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October 30, 2015

Dr. Joseph I. Castro, President
California State University, Fresno
5241 North Maple Avenue
Fresno, CA 93740

Dear Dr. Castro:

Subject: Audit Report 15-50, Admissions, California State University, Fresno

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,
Fresno**

Audit Report 15-50
September 21, 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 weaknesses described below, administrative and financial controls for admissions as of August 7, 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 and evaluations, management of student records and sensitive information, monitoring of admission exceptions, admission decisions for impacted programs, and oversight for application fees and waivers.

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

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 freshman 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 department before being granted official admission to the campus, the campus did not review and recalculate GPAs on these transcripts unless it contained several D or F grades, or the applicant had initially reported a low GPA. Otherwise, the campus relied on self-reported GPAs from the initial application when making admissions decisions. Self-reported GPAs are based on grades entered by the student and do not contain senior year grades, and therefore can be unreliable.

We also reviewed 30 first-time freshmen admitted and enrolled in fiscal year (FY) 2014/15, and we noted that four students who were initially admitted on an exception basis because they did not meet California State University (CSU) minimum admissions requirements actually did meet those requirements based on their final transcript. However, they were reported as exception admits to the CO based on their self-reported GPAs. In addition, we found 19 instances where the GPAs reported to the CO for systemwide reporting purposes contained an error greater than .1 of a point because the self-reported GPAs differed from the GPAs shown on the final high school transcripts.

Reviewing and verifying applicants' self-reported 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:

- a. Implement a process to verify final GPAs for all first-time freshman who are admitted and enrolled.
- b. Provide training on this process to all key personnel involved in the first-time freshman evaluation and admission process.

MANAGEMENT RESPONSE

- a. Admissions advisors will begin calculating the final high school GPA reported to the CO for all admitted and enrolled first-time freshmen effective for the fall 2016 admission review process and moving forward. This process will be implemented by February 19, 2016.
- b. All first-time freshman admissions advisors will be trained by February 19, 2016.

2. BACKGROUND CHECKS

OBSERVATION

Background checks were not conducted for student assistants who had access to sensitive data.

We found that student assistants working in the admissions department and registrar's office had access to sensitive information contained within applications, transcripts, and other related documentation. Furthermore, we noted that although the campus attempted to restrict student assistants' ability to view sensitive information within the PeopleSoft Student Administration database (SA), they were only restricted in their ability to view sensitive information in query results. Student assistants were still able to view sensitive information by navigating to certain screens within SA.

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

RECOMMENDATION

We recommend that the campus conduct background checks for all student assistants who have access to student records containing sensitive data.

MANAGEMENT RESPONSE

We concur. Human Resources will perform background checks on all current student employees with access to student records that contain sensitive data by December 31, 2015, and moving forward.

3. 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 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. In addition, although some programs or departments were assigned quotas to control the number of applicants admitted on an exception basis, both the admissions department and student-athlete services did not have to adhere to specific quotas. We noted that in FY 2013/14, Fresno State exceeded the number of general exceptions allocated to the campus by the CO by 49 students, or 65 percent.

Defined admissions exception procedures decrease the risk of noncompliance with CO and state requirements that limit the number of applicants admitted on an exception basis.

RECOMMENDATION

We recommend that the campus:

- a. Develop documented procedures to process and monitor applicants admitted on an exception basis.
- b. Provide training on these procedures to all key personnel involved.

MANAGEMENT RESPONSE

We concur.

- a. The campus will establish and implement documented procedures to process and monitor applicants admitted on an exception basis by February 19, 2016.
- b. The director, associate director, assistant director, and all key personnel in the admissions office will be trained in the procedures to process and monitor applicants admitted on an exception basis by February 19, 2016.

4. APPEALS PROCESS

OBSERVATION

Campus letters sent to applicants who were denied admission due to a lack of space contained misleading information about admissions decision appeals.

We found that the denial letters sent to applicants who were denied admission due to a lack of space stated that due to enrollment constraints, the campus would not be able to reconsider the admission decision. We found these letters to be misleading because the campus accepts appeals for all denied applicants.

Providing accurate information regarding admissions decisions decreases the risk of noncompliance with CSU and state regulations.

RECOMMENDATION

We recommend that the campus revise its letters sent to applicants who were denied admission due to a lack of space to indicate that appeals will be accepted.

MANAGEMENT RESPONSE

We concur. The campus will revise letters sent to applicants who were denied admission due to lack of space as prescribed by February 19, 2016.

5. SYSTEMWIDE REPORTING

OBSERVATION

The campus did not always update transfer GPAs calculated by admissions evaluators in the PeopleSoft SA system, and as a result, these GPAs were not always reported correctly to the CO.

We reviewed 30 upper-division transfer students and found that GPAs for 11 of them contained an error greater than .1 of a point. Although admission evaluators recalculated transfer GPAs for all applicants for final admission decisions, these GPAs were not updated in SA, and consequently, the updated GPAs were not reported to the CO.

Inaccurate 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 develop and document a process to ensure that transfer GPAs calculated by admissions evaluators are updated in SA so that they can be reported correctly to the CO.

MANAGEMENT RESPONSE

We concur. The campus will develop a process to ensure that transfer GPAs calculated by transfer admissions advisors are updated and reported correctly to the CO. This process will be documented by February 19, 2016.

6. MANAGEMENT OF IMPACTED PROGRAMS

OBSERVATION

The campus did not have a written process to document the rationale and approval regarding admissions decisions for impacted programs in cases where students did not meet supplementary screening criteria.

Admissions decisions for impacted programs were not made in the admissions department, but rather by key personnel within the impacted programs. We reviewed 10 upper-division transfer students who applied to an impacted program in FY 2014/15 and found that in one instance, a student who did not appear to meet supplementary screening criteria was admitted to the impacted athletic training program. Upon further inquiry, we noted that admission was appropriate based on alternative criteria; however, the rationale and approval for admission was not documented. We further noted through discussion with the nursing department that impacted nursing programs also did not have a process to support admissions decisions made on an exception basis.

Implementing a process to document admissions decisions and approvals for impacted programs when students do not meet supplementary screening criteria can help an impacted program support its admission decisions.

RECOMMENDATION

We recommend that the campus:

- a. Develop and implement a written process to document the rationale and approval regarding admissions decisions for impacted programs in cases where students do not meet supplementary screening criteria.
- b. Provide training on this process to all key personnel who are involved in making admissions decisions for impacted programs.

MANAGEMENT RESPONSE

We concur.

- a. The campus will develop and implement a written process to document the rationale and approval regarding admissions decisions for impacted programs in cases where students do not meet supplementary screening criteria by February 19, 2016.
- b. All key personnel who are involved in making admissions decisions for impacted programs will complete training by February 19, 2016.

7. IMPACTION NOTIFICATIONS

OBSERVATION

When modifying its impaction status for FY 2016/17, the campus did not publish on its impaction web page all of the public comments received relating to the impaction decision and all of its responses to those comments.

According to the Education Code, in order to provide notice to the public and to ensure the transparency of decisions affecting admissions criteria, a campus proposing a change to its impaction status must comply with several requirements.

Although Fresno State performed a majority of the requirements, it did not publish on its impaction web page all of the public comments received and all of its responses to those comments. Instead, due to a misunderstanding, the campus only published the four comments that were received through its website.

Incomplete publication of required information regarding an impaction decision reduces transparency and limits the amount of information provided to the public regarding the impaction process.

RECOMMENDATION

We recommend that the campus publish on its impaction web page all of the public comments received regarding its impaction decision for FY 2016/17 and all of its responses to those comments.

MANAGEMENT RESPONSE

We concur. All public comments received regarding the impaction decision for 2016/17 and all responses will be posted to the impaction website immediately.

8. APPLICATION FEE RECONCILIATIONS

OBSERVATION

The campus did not perform a reconciliation of applications received to application fee waivers and payments processed.

We noted that although the campus did have a reconciliation process to ensure that payments processed were posted correctly to the general ledger, this process did not compare applications received and corresponding fee waiver or payment status shown in the SA system to payments posted to the general ledger.

Performing an application fee reconciliation between the SA system and the general ledger provides assurance that all application fees are being collected and decreases the campus exposure to misappropriation of funds.

RECOMMENDATION

We recommend that the campus perform a reconciliation of applications received to application fee waivers and payments processed.

MANAGEMENT RESPONSE

We concur. The campus will reconcile applications received to application fee waivers and payments posted by February 19, 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 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 Student Transfer Achievement Reform Act (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 Fresno State, admissions is competitive, as the campus is currently impacted at the freshman and upper-division transfer level, and in three specific programs and majors. In fall 2014 alone, Fresno State received more than 25,000 applications for first-time freshman and upper-division transfers. Fresno State grants admission to all freshmen and transfer applicants from local area schools that meet minimum CSU requirements. For non-local freshman and transfer applicants, in addition to meeting minimum CSU requirements,

applicants are ranked and admitted based on enrollment targets and capacity, based on an eligibility index for freshmen and on cumulative GPA for transfers. For the three impacted programs, additional criteria are applied, such as required course prerequisites, GPAs for the required courses, and other test scores. In one impacted program, applicants are interviewed and must submit recommendations. Beginning in fall 2016, Fresno State will begin full program and major impactation.

SCOPE

We visited the Fresno State 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 Fresno State. 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 impactation 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*
- HR 2005-10, *Background Checks*
- 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*
- Government Code §13402 and §13403
- EC §89030
- Enrollment Reporting System Operations Manual

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