Polytechnic State University at San Luis Obispo
76	San Luis Obispo	Cal Poly Corporation
77	San Luis Obispo	California Polytechnic State University Foundation
78	San Marcos	California State University San Marcos Foundation
79	San Marcos	San Marcos University Corporation
80	San Marcos	The Associated Students of California State University, San Marcos
81	San Marcos	University Auxiliary and Research Services Corporation
82	Sonoma	Associated Students of Sonoma State University
83	Sonoma	Sonoma State Enterprises, Inc.
84	Sonoma	Sonoma State University Academic Foundation, Inc.
85	Stanislaus	Associated Students, Inc., California State University, Stanislaus
86	Stanislaus	California State University, Stanislaus Auxiliary and Business Services
87	Stanislaus	California State University, Stanislaus Foundation
88	Stanislaus	University Student Union of California State University, Stanislaus

Property Coverage for State Houses

ISSUE: At many campuses, CSU owns State Houses which serve as gathering places for campus events and residences for the campus Presidents. A recent review of the funding for state houses indicated that there would be difficulty funding the deductible for a major loss. The cost to reduce the deductible to a maximum of \$10,000 via the “Campus 99” location schedule was approximately \$3,000 for all the houses systemwide and the CSURMA Chair directed the Program Administrator to effect the reduced deductible.

Because the deductible change was effected late in the renewal process, staff was not able to amend the previously approved campus renewal invoices. At their September 12, 2013 meeting, the CSURMA Executive Committee took action to absorb the cost in the Campus Risk Pool Property fund and the cost of the change will not be allocated to the campuses for coverage year 13/14 and will be allocated for FY 14/15 and thereafter.

RECOMMENDATION: No action is requested at today’s meeting.

FISCAL IMPACT: No impact is expected from today’s information item.

BACKGROUND: None.

ATTACHMENT(S): Listing of State Houses

CSURMA Pending Projects

ISSUE: The CSURMA Executive Committee and staff have been active in directing projects important to the members. In addition to items specifically addressed in today's agenda, the following matters are in progress:

- Student Insurance Programs Task Group – A task group led by Michael Thorpe has been established to evaluate the student insurance programs including as Foreign Travel, SPIP, SAFECLIP, AIME and Club Sports to ensure they are operating effectively.
- Student Health Insurance Program – An effort is under way to evaluate whether a systemwide initiative to create a baseline health plan through WICHE or other providers will benefit the students.
- Owner Controlled Insurance Program – The Executive Committee has worked with the Chancellor's Office Capital Planning Design and Construction office to improve the OCIP program by funding the program to reduce the program cost to campuses.
- Campus Risk Pool Rating Plan Task Group – The Chair has established a task group to continue the triennial review of the Campus Risk Pool Rating Plans. A report will be provided at the CSURMA Board's May meeting.
- Schools Excess Liability Fund Excess Workers' Compensation Program Assessment – The Executive Committee has directed staff to obtain information from SELF and CSURMA's actuary to assist in evaluation of options related to CSU's liability for the SELF EWCP assessment.
- Foreign Travel Software – the Executive Committee has directed staff on evaluation of potential software solutions for implementation of a software solution to assist in tracking and communicating with CSU's traveler's abroad.

RECOMMENDATION: No action is requested at today's meeting.

FISCAL IMPACT: No impact is expected from today's information item.

BACKGROUND: None.

ATTACHMENT(S): None.

CSURMA Administrative Service Calendar

ISSUE: This item is provided as an information item to advise the Board of Directors of the various recurring administrative activities and when they take place over the course of the year. It includes items noting when they appear before the Executive Committee and Board of Directors. It is to be provided for information with each agenda packet.

RECOMMENDATION: It is recommended that the Board of Directors review the CSURMA Administrative Service Calendar and provide direction to staff as appropriate.

FISCAL IMPACT: No direct fiscal impact is expected from action at today's meeting.

BACKGROUND: None.

ATTACHMENT(S): CSURMA Administrative Services Calendar

CSURMA SERVICE CALENDAR

AS = Alliant Insurance Services Staff
 BOD = Board of Directors
 AC = Accounting

EC = Executive Committee
 BD = Board of Directors
 RM = System wide Risk Management

Date	Activity	Completed by
JANUARY		
01/06/14	Statement of Facts – Roster of Public Agencies - file with State & County	AS
01/10/14	Form 700 - mail to BD and Committee members – return deadline 03/21/14	AS
01/31/14	WC/Liability – estimated WC payroll	AS
FEBRUARY		
02/17/14	Reminder – Form 700s to Board and Alternate Members	AS/JPA Admin
02/20/14	Send email to EC/AORMA reminding of 3/20/14 meeting - Quorum	AS
02/24/14	EC/EC LRP/AORMA Agenda Prep meeting – Agenda out 03/10/14	AS/JPA Admin
MARCH		
03/03/14	Actuarial Study - receive draft and send to Jim Marta	AS
03/03/14	EC/EC LRP/AORMA Agenda Prep Meeting – Agenda out 03/10/14	AS/JPA Admin
03/10/14	EC/EC LRP/AORMA Committee – mail agendas for 03/20/14 meetings	AS/JPA Admin
03/20/14	AORMA Committee Meeting	AORMA
03/20/14	Executive Committee Meeting	EC
03/21/14	Executive Committee LRP	EC
(meeting)	4 th quarter Investment Reports (as of 12/31) - submit for review	EC
(meeting)	4 th quarter Financials (as of 12/31) - submit for review	EC
(meeting)	Claims Auditor - evaluate and consider RFP (Liability odd years/WC even years)	EC
(meeting)	Service Provider Performance Evaluations - submit responses for review	EC
(meeting)	quarter Investment Reports - submit for approval	BD
(meeting)	quarter Financials (as of 12/31) - submit for approval	BD
May	FY 2014/15 Budget - submit for review	BD
(meeting)	Liability WC Banking & Shared Risk Layers-deposit calculations for review (excess WC & Liability & Admin costs pending)	BD
(meeting)	Appoint Campus Risk Pool Rating Plans Task group every 3 years (2014, 2017, 2020)	EC
(meeting)	Annual review of data security polices	EC
(meeting)	Annual review of all policies and procedures (Even & Odd Years)	EC
(meeting)	Appoint Nominating committee	EC
(meeting)	Annual review of applicable ICSUAM policies	EC
03/21/14	Form 700s - receive from Board Members and Alternates	AS/JPA Admin
(meeting)	Status of form 700's to EC	AS

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Date	Activity	Completed by
APRIL		
04/01/14	Form 700s - file with FPPC	AS/JPA Admin
04/08/14	Send email to BOD reminding of 05/09/14 meeting - Quorum	AS/JPA Admin
04/09/14	Send email reminding of 05/09/14 meeting - Quorum	AS/JPA Admin
04/14/14	EC & BOD Agenda Prep Meeting	AS/JPA Admin
04/15/14	Alliant begins contact with various contractors regarding renewal terms	AS
04/15/14	1 st Quarter DE-6 (as of 03/31) - request to members	AS
04/15/14	Send annual renewal certificate spreadsheets to members – due 1 month	AS
04/15/14	1 st quarter Losses - receive from Sedgewick (as of 03/31)	JM
04/21/14	EC & BOD Agenda Prep Meeting	AS/JPA Admin
04/29/14	EC & BOD Agendas - mail agendas for 05/09/14 meetings	AS/JPA Admin
MAY		
05/08/14	AORMA Committee Meeting	AORMA
05/09/14	Executive Committee Meeting	EC
05/09/14	Board of Directors Meeting	BD
(meeting)	Quarter Financials (as of 03/31) - submit for approval	EC
(meeting)	Quarter Investment Reports (as of 03/31) - submit for approval	EC
(meeting)	Liability and WC Program Deposits - review 2014 revisions	EC
(meeting)	FY 2014/15 Budget - submit for adoption	BD
(meeting)	Program Administration Contract – submit for approval (as needed)	EC
(meeting)	Systemwide Risk Services Sgreement	EC
(meeting)	WC Claims Administration Contract - submit for approval <i>(as needed)</i>	EC
(meeting)	Accounting Services MOU - submit for approval <i>(as needed)</i>	EC
(meeting)	Legal Services MOU - submit for approval <i>(as needed)</i>	EC
(meeting)	Conflict of Interest Code-submit for approval <i>(every even-numbered year)</i>	EC
(meeting)	Insurance renewal delegation of authority	EC
(meeting)	Liability Memorandum of Coverage FY 2014/15 – submit for approval	EC
(meeting)	WC Memorandum of Coverage FY 2014/15 – submit for approval	EC
(meeting)	FY 2014/15 Budget - submit for review	EC
(meeting)	Liability and WC FY 2011/12 Banking & Shared Risk Layer Program	BD
(meeting)	2014 Nominating Committee - select & nominate	EC
(meeting)	Elections to Board of Directors	BOD
JUNE		
06/15/14	Begin preparation of CAJPA Standards review (2014 and every 3 years thereafter)	AS
06/25/14	Send certificates to Certificate Holders and Members	AS
JULY		
07/01/14	Send renewal binders invoices & summaries to Members	AS

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Date	Activity	Completed by
07/10/14	Submit FY YR ascend claim data to actives	AS
07/15/14	Final FY Payroll - request from chancellor's office	AS
07/21/14	Upon receipt of loss data begin semi annual loss charts for RM meeting in October and to be sent to Members	AS
07/29/14	Send 2 nd quarter DE-6 (as of 06/30) to CJPRMA	AS
07/29/14	Financial audit prep	AC/RM/AS
AUGUST		
08/11/14	EC – email reminding of 09/12/14 meeting - quorum	AS/JPA Admin
08/11/14	EC – Agenda Prep meeting – Agenda out 09/02/14	AS/JPA Admin
08/18/14	EC – Agenda Prep meeting – Agenda out 09/02/14	AS/JPA Admin
SEPTEMBER		
09/02/14	EC Agenda - mail for 09/12/14 meetings	AS/JPA Admin
09/10/14	AORMA Committee LRP	AORMA
09/11/14	AORMA Committee Meeting	AORMA
09/11/14	Executive Committee Orientation	EC
09/12/14	Executive Committee Meeting	EC
(meeting)	2 nd quarter Investment Reports (as of 06/30) - submit for approval	EC
(meeting)	2 nd quarter Financials (as of 06/30) - submit for approval	EC
(meeting)	Review financial audit or DRAFT	AC
(meeting)	Review and approve actuarial studies	EC
(meeting)	Campus Risk Pool Rates	EC
(meeting)	Investment policy	FC
09/12/14		JM
09/11-13/14	2014 CAJPA Fall Conference and Training Seminar	
09/24/14	EC & BOD – email reminding of meeting - quorum	AS/JPA Admin
09/30/14	EC & BOD – Agenda Prep meeting – Agenda out 10/13/14	AS/JPA Admin
OCTOBER		
10/01/14	Annual Report of Financial Transactions	
10/01/14	Public Self Insurer's Annual Report for JPA & Members - file	AS/SEDGWICK
10/07/14	EC & BOD – Agenda Prep meeting – Agenda out 10/13/14	AS/JPA Admin
10/12/14	AORMA Agenda - mail for 10/23/14 meeting	AS/JPA Admin
10/13/14	EC Agenda - mail for 10//14 meeting 11/6	AS/JPA Admin
10/13/14	Board of Directors Agenda - mail for 10/24/14 meeting 11/6	AS/JPA Admin
10/23/14	AORMA Meeting	AORMA
10/24/14	EC Meeting	EC
10/24/14	Board of Directors Meeting	BD
(meeting)	Financial Audit – review draft submission	EC
(meeting)	2014 Meeting Calendar - submit for approval	EC
(meeting)	2014 Service Calendar - submit for approval	EC

CSURMA SERVICE CALENDAR

AS = Alliant Insurance Services Staff
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 AC = Accounting

EC = Executive Committee
 BD = Board of Directors
 RM = System wide Risk Management

Date	Activity	Completed by
(meeting)	3 rd quarter Investment Reports (as of 09/30) - submit for approval	BD
(meeting)	3 rd quarter Financials (as of 09/30) - submit for approval	BD
(meeting)	2014 Meeting Calendar - submit for approval	BD
(meeting)	2014 Service Calendar - submit for approval	BD
(meeting)	Investment Policy - submit for approval	BD
(meeting)	CAJPA review report (2014 and every 3 years thereafter)	BD
(meeting)	Marketing Plan & Renewal Timeline - submit for approval	BD
(meeting)	Claims Administration Audit (<i>GL odd years, WC even years</i>) - submit for approval	EC/AIME/AORMA
(meeting)	2 nd quarter Investment Reports - submit for approval	BD
(meeting)	2 nd quarter Financials (as of 6/30) - submit for approval	BD
(meeting)	Target Equity Presentation – September AORMA	AS
(meeting)	FY 2013/14 Financial Audit - submit for approval	BD
(meeting)	Financial Audit – review and update	AC
(meeting)	Loss Analysis charts (as of 06/30) SEPTEMBER	AORMA
NOVEMBER		
11/04/14	EC– Agenda Prep meeting – Agenda out 11/24/14	AS/JPA Admin
11/15/14	Property (location schedules) - request member review	AS
11/15/14	Property Schedules to Members for review – deadline 30 days	AS
11/11/14	EC– Agenda Prep meeting – Agenda out 11/24/14	AS/JPA Admin
11/23/14	AORMA Agenda - mail for 12/04/14 meeting	AORMA
11/24/14	Executive Committee Agenda - mail for 12/05/14 meeting	EC
11/28/14	Property (PEPIP) binders – prepare and send to Members	AS
	Confirm BOD Member & Alternate on file	AS
	Campus risk pool deductible – Confirm (Every 3 years - 2014, 2017, 2020)	AS
	Confirm holders of Campus Claims Settlement Authorities	AS
	Send campus risk pool renewal budget	AS
DECEMBER		
12/1	Send out member survey	RM
	Annual review of Conflict of Interest Code	EC
12/04/14	AORMA Committee Meeting	AORMA
12/05/14	Executive Committee Meeting	EC
(meeting)	3 rd Quarter Financials (as of 09/30) - submit for approval	EC
(meeting)	Claims Audit (<i>GL odd years, WC even years</i>) - review and provide recommendations to BD	EC
(meeting)	FY 2014/15 Marketing Plan & Renewal Timeline - submit for approval	EC
12/30/14	Financial Audit - mail to State and Counties of members	AC

**CSURMA BOARD OF DIRECTORS AND STAFF TELEPHONE,
POSTAL ADDRESS AND E-MAIL LIST**

ISSUE: Attached is a list of phone numbers, postal addresses and e-mail addresses for members of the CSURMA Board of Directors and CSURMA Staff.

RECOMMENDATION: Staff recommends that members review the list at each meeting for accuracy and make any changes or additions. If there are any changes, please contact Myron Leavell at 415-403-1404 or via email at mleavell@alliantinsurance.com.

FISCAL IMPACT: None

BACKGROUND: An accurate and current list facilitates better communication among the Board members and with staff.

PUBLICATION: None.

ATTACHMENT(S): CSURMA Board of Directors and Staff Telephone, Postal Address and E-mail list.

**CSURMA BOARD OF DIRECTOR MEMBERS
AS OF APRIL 2013**

Board Member/ Alternate Member	Organization	First Name	Last Name	Title	Street Address	Phone/Fax/Email
Board Member	California State University, Bakersfield	Michael A.	Neal	Vice President for Business & Administrative Services	9001 Stockdale Highway Bakersfield, CA 93311-1099	Tel: 661-664-2287 Fax: 661-665-6923 Email: mneal@csub.edu
Alternate Member	California State University Bakersfield	Kellie	Garcia	Associate Vice President Human Resources	9001 Stockdale Highway Bakersfield, CA 93311-1099	Tel: 661-654-3206 Fax: Email: kgarcia@csub.edu
Board Member	CSU Office of the Chancellor	George V.	Ashkar	Assistant Vice Chancellor, Financial Services	401 Golden Shore, 5th Floor Long Beach, CA 90802-4210	Tel: 562-951-4671 Fax: 562-951-4865 Email: gashkar@calstate.edu
Alternate Member	CSU Office of the Chancellor	Dr. Benjamin	Quillian	Executive Vice Chancellor/CFO	401 Golden Shore, 5th Floor Long Beach, CA 90802-4210	Tel: 562-951-4579 Fax: 562-951-4865 Email: bquillian@calstate.edu
Board Member	California State University, Channel Islands	Katharine	Hullinger	Risk Manager	One University Drive Camarillo, CA 93012	Tel: 805-437-8846 Fax: 805-437-8491 Email: katharine.hullinger@csuci.edu
Alternate Member	California State University, Channel Islands	Bill	Kupfer	Director EH&S & Risk Management	One University Drive Camarillo, CA 93012	Tel: 805-437-8847 Fax: 805-437-8491 Email: bill.kupfer@csuci.edu
Alternate Member	California State University, Chico	Lorraine B.	Hoffman	Vice President, Business & Finance	400 West First Street Chico, CA 95929-0025	Tel: 530-898-6231 Fax: 530-898-4513 Email: lbhoffman@csuchico.edu
Board Member	California State University, Chico	Michael	Thorpe	Risk Manager	400 West First Street First And Normal Chico, CA 95929	Tel: 530-898-6588 Fax: 530-898-4513 Email: methorpe@csuchico.edu
Board Member	California State University, Dominguez Hills	Mary Ann	Rodriguez	Vice President, Administration & Finance	1000 E. Victoria Street Welch Hall, 4th Flr B-470 Carson, CA 90747	Tel: 310-243-3750 Fax: 310-243-3869 Email: marodriguez@csudh.edu
Alternate Member	California State University, Dominguez Hills	Jeff	Wood	Risk Manager	1000 E. Victoria Street POA A-058 Carson, CA 90747	Tel: 310-243-2895 Fax: 310-516-3531 Email: jwood@csudh.edu
Board Member	California State University, East Bay	Nyassa	Love	Risk Management & Internal Control	25800 Carlos Bee Blvd. Hayward, CA 94542	Tel: 510-885-2743 Fax: 510-885-7484 Email: nyassa.love@csueastbay.edu
Alternate Member	California State University, East Bay	Brad	Wells	Interim Vice President Administration & Finance/CFO	25800 Carlos Bee Blvd. Hayward, CA 94542	Tel: 510-885-3803 Fax: 510-885-4745 Email: bradley.wells@csueastbay.edu
Board Member	California State University, Fresno	Cynthia	Teniente-Matson	Vice President for Administration	5241 No. Maple Ave, M/S TA-52 Fresno, CA 93740-0052	Tel: 559-278-2083 Fax: 559-278-2928 Email: cmatson@csufresno.edu
Alternate Member	California State University, Fresno	Lisa	Kao	Associate Dir EHS, Risk Mgmt & Sustainability	2311 East Barstow M/S P014 Fresno, CA 93740	Tel: 559-278-6910 Fax: 559-278-6995 Email: lisak@csufresno.edu
Alternate Member	California State University, Fullerton	Lori	Gentles	Vice President Human Resources, Diversity and Inclusion	800 North State College Blvd. Fullerton, CA 92834-9480	Tel: 714-278-2425 Fax: 714-278-1577 Email: lgentles@fullerton.edu
Board Member	California State University, Fullerton	John	Beisner	Director of University Risk Management	800 North State College Blvd Ste 700 Fullerton, CA 92834-9480	Tel: 657-278.4937 Fax: 657-.278-1556 Email: jbeisner@fullerton.edu

**CSURMA BOARD OF DIRECTOR MEMBERS
AS OF APRIL 2013**

Board Member/ Alternate Member	Organization	First Name	Last Name	Title	Street Address	Phone/Fax/Email
Board Member	Titan Student Union, CSU Fullerton	Kurt	Borsting	Director	800 N. State College Blvd Fullerton, CA 92831-3599	Tel: 714-278-4214 Fax: 714-278-7099 Email: kborsting@fullerton.edu
Alternate Member	Humboldt State University	Burt	Nordstrom	Vice President Administrative Affairs	1st Harpst Street Arcata, CA 95521-8299	Tel: 707-826-3351 Fax: 707-826-5703 Email: bnn1@humboldt.edu
Board Member	Humboldt State University	Dave	Bugbee	Risk Manager	1st Harpst Street Arcata, CA 95521-8299	Tel: 707-826-5746 Fax: 707-826-3601 Email: drb7001@humboldt.edu
Board Member	California State University, Long Beach	Sharon	Taylor	Associate Vice President, Financial Management	1250 Bellflower Blvd. Long Beach, CA 90840-5702	Tel: 562-985-9039 Fax: 562-985-2411 Email: sataylor@csulb.edu
Alternate Member	California State University, Long Beach	Stephanie	Williams	Risk Manager	1250 Bellflower Blvd. Long Beach, CA 90840-0123	Tel: 562-985-2396 Fax: 562-985-5432 Email: swilliam@csulb.edu
Board Member	California State University, Long Beach Foundation	Brian	Nowlin	Chief Operating Officer	6049 East 7th Street Long Beach, CA 90840	Tel: 562-985-4690 Fax: 562-985-1593 Email: nowlinb@csulb.edu
Board Member	Forty-Niner Shops, Inc., CSU, Long Beach	Robert	de Wit	Chief Financial Officer	6049 East 7th Street Long Beach, CA 90840	Tel: 562-985-5549 Fax: 562-985-1593 Email: rdewit@csulb.edu
Board Member	California State University, Los Angeles	Kevin	Brady	Director Risk Mgmt & EHS	5151 State University Drive Los Angeles, CA 90032	Tel: 323-343-3527 Fax: 323-343-3464 Email: kbrady@cslanet.calstatela.edu
Alternate Member	California State University, Los Angeles	Joseph	Curreri	Chief of Police	5151 State University Drive Los Angeles, CA 90032	Tel: 323-343-3737 Fax: 323-343-3727 Email: joseph.curreri@calstatela.edu
Board Member	California Maritime Academy	Vineeta	Dhillon	Purchasing & Risk Manager	200 Maritime Academy Dr. Vallejo, CA 94590	Tel: 707-654-1086 Fax: 707-654-1001 Email: vdhillon@csum.edu
Board Member	California Maritime Academy	Kurtis	Lohide	Vice President Administration & Finance	200 Maritime Academy Dr. Vallejo, CA 94590	Tel: 707-654-1040 Fax: 707-654-1013 Email: klohide@csum.edu
Board Member	California State University, Monterey Bay	Kevin	Saunders	Vice President Administration & Finance	100 Campus Center Seaside, CA 93955	Tel: 831-582-3398 Fax: 831-582-3540 Email: kesaunders@csumb.edu
Alternate Member	California State University, Monterey Bay	Arthur (Art)	Evjen	Interim Risk Manager	100 Campus Center Bldg 82F Seaside, CA 93955-8001	Tel: 831-582-3394 Fax: 831-582-4430 Email: aevjen@csumb.edu
Board Member	University Corporation, CSU Monterey Bay	Gigi	Kiama	Human Resources Manager	100 Campus Center Seaside, CA 93955-8001	Tel: 831-582-4301 Fax: 831-582-4300 Email: gkiama@csumb.edu
Board Member	California State University, Northridge	Tom	McCarron	Vice President Administration & Finance	18111 Nordhoff St Mail Stop 8206 Northridge, CA 91330-8206	Tel: 818-677-2333 Fax: 818-677-5089 Email: tom.mccarron@csun.edu
Alternate Member	California State University, Northridge	Jody	Van Leuven	Risk Manager	18111 Nordhoff Street Northridge, CA 91330-8282	Tel: 818-677-2079 Fax: 818-677-5853 Email: jody.vanleuven@csun.edu

**CSURMA BOARD OF DIRECTOR MEMBERS
AS OF APRIL 2013**

Board Member/ Alternate Member	Organization	First Name	Last Name	Title	Street Address	Phone/Fax/Email
Board Member	The University Corporation, CSU Northridge	John S.	Griffin	Chief Financial Officer	18111 Nordhoff Street Northridge, CA 91330-8206	Tel: 818-677-4815 Fax: 818-677-2671 Email: john.griffin@csun.edu
Board Member	California State Polytechnic University	Dr. Ed	Barnes	Vice President, Administrative Affairs	3801 West Temple Ave. Pomona, CA 91768	Tel: 909-869-3020 Fax: 909-869-4541 Email: eabarnes@csupomona.edu
Alternate Member	California State Polytechnic University	Sharon	Reiter	Associate Vice President for Human Resource Services	3801 West Temple Ave 98-B1-20 Pomona, CA 91768	Tel: 909-869-3016 Fax: 909-869-4868 Email: slreiter@csupomona.edu
Alternate Member	California State Polytechnic University	Valerie	Eberle	Risk Manager	3801 West Temple Ave. Pomona, CA 91768	Tel: 909-869-4846 Fax: 909-869-2926 Email: vjeberle@csupomona.edu
Alternate Member	California State Polytechnic University Foundation	David	Prenovost	Senior Managing Director Chief Financial Officer	3801 West Temple Ave Bldg #55 Pomona, CA 91768-4038	Tel: 909-869-2948 Fax: 909-869-2900 Email: dfprenovost@csupomona.edu
Board Member	California State University, Sacramento	Mike	Lee	Interim Vice President and Chief Financial Officer	Sacramento Hall 0272 6000 J Street Sacramento, CA 95819-6038	Tel: 916-278-6312 Fax: 916-278-5783 Email: mikelee@csus.edu
Alternate Member	California State University, Sacramento	Kirtland	Stout	Director, Risk Mgmt & Business Continuity Planning	6000 J Street Sacramento, CA 95819	Tel: 916-278-7233 Fax: 916-278-4359 Email: kirtland@csus.edu
Board Member	Associated Students, CSU, Sacramento	Patricia	Worley	Executive Director, Finance & Administration	6000 J Street Sacramento, CA 95819-6038	Tel: 916-278-7290 Fax: 916-278-4359 Email: pcworley@csus.edu
Alternate Member	California State University, San Bernardino	Robert	Gardner	Vice President Administration & Finance	5500 University Parkway, Sierra Hall, Rm 110 San Bernardino, CA 92407-2397	Tel: 909-537-5130 Fax: 909-537-7032 Email: rgardner@mail.csusb.edu
Board Member	California State University, San Bernardino	Debbie	Burns	Associate Vice President, Aux & Business Svcs & Risk Management	5500 University Parkway, Sierra Hall, Rm 110 San Bernardino, CA 92407-2393	Tel: 909-537-3939 Fax: 909-537-7036 Email: dburns@csusb.edu
Board Member	San Diego State University	Richel	Thaler	AVP for Business & Financial Affairs	5300 Campanile Drive, Ad-100 San Diego, CA 92182-1690	Tel: 619-594-6018 Fax: 619-594-6022 Email: rthaler@mail.sdsu.edu
Alternate Member	San Diego State University	Jessica	Rentto	Interim Associate Vice President Administration	5500 Campanile Drive San Diego, CA 92182-8210	Tel: 619-594-8640 Fax: 619-594-6022 Email: jrentto@mail.sdsu.edu
Board Member	Associated Students at San Diego State University	Christina	Brown	Associate Executive Director	5250 Campanile Drive San Diego, CA 92182-1942	Tel: 619-594-6903 Fax: 619-594- Email: cbrown@sdsu.edu
Board Member	San Diego State University Research Foundation	Bob	Brown	Director Human Resources & Risk Management	5250 Campanile Drive San Diego, CA 92182-1942	Tel: 619-594-0858 Fax: 619-594-2363 Email: rleebrown@foundation.sdsu.edu
Board Member	San Francisco State University	Nancy	Hayes	Interim Vice President Administration & Finance/CFO	1600 Holloway Ave ADM 354 San Francisco, CA 94132	Tel: 415-338-2521 Fax: 415-338-6600 Email: nkhayes@sfsu.edu
Alternate Member	San Francisco State University	Lori	Gentles	Associate Vice President Human Resources	1600 Holloway Ave. San Francisco, CA 94132	Tel: 415-338-1100 Fax: 415-338-2498 Email: lgentles@sfsu.edu

**CSURMA BOARD OF DIRECTOR MEMBERS
AS OF APRIL 2013**

Board Member/ Alternate Member	Organization	First Name	Last Name	Title	Street Address	Phone/Fax/Email
Alternate Member	San Francisco State University	Michael	Martin	Executive Director, Risk Management	1600 Holloway Ave. San Francisco, CA 94132	Tel: 415-338-1124 Fax: 415-338-2498 Email: mjmartin@sfsu.edu
Board Member	Cesar Chavez Student Center, San Francisco	Guy	Dalpe	Managing Director	1600 Holloway Ave. San Francisco, CA 94132	Tel: 415-338-1044 Fax: 415-338-1738 Email: gdalpe@sfsu.edu
Alternate Member	San Jose State University	Shawn	Bibb	Vice President Administration & Finance	One Washington Square San Jose, CA 95192-0046	Tel: 408-924-1500 Fax: 408-924-1515 Email: shawn.bibb@sjsu.edu
Board Member	San Jose State University	Mark	Loftus	Risk & Compliance Manager	One Washington Square San Jose, CA 95192-0012	Tel: 408-924-2159 Fax: 408-924-2148 Email: mark.loftus@sjsu.edu
Alternate Member	California Polytechnic State University, San Luis Obispo	Lawrence R.	Kelley	Vice President Administration & Finance	1 Grand Avenue San Luis Obispo, CA 93407	Tel: 805-756-2171 Fax: 805-756-7560 Email: lkelly@calpoly.edu
Board Member	California Polytechnic State University, San Luis Obispo	David L.	Carroll	Risk Manager	1 Grand Ave., Bldg 80, Rm 102 San Luis Obispo, CA 93407-1040	Tel: 805-756-6666 Fax: 805-756-6500 Email: dlcarrol@calpoly.edu
Board Member	Associated Students, Inc., Cal Poly San Luis Obispo	Dwayne	Brummett	Director of Business Services	University Union Bldg 65, Rm 212 San Luis Obispo, CA 93407	Tel: 805-756-5768 Fax: 805-756-5402 Email: dbrummett@calpoly.edu
Board Member	California State University, San Marcos	Linda	Hawk	Vice President Finance & Administrative Services	333 South Twin Oaks Valley Rd San Marcos, CA 92096-0001	Tel: 760-750-4950 Fax: 760-750-4949 Email: lhawk@csusm.edu
Alternate Member	California State University, San Marcos	Bill	Thomas	Risk Manager	333 South Twin Oaks Valley Rd San Marcos, CA 92096-0001	Tel: 760-750-4502 Fax: 760-750-3208 Email: bthomas@csusm.edu
Alternate Member	Sonoma State University	Laurence	Furukawa-Schlereth	Vice President Administration & Finance	1808 East Cotati Ave Rohnert Park, CA 94928	Tel: 707-664-2310 Fax: 707-664-2080 Email: laurence.furukawa-schlereth@sonoma.edu
Board Member	Sonoma State University	Richard	Ludmerer	Sr. Director for Risk Management	1808 East Cotati Ave Bldg #Afc3 Rohnert Park, CA 94928	Tel: 707-664-3258 Fax: 707-664-2080 Email: richard.ludmerer@sonoma.edu
Board Member	Sonoma Student Union	Peter	Neville	Executive Director	1808 East Cotati Ave., Student Union Rohnert Park, CA 94928	Tel: 707-664-2780 Fax: 707-664-2694 Email: peter.neville@sonoma.edu
Board Member	California State University, Stanislaus	Russell	Giambelluca	Vice President for Business & Finance	One University Circle Turlock, CA 95382	Tel: 209-667-3077 Fax: 209-667-3350 Email: rgjambelluca@csustan.edu
Alternate Member	California State University, Stanislaus	Amy	Thomas	Asst Director of Safety & Risk Management	One University Circle Turlock, CA 95382	Tel: 209-667-3035 Fax: 209-667-3104 Email: Althomas@csustan.edu

**CSURMA BOARD OF DIRECTORS STAFF
AS OF OCTOBER 2013**

<u>Organization</u>	<u>First Name</u>	<u>Last Name</u>	<u>Title</u>	<u>Street Address</u>	<u>Phone/Fax/Email</u>
CSU Office of the Chancellor	Leona	Ching	Risk Management & Public Safety Administrative Assistant	401 Golden Shore, 5th Floor Long Beach, CA 90802	Tel: 562-951-4580 Fax: 562-951-4859 Email: lching@calstate.edu
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CSU Office of the Chancellor	Robert	Eaton	Senior Director, Financing and Treasury	401 Golden Shore, 5th Floor Long Beach, CA 90802-4210	Tel: 562-951-4572 Fax: Email: reaton@calstate.edu
CSU Office of the Chancellor	Zachary	Gifford	Associate Director of Systemwide Risk Management	401 Golden Shore, 5th Floor Long Beach, CA 90802	Tel: 562-951-4568 Fax: 562-951-4859 Email: zgifford@calstate.edu
CSU Chancellor's Office, Office of General Counsel	William	Hsu	University Counsel for the CSU	401 Golden Shore, 4th Floor Long Beach, CA 90802	Tel: 562-951-4500 Fax: 562-951-4956 Email: whsu@calstate.edu
CSU Office of the Chancellor	Alice	Kim	Enterprise & CO Reporting Manager	401 Golden Shore, 5th Floor Long Beach, CA 90802	Tel: 562-951-4627 Fax: 562-951-4865 Email: akim@calstate.edu
CSU Office of the Chancellor	Rebecca	Skidmore	Senior Risk Management Administrative Analyst	401 Golden Shore, 5th Floor Long Beach, CA 90802	Tel: 562-951-4574 Fax: 562-951-4859 Email: rskidmore@calstate.edu
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CSU Office of the Chancellor	Mandy	Wong	CSURMA Accountant	401 Golden Shore, 5th Floor Long Beach, CA 90802	Tel: 562-951-4578 Fax: 562-951-4865 Email: mwong@calstate.edu
Alliant Insurance Services	Robert	Frey	Senior Vice President, Claims	100 Pine Street, 11th Floor San Francisco, CA 94111-5101	Tel: 415-403-1445 Fax: 415-874-4810 Email: rfrey@alliant.com
Alliant Insurance Services	Jacki	Graf	Senior Workers' Compensation Claims Consultant	100 Pine Street, 11th Floor San Francisco, CA 94111-5101	Tel: 415-403-1438 Fax: 415-874-4810 Email: jgraf@alliant.com

**CSURMA BOARD OF DIRECTORS STAFF
AS OF OCTOBER 2013**

<u>Organization</u>	<u>First Name</u>	<u>Last Name</u>	<u>Title</u>	<u>Street Address</u>	<u>Phone/Fax/Email</u>
Alliant Insurance Services	Daniel	Howell	Program Director	100 Pine Street, 11th Floor San Francisco, CA 94111-5101	Tel: 415-403-1426 Fax: 415-874-4810 Email: dhowell@alliant.com
Alliant Insurance Services	Hsan	Htein	Program Administrator	100 Pine Street, 11th Floor San Francisco, CA 94111-5101	Tel: 415-403-1452 Fax: 415-874-4810 Email: hhtein@alliant.com
Alliant Insurance Services	Myron	Leavell	Program Administrator	100 Pine Street, 11th Floor San Francisco, CA 94111-5101	Tel: 415-403-1404 Fax: 415-874-4810 Email: mleavell@alliant.com
Alliant Insurance Services	Robert	Leong	Program Administrator	100 Pine Street, 11th Floor San Francisco, CA 94111-5101	Tel: 415-403-1441 Fax: 415-874-4810 Email: rleong@alliant.com
Alliant Insurance Services	Mimi	Long	Program Administrator	100 Pine Street, 11th Floor San Francisco, CA 94111-5101	Tel: 415-403-1423 Fax: 415-402-0773 Email: mlong@alliant.com
Alliant Insurance Services	Dennis	Mulqueeney	Program Administrator	100 Pine Street, 11th Floor San Francisco, CA 94111-5101	Tel: 415-403-1421 Fax: 415-874-4810 Email: dmulqueeney@alliant.com
Alliant Insurance Services	Van	Rin	Program Administrator	100 Pine Street, 11th Floor San Francisco, CA 94111-5101	Tel: 415-403-1408 Fax: 415-874-4810 Email: vrin@alliant.com
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Alliant Insurance Services	Stacey	Weeks	Program Administrator	100 Pine Street, 11th Floor San Francisco, CA 94111-5101	Tel: 415-403-1448 Fax: 415-874-4810 Email: sweeks@alliant.com