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November 13, 2015

Dr. Susan Martin, Interim President
San José State University
One Washington Square
San José, CA 95192-0002

Dear Dr. Martin:

Subject: Audit Report 15-49, Admissions, San José State University

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

San José State University

Audit Report 15-49
September 23, 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, administrative and financial controls for admissions as of August 7, 2015, taken as a whole, were not sufficient to meet the objectives of this audit.

In general, the audit revealed that campus controls and procedures for the admissions function require attention. Specifically, the campus did not have sufficient documented procedures to review and process applicants admitted on an exception basis or to identify and process associate degree for transfer candidates, transfer credits were not posted in a timely manner to student records, access to student records and sensitive information was not always properly controlled, and admissions data reported to the CO was not always accurate.

Although the objectives of this audit were not met, the issues identified do not necessarily suggest a widespread breakdown in the admissions function. They do however, indicate that some attention is needed to ensure that admissions financial, operational, and administrative operations are in conformance with systemwide policies and to a level necessary to meet management expectations. Most issues listed below represent opportunities to improve admissions administrative and financial controls at San José State University (SJSU).

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

OBSERVATIONS, RECOMMENDATIONS, AND RESPONSES

1. ADMISSION EXCEPTIONS

OBSERVATION

The campus did not have documented procedures to process and monitor applicants admitted on an exception basis.

Applicants admitted on an exception basis do not meet California State University (CSU) minimum requirements for admission, but are admitted under the provisions of California Code of Regulations, Title 5.

We found that although the admissions department maintained a listing of applicants admitted on an exception basis, this listing was not reviewed or monitored. Specifically, in our testing of such applicants, we found that:

- The campus exceeded the number of general exceptions allocated by the CO by more than 80 percent for fiscal years (FY) 2013/14 and 2014/15.
- Three applicants who met CSU minimum requirements for admission were improperly identified and reported as being admitted on an exception basis for systemwide reporting purposes.

Insufficient training may have contributed to these issues. In addition, the campus granted several admission exceptions to applicants from a local university that discontinued its operations in FY 2014/15, which contributed to the campus exceeding the number of exceptions allocated by the CO.

Defined admission exception procedures decrease the risk that the number of admitted and enrolled exceptions exceed the number allocated by the CO and ensure that applicants are properly identified and coded for systemwide reporting.

RECOMMENDATION

We recommend that the campus:

- a. Develop documented procedures for processing and monitoring applicants admitted on an exception basis, and communicate these procedures to all key personnel in the admissions department.
- b. Provide training on these procedures to all key personnel involved in the evaluation and admission process.

MANAGEMENT RESPONSE

We concur. We will:

- a. Develop documented procedures for processing and monitoring applicants admitted on an exception basis, and communicate these procedures to all key personnel in the admissions department.
- b. Provide training on these procedures to all key personnel involved in the evaluation and admission process.

This will be completed by the end of November 2015.

2. ASSOCIATE DEGREE FOR TRANSFER APPLICANTS

OBSERVATION

Campus procedures to comply with the Student Transfer Achievement Reform (STAR) Act needed improvement.

We found that the campus did not have a process to ensure that applicants who identified themselves in the initial application process as candidates to earn an associate degree for transfer in a similar field had submitted a final transcript demonstrating that they had earned the degree. Because the campus used the final transcript to identify these students as eligible transfers under the STAR Act, the campus did not always classify them as STAR Act students for systemwide reporting purposes, and did not always process them with the benefits conferred on eligible STAR Act students, such as the guarantee of graduation after completion of 60 additional units.

We also noted that the campus did not have any procedures to identify and process as STAR Act students those applicants who did not identify themselves in the initial application process as candidates to earn an associate degree for transfer in a similar field but who later provided a final transcript that demonstrated they had earned such a degree.

Campus procedures for STAR Act students were limited to identifying and processing these applicants in the initial review stage based on self-reported data, but did not extend to the entire verification and final transcript review process.

Inadequate procedures to identify associate degree for transfer applicants and confirm STAR Act eligibility increases the risk of noncompliance with the STAR Act and the risk of inaccurate reporting of admissions data.

RECOMMENDATION

We recommend that the campus:

- a. Develop and document procedures to identify and process applicants with an associate degree for transfer during the verification and final transcript review process.

- b. Provide training on these procedures to all key admissions personnel.

MANAGEMENT RESPONSE

We concur. We will:

- a. Develop and document procedures to identify and process applicants with an associate degree for transfer during the verification and final transcript review process.
- b. Provide training on these procedures to all key admissions personnel.

This will be completed by January 15, 2016.

3. TRANSFER CREDITS

OBSERVATION

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

We found that transfer credits were generally not posted to upper-division transfer students' records until well after classes had started. As a result, transfer credits reported to the CO in the enrollment reporting system (ERS) were sometimes a default value of either 60 units or zero units. In addition, posting transfer credits after classes had started made it more difficult for the campus to fulfill the 60-unit graduation guarantee for STAR Act students.

Limited staffing resources and an increase in the number of admission applications may have contributed to the delayed posting of transfer credits.

RECOMMENDATION

We recommend that the campus post transfer credits for upper-division transfer students in a timely manner.

MANAGEMENT RESPONSE

We concur. We will revise and document our processes to ensure timely posting of transfer credit. This will be completed by the end of February 2016.

4. BACKGROUND CHECKS

OBSERVATION

Background checks were not conducted for student assistants who worked in the admissions department and registrar's office and handled cash equivalents or had access to student records containing sensitive data.

We noted that the campus practice was to perform background checks on student assistants only at the request of the hiring department, and it appeared that the admissions department and registrar's office had not recognized that background checks should be requested for these student assistants.

Proper administration of background checks decreases campus exposure to loss or misappropriation of funds and improper use of personally identifiable information.

RECOMMENDATION

We recommend that the campus conduct background checks for student assistants in the admissions and registrar's areas who handle cash equivalents or who have access to student records containing sensitive data.

MANAGEMENT RESPONSE

We concur. As of September 1, 2015, we are requiring background checks for all enrollment services student assistants in the admissions and registrar's areas who handle cash equivalents or who have access to student records containing sensitive data. We will submit documentation of procedures and of background checks on these student assistants to show compliance.

5. STUDENT ADMINISTRATION SYSTEMS ACCESS

OBSERVATION

Systems access for campus persons of interest (POI) needed improvement.

At SJSU, POIs include consultants, interns, and other individuals who are not part of the typical hiring process. Although the campus had a process to obtain confidentiality agreements and remove systems access from employees, it did not have similar processes for POIs. We found that two POIs' access to the campus student administration system had not been removed in a timely manner upon their separation from the university. Additionally, one of the POIs was given access to sensitive data but had not completed a confidentiality agreement as required by systemwide policy.

Untimely removal of systems access and incomplete confidentiality agreements increase the risk of unauthorized access to data and improper use of confidential/sensitive information.

RECOMMENDATION

We recommend that the campus develop and document procedures to remove system access and obtain confidentiality agreements from POIs and communicate this information to departmental administrators.

MANAGEMENT RESPONSE

We concur. We will finalize the procedures to remove system access and obtain confidentiality agreements from persons of interest and will ensure that this information is communicated to department administrators in enrollment services.

This will be completed by the end of November 2015.

6. ENROLLMENT REPORTING SYSTEM

OBSERVATION

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

We found that:

- Applicants with an associate degree for transfer who were CSU-eligible but denied admission due to campus impaction requirements were improperly reported with an accommodation status of “A” (accommodated) instead of “R” (accommodated: sent application to another CSU campus). All of the applicants we reviewed with an associate degree for transfer who were denied and redirected to another CSU campus had an accommodation status of A.
- The campus did not report grade-point averages for first-time freshmen who were provisionally admitted but not enrolled. Instead, the campus showed a default value of zero for this field. These applicants had been evaluated outside of the PeopleSoft system.
- Grade-point averages for 12 first-time freshmen and cumulative transfer grade-point averages for five 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:

- a. Remind admissions personnel of the importance of correctly calculating grade-point averages and entering/updating the data that will be used for systemwide reporting in PeopleSoft.
- b. Update campus procedures to ensure that when freshman provisional applicants are evaluated outside of the PeopleSoft system, pertinent admissions data, including grade-point averages, are updated and properly reported to the CO.

- c. Provide periodic training emphasizing the proper coding/reporting protocols emphasizing the areas noted above.

MANAGEMENT RESPONSE

We concur. We will:

- a. Remind admissions personnel of the importance of correctly calculating grade-point averages and entering/updating the data that will be used for systemwide reporting in PeopleSoft.
- b. Update campus procedures to ensure that when freshman provisional applicants are evaluated outside of the PeopleSoft system, pertinent admissions data, including grade-point averages, are updated and properly reported to the CO.
- c. Provide periodic training emphasizing the proper coding/reporting protocols emphasizing the areas noted above.

This will be completed by December 15, 2015.

7. STUDENT RECORDS

OBSERVATION

Campus procedures did not provide for the biennial review and reporting of campus information management practices concerning student records, as required by 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 update its current student records policy to include procedures for a biennial review of campus information management practices concerning student records and forward the results of the review to the CO, as required by systemwide policy.

MANAGEMENT RESPONSE

We concur. We will update our student records policy to include procedures for a biennial review of campus information management practices concerning student records and forward the results of the review to the CO, as required by systemwide policy.

This will be completed by the end of November 2015.

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 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 SJSU, admission is highly competitive, as the campus is impacted at both the freshman and transfer levels in all programs and majors. In addition to meeting CSU requirements, applicants must also meet program/major requirements, which are based on an eligibility index for freshmen and cumulative grade-point average for transfers. Applicants are ranked and admitted based on enrollment targets and capacity. SJSU gives some preference in the impaction process to local area applicants, although admission is not guaranteed. For fall

2014, the SJSU campus received 29,735 first-time freshman applications and 15,337 undergraduate transfer applications. Beginning with fall 2016, some majors will give preference in the admissions process to transfer applicants who have completed major-specific preparation courses. For these majors, CSU-eligible applicants will be ranked on a combination of self-reported grade-point average and completion of major-specific course preparation.

SCOPE

We visited the SJSU campus from June 22, 2015, through August 7, 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 SJSU. The audit focused on procedures in effect from January 1, 2013, through August 7, 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 impaction 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*
- Coded Memorandum Human Resources 2005-10, *Background Checks*
- Government Code §13402 and §13403
- Enrollment Reporting System Data Dictionary

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