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November 2, 2015

Dr. Richard R. Rush, President
California State University, Channel Islands
One University Drive
Camarillo, CA 93012

Dear Dr. Rush:

Subject: Audit Report 15-48, Admissions, California State University, Channel Islands

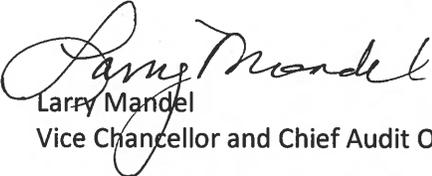
We have completed an audit of *Admissions* as part of our 2015 Audit Plan, and the final report is attached for your reference. The audit was conducted in accordance with the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*.

I have reviewed the management response and have concluded that it appropriately addresses our recommendations. The management response has been incorporated into the final audit report, which has been posted to the Office of Audit and Advisory Services' website. We will follow-up on the implementation of corrective actions outlined in the response and determine whether additional action is required.

Any observations not included in this report were discussed with your staff at the informal exit conference and may be subject to follow-up.

I wish to express my appreciation for the cooperation extended by the campus personnel over the course of this review.

Sincerely,



Larry Mandel
Vice Chancellor and Chief Audit Officer

c: Timothy P. White, Chancellor

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ADMISSIONS

California State University, Channel Islands

Audit Report 15-48
October 2, 2015

EXECUTIVE SUMMARY

OBJECTIVE

The objectives of the audit were to ascertain the effectiveness of operational, administrative, and financial controls related to the admissions function and to ensure compliance with relevant governmental regulations, Trustee policy, Office of the Chancellor (CO) directives, and campus procedures.

CONCLUSION

Based upon the results of the work performed within the scope of the audit, except for the effect of the observations described below, administrative and financial controls for admissions as of August 14, 2015, taken as a whole, were sufficient to meet the objectives of this audit.

The audit did not reveal any significant internal control problems or weaknesses that would be considered pervasive in their effects on admissions' operational, administrative, and financial controls. However, the review did identify opportunities for improvement in areas such as admissions processing for freshmen and upper-division transfers, including admissions into the impacted nursing program; background checks for sensitive positions; admissions data reporting to the CO; administration of application fees; and management of student records and sensitive information.

Although the objectives of this audit were met, the observations identified indicate that some attention is needed to ensure that admissions financial, operational, and administrative operations are in conformance with existing policies and at a level necessary to meet management expectations. Most issues listed below represent opportunities to improve admissions administrative and financial controls at California State University, Channel Islands (CSUCI).

Specific observations, recommendations, and management responses are detailed in the remainder of this report.

OBSERVATIONS, RECOMMENDATIONS, AND RESPONSES

1. FRESHMAN ADMISSIONS PROCESSING

OBSERVATION

The campus' process to verify final high school grade point averages (GPA) needed improvement.

We found that although freshman applicants were required to submit their final high school transcripts to the admissions and recruitment office before being granted official admission to the campus, the campus did not recalculate GPAs unless the final transcript contained D or F grades. Otherwise, the campus relied on GPAs reported on the final transcripts. However, the high school GPA used for admissions eligibility purposes should be based on grades earned in specific college preparatory courses taken during 10th through 12th grades.

We reviewed 30 first-time freshmen admitted and enrolled in fiscal year 2014/15, and we found 14 instances where the GPAs reported to the CO for systemwide reporting purposes contained an error greater than .1 of a point because the GPAs taken from the final high school transcripts differed from the recalculated GPAs that should have been used for admissions eligibility purposes.

Reviewing and verifying applicants' high school GPAs ensures that admissions decisions are made based on accurate information, and that admissions information reported to the CO for use in systemwide reports is correct.

RECOMMENDATION

We recommend that the campus revise its process for verifying GPAs so that it recalculates final high school transcript GPAs for all first-time freshmen who are admitted and enrolled.

MANAGEMENT RESPONSE

The campus will revise its process for verifying GPAs so that it recalculates final high school transcript GPAs for all first-time freshmen who are admitted and enrolled. A copy of the revised process will be provided by March 25, 2016.

2. TRANSFER CREDITS

OBSERVATION

The campus did not always evaluate and post official transfer credits for upper-division transfer students in a timely manner.

We found that although the campus performed a preliminary review of transfer credits to determine whether the student had met admissions requirements prior to enrollment, it did

not perform an official review of transfer credits for major and graduation requirement purposes until after classes had started.

We also reviewed 30 upper-division transfer students and found that transfer credits for 22 students were officially posted after the start of their first term.

Untimely review of transfer credits increases the risk that the educational path of transfer students, especially that of Student Transfer Achievement Reform (STAR) Act students who are guaranteed to graduate after completion of 60 units, will be negatively affected.

RECOMMENDATION

We recommend that the campus evaluate and post transfer credits for upper-division transfer students prior to the start of classes.

MANAGEMENT RESPONSE

The campus will evaluate and post transfer credits for upper-division transfer students prior to the start of classes. Documentation will be provided as evidence that transfer credits were evaluated and credits posted prior to the start of classes by March 25, 2016.

3. NURSING ADMISSIONS POLICIES AND PROCEDURES

OBSERVATION

There were no documented policies and procedures relating to nursing program admissions.

The department of nursing was responsible for determining admissions into the impacted nursing program. However, we found that there were no documented policies and procedures for nursing admissions that included, at minimum:

- Determination and approval of supplemental criteria.
- Admission evaluations, including the consideration of alternates, returning students, and those that have scored equal supplemental criteria points.
- Resources referenced to determine equivalent nursing prerequisite courses for students who transfer into CSUCI (e.g., charts, websites, course catalogs, etc.).
- Documentation of admission evaluations and record retention (e.g., completion of application summaries, retention of application documents received, etc.).

The establishment of policies and procedures helps to ensure that impaction criteria and admissions decisions are substantiated.

RECOMMENDATION

We recommend that the campus create and document policies and procedures for nursing admissions that address, at a minimum, the areas noted above.

MANAGEMENT RESPONSE

The campus will create policies and procedures for nursing admissions that include addressing:

- a. Determination and approval of supplemental criteria for nursing admissions.
- b. Admission evaluations, including the consideration of alternates, returning students, and those that have scored equal supplemental criteria points.
- c. Resources referenced to determine equivalent nursing prerequisite courses for students who transfer into CSUCI (e.g., completion of application summaries, retention of application documents received, etc.).
- d. Documentation of admission evaluations and record retention (e.g., completion of application summaries, retention of application documents received, etc.).

Copies of policies and procedures created, which include addressing the items listed above, will be provided by March 25, 2016.

4. BACKGROUND CHECKS

OBSERVATION

Administration of background checks for sensitive positions needed improvement. Although it was campus practice to perform background checks for new employees with access to sensitive information, we found that:

- There were no documented policies and procedures addressing campus requirements for background checks for identified sensitive positions.
- Background checks were not consistently performed for all sensitive positions. The campus did not conduct background checks for student employees until approximately fall 2014, and then only for students employed in the human resources department. In addition, of the 15 enrollment management employees we reviewed, including student employees, seven who had access to sensitive information did not undergo a background check.
- Position descriptions for student employees within the admissions and recruitment office did not state that a background check may be required.

Proper administration of background checks decreases campus exposure to improper use of personally identifiable information.

RECOMMENDATION

We recommend that the campus:

- a. Create and document policies and procedures for background checks to ensure that they are consistently performed for new employees, including student assistants, in identified sensitive positions.
- b. Review and revise position descriptions for identified sensitive positions to include background check requirements.

MANAGEMENT RESPONSE

The campus will:

- a. Create and document policies and procedures for background checks to ensure that they are consistently performed for new employees, including student assistants, in identified sensitive positions.
- b. Review and revise position descriptions for identified sensitive positions to include background check requirements.

Evidence in the form of policies and procedures adopted for ensuring that background checks are consistently performed for new employees and student assistants in sensitive positions, and a list of position descriptions that were revised, will be provided by March 25, 2016.

5. ENROLLMENT REPORTING SYSTEM

OBSERVATION

Campus reporting of admissions data to the CO through ERS needed improvement.

We found that the campus did not always report the correct admissions basis code (type of admission) to the CO for systemwide reporting. Specifically:

- Nine applicants who did not meet the English placement test (EPT) and/or entry level mathematics (ELM) enrollment requirement, but were CSU-eligible, were incorrectly coded with an exception admissions basis code of "H," which indicated that they were CSU-ineligible students admitted under the provisions of California Code of Regulations, Title 5.
- Eleven of the thirteen applicants we reviewed who had completed an associate degree for transfer were not properly coded with an admissions basis code of "P" to identify them as being STAR Act-eligible students.
- Three of six students we reviewed who qualified for non-resident tuition exemptions under Assembly Bill 540 and were California high school graduates were incorrectly coded

with an admissions basis code of “B” (applicants who are neither California residents nor graduates of a California high school).

We also found that:

- 669 STAR Act applicants who were re-directed to CSUCI for admission were not coded with the appropriate accommodation status code of “B” to identify them as such.
- The GPAs reported to the CO through the ERS for six of the 30 upper-division transfer students contained an error greater than .1 of a point.

Inadequate reporting of admissions data increases the risk that the data used by the CO to create systemwide reports for management, the Legislature, and other interested parties will be inaccurate.

RECOMMENDATION

We recommend that the campus provide training to admissions employees on proper coding/reporting protocols, emphasizing the areas noted above.

MANAGEMENT RESPONSE

The campus will provide training with respect to the ERS, emphasizing coding with respect to admissions status, STAR Act-eligible students, residency status, accommodation status, and accuracy in reporting GPAs. A copy of the training materials will be provided by March 25, 2016.

6. APPLICATION FEES

OBSERVATION

The processing of application fees and fee waivers received by the campus needed improvement.

Specifically, we noted that:

- The campus did not perform a reconciliation of applications received, payment status shown in the Student Administration system (SA), and payments posted to the general ledger to ensure completeness and accuracy.
- There were no policies and procedures relating to the processing of application fee waivers.

Proper administration of application fees provides assurance that all application fees are being collected and decreases the campus’ exposure to misappropriation of funds.

RECOMMENDATION

We recommend that the campus:

- a. Perform a reconciliation to compare applications received and payment status shown in SA to payments posted to the general ledger.
- b. Create and document procedures for processing application fee waivers.

MANAGEMENT RESPONSE

- a. The campus will adopt a new application fee reconciliation procedure. A copy of the procedure, which demonstrates the comparison of applications received and payment status shown in SA to payments posted to the general ledger, will be provided by March 25, 2016.
- b. The campus will create and document procedures for processing application fee waivers. A copy of the procedures adopted will be provided by March 25, 2016.

7. STUDENT RECORDS

OBSERVATION

The campus was unable to provide documentation to confirm that a review of campus information management practices concerning student records was conducted at least biennially, as required by campus and systemwide policy.

Infrequent reviews of information management practices increase the risk of regulatory violations and negative publicity in the event of privacy violations or complaints.

RECOMMENDATION

We recommend that the campus perform and document biennial reviews of campus information management practices concerning student records.

MANAGEMENT RESPONSE

The campus acknowledges unique circumstances caused deviation from the standard security review practice. The campus will complete future security reviews as defined and produce documentation verifying such completion starting with the next review cycle, currently scheduled for completion by March 25, 2016.

GENERAL INFORMATION

BACKGROUND

The California Master Plan for Higher Education, originally adopted in 1960, established a framework for higher education in the state of California that differentiated the functions of the three segments – the California Community Colleges, the California State University (CSU) system, and the University of California system – and established the principle that California high school graduates would have access to at least one of these segments. According to the plan, the top one-third of graduating California high school students, as determined by systemwide screening criteria such as grade point average and completion of specific course subjects, would be eligible for admission to the CSU system.

In recent years, due to both a lack of state funding and an increase in student admission demand, a number of campuses have not had the capacity to accommodate all CSU-eligible students who apply. This can occur at the campus level or in a specific program or major and is designated as impaction. Campus-level impaction restricts admissions to the campus for a specific enrollment category (e.g., first-time freshmen or transfer students), based on the instructional resources and physical capacity available at the campus. Program or major impaction restricts admission to a designated discipline, division, or major. In both cases, more rigorous supplementary screening criteria are used for admissions decisions. Before declaring impaction at the campus, program, or major level, or before making significant changes to its screening criteria, a campus must provide a series of public hearings and notifications and obtain approval from the CO. As of fiscal year 2015/16, 17 of the 23 CSU campuses were impacted at the first-time freshmen level, and 14 campuses were impacted at the upper-division transfer level.

The STAR Act, signed into legislation in 2010, focuses on admission for students who wish to transfer from a community college to the CSU. This bill created new Associate in Arts and Associate in Science degrees that can be earned at a community college and are designed to provide a clear pathway to a CSU degree. Students who have earned these degrees are eligible for admission with junior standing into the CSU system, and upon enrollment, are eligible to graduate once they complete 60 semester units in their chosen major. Students are guaranteed admission to the CSU system, but not to a specific CSU campus or major. However, they are given priority admission consideration to their local CSU campus and to a program or major that is similar to their transfer degree.

Systemwide, for the fall 2014 semester, there were approximately 785,056 duplicated applications (a number that includes applications from the same student to multiple campuses) processed for new undergraduates, which resulted in approximately 115,778 new undergraduates enrolled. Total enrollment for the CSU system in the 2014 fall semester was approximately 460,200.

At CSUCI, applications have steadily increased since the campus' 2002 opening. For the fall 2014 semester, about 15,000 applications were received, almost double the number received five years ago for the fall 2009 semester. For the impacted nursing program, which typically receives about 500 applications, students must meet CSUCI-specific screening requirements in order to be ranked and admitted into one of the 44 available seats. Enrollment management, under the Division of Academic Affairs, has responsibility for downloading thousands of

applications from CSU Mentor (the applications portal), reviewing self-reported information with supporting documents (e.g., transcripts, test scores, and eligibility letters), documenting admissions determinations, notifying students of admissions decisions, and reporting applicant data to the CO.

SCOPE

We visited the CSUCI campus from June 23, 2015, through August 14, 2015. Our audit and evaluation included the audit tests we considered necessary in determining whether operational, administrative, and financial controls are in place and operative at CSUCI. The audit focused on procedures in effect from January 1, 2013, through August 14, 2015. Our review did not consider graduate programs, continuing and extended education, or international students.

Specifically, we reviewed and tested:

- Admission evaluations for first-time freshmen and upper-division transfer students.
- Approval and documentation of admissions exceptions.
- Processes for the notification and approval of impact decisions.
- Residency determinations and processing of residency exceptions and fee waivers.
- Controls surrounding application fee processing and the granting of fee waivers.
- Processes to ensure that admissions data reported to the CO is current and accurate.
- Protection of application and admission records.

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.

Our testing and methodology was designed to provide a review of key operational and administrative controls, which included detailed testing on a limited number of transactions. Our review did not examine all aspects of the admissions process.

CRITERIA

Our audit was based upon standards as set forth in CSU Board of Trustee policies; CO policies, letters, and directives; campus procedures; and other sound administrative practices. This audit was conducted in conformance with the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*.

This review emphasized, but was not limited to, compliance with:

- Executive Order (EO) 523, *Modified Eligibility Indices for Admission to the CSU*

- EO 563, *Impacted Programs and Campuses*
- EO 796, *Privacy and Personal Information Management – Student Records Administration*
- EO 962, *Undergraduate Admissions Exceptions*
- Coded Memorandum Academic Affairs (AA) 2006-30, *Identification and Classification of CSU Students Not Required to Pay Non-Resident Fees*
- AA 2010-10, *Transfer Grade Point Averages and the Enrollment Reporting System*
- AA 2010-20, *CSU Local Admission Areas and Designated Service Areas for School College Relations*
- AA 2011-17, *Admissions Appeals Process*
- AA 2012-22, *Impacted Programs, 2014-15*
- AA 2014-20, *Admission Exception Allocations, 2014-15 and 2015-16*
- Integrated California State University Administrative Manual §8000, *Information Security*
- California Code of Regulations, Title 5, Division 5, Chapter 1, Subchapter 3, *Admission Requirements*
- Education Code (EC) §66201-§66207, *Donahoe Higher Education Act – Admissions*
- Assembly Bill 2402, *CSU Admissions Procedural Requirements*, codified in EC §89030.5
- Senate Bills 1440 and 440, *Student Transfer Achievement Reform Act*, codified in EC §66745-§66749
- EC §68000-§68134, *Uniform Student Residency Requirements*
- CSUCI Student Affairs 16.005, *Policy on Family Educational Rights and Privacy Act*
- CSUCI Information Technology 01.002, *Policy on Data Classification Standard*

AUDIT TEAM

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