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January 6, 2017

Dr. Elliot Hirshman, President  
San Diego State University  
5500 Campanile Drive  
San Diego, CA 92182

Dear Dr. Hirshman:

**Subject: Audit Report 16-55, *International Activities*, San Diego State University**

We have completed an audit of *International Activities* as part of our 2016 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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**The California State University**  
Office of Audit and Advisory Services

## **INTERNATIONAL ACTIVITIES**

**San Diego State University**

Audit Report 16-55  
November 17, 2016

## EXECUTIVE SUMMARY

### OBJECTIVE

The objectives of the audit were to ascertain the effectiveness of administrative and operational controls for international activities 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, a few specific control weaknesses were noted; generally, however, controls were adequate, appropriate, and effective to provide reasonable assurance that risks were being managed and objectives were met.

Overall, we found that the campus had an appropriate control framework for administering international activities that included, but was not limited to, study abroad and other student-centered international learning programs and international-student admissions. We found, however, that when the CO implemented new systemwide policies in 2012, the campus made a conscious decision to retain approval authority for all international agreements, rather than forwarding these agreements to the CO for review and approval as required by such policies. We also noted that some agreements for international activities did not receive presidential approval due to a misinterpretation of the new policies.

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

## OBSERVATIONS, RECOMMENDATIONS, AND RESPONSES

### 1. OVERSIGHT OF INTERNATIONAL AGREEMENTS

#### OBSERVATION

The campus was not in compliance with systemwide requirements regarding administration and approval of international agreements.

Executive Order (EO) 1080, *International Agreements*, establishes minimum requirements for campuses entering into agreements as part of their international activities in state and self-support endeavors. Specifically, the policy requires that:

- All international agreements be signed by the campus president. This authority cannot be delegated.
- All international agreements be reviewed and approved by the CO, utilizing a standard web portal application, before they are signed by the campus president.
- Campuses provide an inventory of all operative international agreements to the CO by June 30 of each year.

We reviewed campus policies and procedures related to these requirements and found that:

- Although the campus process required the president's approval on international agreements, the president had delegated comprehensive signature authority for a specific program in the country of Georgia to the vice president of administration and finance.
- Not all international agreements were subject to review and approval by the CO before they were signed by the campus president.
- Because the campus did not upload international agreements into the web portal, it did not meet a requirement to provide an annual inventory of operative international agreements to the CO.

#### RECOMMENDATION

We recommend that the campus:

- a. Terminate the delegation of authority for the Georgia program and, if necessary, re-issue the delegation to reflect that the delegate can approve only agreements that are not subject to the requirements of EO 1082.
- b. Submit international agreements to the CO for review and approval or obtain an exemption from the CO.

- c. In the event an exemption is obtained, submit an inventory of all operative international agreements to the CO by June 30 of each year in lieu of providing the inventory in the web portal.

#### **MANAGEMENT RESPONSE**

The campus will:

- a. Terminate the delegation of authority for the Georgia program and re-issue a delegation that clarifies agreement approvals that are not subject to the requirements of EO 1082. This will be completed by April 30, 2017.
- b. Request an exemption, by April 30, 2017, that excludes CO review and approval for specific international agreements that are based on templates already approved by the CO.
- c. Submit an inventory of all operative international agreements by June 30, 2017, and then annually, to the CO should an exemption be approved.

## **2. APPROVAL OF INTERNATIONAL ACTIVITIES AGREEMENTS**

#### **OBSERVATION**

International activities agreements were not always approved by the campus president, as required by systemwide policy.

EO 1080, *International Agreements*, defines an international agreement as one in which the California State University (CSU) makes a commitment of resources to engage in activities with international students, universities, or other people or entities doing business outside of the United States. All international agreements must be signed by the campus president.

The campus interpreted this requirement to mean that if the vendor providing the international activities was headquartered in the United States, the agreement with the vendor did not have to be reviewed and approved by the campus president.

We noted several instances in which study-abroad agreements were signed by an authorized buyer in procurement rather than the president because the address of the other party was in the United States, and in the interpretation of the campus, that meant it was not an international agreement.

#### **RECOMMENDATION**

We recommend that the campus obtain the president's approval for all international activities agreements governed by EO 1080.

**MANAGEMENT RESPONSE**

We concur. The campus will obtain the president's approval for international activities agreements as governed by EO 1080 and not identified in an exemption approved by the CO. This will be completed by April 30, 2017.

## GENERAL INFORMATION

### BACKGROUND

In May 2008, the Board of Trustees adopted *Access to Excellence* as the new strategic plan for the CSU. *Access to Excellence* focuses on the intersection of the CSU with the economic, political, and social environment of the state of California, and among its eight commitments is a goal to enhance opportunities for global awareness. Subsequent reports to the Board of Trustees reflect ongoing initiatives to expand the use of academic technologies to bring global education opportunities into the CSU environment; increase mobility for incoming and outgoing exchange, study abroad, and degree-seeking students; review the safety and security environment for specific regional programs abroad; and establish a framework for international activity to share information and best practices that encourage activities while considering the safety of students and institutions.

In 2012, the CO issued a new EO that updated requirements for three main areas of international activities: international agreements with overseas educational partners; study abroad and exchange programs for CSU students; and international students hoping to study at a CSU campus. EO 1080, *International Agreements*, requires that all agreements with foreign partners that commit CSU resources must be approved by the campus president after the document is reviewed by designated CO departments. EO 1081, *Study Abroad and Exchange Programs*, and EO 1082, *International Students*, establish requirements for campuses that set up study abroad and/or exchange programs and enroll nonresident international students, respectively, as part of their international activities. The president of each campus is delegated the responsibility for the development, implementation, and oversight of international programs in accordance with these three EOs and other related CSU policy.

All three of the EOs require that international activities be conducted in a manner that demonstrates a clear benefit to the CSU, and that the activities be part of the university's overall mission to educate the citizens of California. The policy on international students further states that recruitment of international students should be part of a broader internationalization strategy that benefits all CSU students, the campus, and international students. The policy regarding study abroad and exchange for CSU students acknowledges the integral role these activities play in the mission of the institution while addressing the importance of minimizing risk to both the participants and the university. In addition to the policies specific to international activities, the CO has related policies addressing risk management concerns for student travelers.

At San Diego State University (SDSU), international activities involving study abroad or other student-travel programs are overseen by the Office of International Programs (OIP) in academic affairs. The OIP is responsible for ensuring that all international experiences are developed in accordance with system and campus requirements. The campus International Student Center (ISC) and the study-abroad division of the College of Extended Studies (CES) implement both logistical and compliance components of the programs, including participant orientation and program leader training. International students attend the university either as matriculated students in a degree program or as participants in non-degree educational opportunities, such as the American Language Institute, out of CES. International students who wish to be admitted into degree programs must apply through the same channels as

domestic students, via CSU Mentor, and must meet certain federal visa requirements in addition to the university standards for admission.

## SCOPE

We visited the SDSU campus from July 25, 2016, through September 1, 2016. Our audit and evaluation included the audit tests we considered necessary in determining whether administrative and operational controls are in place and operative. The audit focused on procedures in effect from July 1, 2014, through September 1, 2016.

Specifically, we reviewed and tested:

- Campus coverage, or inclusion in the campus strategic plan, of the systemwide mission to enhance opportunities for global awareness.
- International activities administration and organization, including clear lines of organizational authority and responsibility, and current and comprehensive policies and procedures.
- Processes for the development of study abroad or other student-centered international learning experiences, from conceptualization to planning and approval to implementation.
- Study-abroad program administration, including evidence that important safety requirements, such as student orientations and faculty training, have been implemented.
- Study-abroad student participation records to ensure that all participants have met risk management and program requirements.
- Processes to ensure that international agreements, including those with international student recruiters, are properly vetted by appropriate CO divisions and approved by the campus president.
- Campus compliance with requirements to properly select, assess, and approve the use of third-party providers for international student learning experiences, including a review to ensure that the campus does not engage in any prohibited practices.
- International student administration, including confirmation of visa authority requirements, accurate residency determinations, and proper application of admissions requirements.
- Systems and plans in place to provide assurance that the campus has adequate information on the itineraries, locations, and student emergency contacts in the event an emergency situation arises while students are traveling as part of a CSU-affiliated program.

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, which was designed to provide a review of key administrative and operational controls, included interviews, walk-throughs, and detailed testing on certain aspects of the international activities conducted on the campus under review. Our review focused specifically on campus-created international programs and did not specifically include partnerships or consortium programs, nor did it include review of every category of international activities available to students.

## CRITERIA

Our audit was based upon standards as set forth in federal and state regulations and guidance; CSU Board of Trustee policies; Office of the Chancellor 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:

- EO 1041, *California State University Student Travel Policy*
- EO 1051, *Use of Approved Waiver of Liability*
- EO 1062, *Field Trip Policies and Procedures*
- EO 1080, *International Agreements*
- EO 1081, *Study Abroad and Exchange Programs*
- EO 1082, *International Students*
- Coded memorandum Academic Affairs (AA) 2007-25, *Third-Party Program Provider Study Abroad and Administrative Safeguards*
- AA 2015-17, *Non-Resident Tuition Waivers*
- Coded memorandum Risk Management (RM) 2014-01, *High Hazard International Travel*
- RM 2011-02, *Independent International Travel – Students*
- Code of Federal Regulations Title 22, Part 62, *Exchange Visitor Program*
- Code of Federal Regulations, Title 8, Part 214, *Non-Immigrant Classes*
- CSU Admissions Handbook 2015-2016
- Government Code §13402 and §13403
- SDSU OIP *Program Development*
- SDSU OIP *A Guide to International Exchange Agreements*
- SDSU ISC *Policies and Procedures*
- SDSU ISC *Study Abroad Process*
- SDSU *Admissions – International Admissions*

## AUDIT TEAM

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 Audit Manager: Ann Hough