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December 14, 2016

Dr. Eduardo M. Ochoa, President
California State University, Monterey Bay
100 Campus Center, Administration Bldg.
Seaside, CA 93955-8001

Dear Dr. Ochoa:

Subject: Audit Report 16-56, *International Activities*, California State University, Monterey Bay

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

**California State University,
Monterey Bay**

Audit Report 16-56
November 9, 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, numerous specific control weaknesses were noted. Controls evaluated were unlikely to provide reasonable assurance that risks were being managed and objectives were met.

In general, we noted that the campus needed to improve its administration of international activities in nearly all significant areas we reviewed. Several of our observations stemmed from the rapid expansion of the international activities program at the campus and the fact that the campus did not have a structure in place to properly administer the program during this period of growth. We found that the campus did not have comprehensive policies and procedures, and it did not always retain evidence that it met California State University (CSU) requirements regarding study-abroad programs or third-party providers. We also found that the campus was not consistently evaluating its international student recruiters and that campus emergency protocols and procedures for international travel did not address several required components. Additional issues identified included lack of training sessions offered to study-abroad staff and faculty leaders and inconsistent retention of study-abroad student records.

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

OBSERVATIONS, RECOMMENDATIONS, AND RESPONSES

1. POLICIES AND PROCEDURES

OBSERVATION

The campus did not have documented policies and procedures addressing requirements for international activities.

Specifically, we found that the campus did not have:

- A documented campus review process for international agreements that included reviewing risk management elements, as required by Executive Order (EO) 1080, *International Agreements*.
- Procedures to ensure that international agreements were approved by the CO and maintained in final form on the CO-provided Sharepoint site.
- A comprehensive on-campus development process for study-abroad programs that included considerations of the academic, risk management, and administrative components of the program, as outlined in EO 1081, *Study Abroad and Exchange Programs*. The campus had a detailed policy for faculty-led programs, but not for more generalized study-abroad and exchange programs.
- A vetting and approval process for third-party providers of study-abroad programs, including a clear description of the criteria used for approval, as required by EO 1081.

Formal, documented campus policies and procedures for international activities provide increased assurance that all components of risk have been addressed and provide a standard reference for stakeholders in the international activities on campus, particularly during periods of expansion.

RECOMMENDATION

We recommend that the campus develop formal, documented policies and procedures for:

- a. Review and approval of international agreements, including both campus-based responsibilities and requirements to collaborate with the CO and maintain final agreements on the CO-provided Sharepoint site.
- b. Development of study-abroad programs, including considerations of academic, risk management, and administrative components.
- c. Vetting and approval of third-party providers.

MANAGEMENT RESPONSE

We concur. We will develop formal, documented policies and procedures for:

- a. Review and approval of international agreements, including both campus-based responsibilities and requirements to collaborate with the CO and maintain final agreements on the CO-provided Sharepoint site.
- b. Development of study-abroad programs, including considerations of academic, risk management, and administrative components.
- c. Vetting and approval of third-party providers.

Implementation timeline: No later than May 2017

2. INTERNATIONAL STUDENT RECRUITERS

OBSERVATION

The campus did not consistently evaluate all potential international student recruiters.

Specifically, we found that the campus procedure that addressed systemwide requirements to ensure that only suitable candidates be considered for international student recruitment contracting was bypassed under certain circumstances.

Consistently evaluating all potential international student recruiters provides increased assurance that international student applicants will be qualified.

RECOMMENDATION

We recommend that the campus consistently evaluate all potential international student recruiters.

MANAGEMENT RESPONSE

We concur. We will develop procedures to assure consistent evaluation of all potential international student recruiters.

Implementation timeline: March 2017

3. EMERGENCY PREPAREDNESS FOR STUDY-ABROAD PROGRAMS

OBSERVATION

Campus emergency procedures for students and staff traveling internationally needed improvement.

We found that the current campus international emergency procedures provided preparation, communication, and safety travel tips for participants but did not fully address the roles and responsibilities of the campus in the event of an actual emergency that would affect students and staff traveling internationally.

Specifically, the procedures did not address methods to determine when campus participants were affected by an emergency overseas, nor did they fully provide instruction or assign responsibility for important first steps for emergency management, such as incident assessment, resource identification, and communication with and between all stakeholders.

Establishing comprehensive emergency protocols and procedures for students and staff traveling internationally helps ensure the health and safety of each individual and decreases potential legal liabilities.

RECOMMENDATION

We recommend that the campus fully develop comprehensive emergency procedures that address methods for determining when campus participants have been affected by an emergency overseas and the roles and responsibilities of the campus in the event of an emergency that affects students and staff traveling internationally.

MANAGEMENT RESPONSE

We concur. We will develop comprehensive emergency procedures that address methods for determining when campus participants have been affected by an emergency overseas and the roles and responsibilities of the campus in the event of an emergency that affects students and staff traveling internationally.

Implementation timeline: March 2017

4. STUDY-ABROAD TRAINING SESSIONS

OBSERVATION

The campus did not provide training sessions to staff or faculty who led study-abroad programs and other international activities.

According to EO 1081, the campus must provide a training session to those leading international activities that covers emergency-response training, communication from abroad, the student conduct code, the alcohol and drug policy, and disciplinary procedures, in addition to other country- or program-specific information.

Leader training for staff and faculty in charge of study-abroad and other international activities provides greater assurance that these trips will be conducted in a manner that more fully considers the health and safety of participants.

RECOMMENDATION

We recommend that the campus:

- a. Provide training sessions incorporating all topics required by systemwide policy to all staff and faculty who lead study-abroad programs and other international activities.
- b. Retain evidence of the completed training.

MANAGEMENT RESPONSE

We concur.

- a. We will develop a complete training program incorporating all topics required by systemwide policy for all staff and faculty who lead study-abroad programs and other international activities.
- b. We will develop and implement procedures to assure that evidence of completed training is retained.

Implementation timeline: March 2017

5. STUDY-ABROAD STUDENT RECORDS

OBSERVATION

The campus did not always maintain evidence showing that students participating in study-abroad programs met CSU requirements.

We reviewed 30 student files for seven study-abroad programs, and we found that:

- Sixteen student files did not contain evidence of student attendance at the mandatory pre-departure orientation.
- Two student files did not contain a signed Study Abroad Agreement, a document that informs students about the CSU student conduct code.
- Two student files did not contain a signed CSU Release of Liability, Promise Not to Sue, Assumption of Risk, and Agreement to Pay Claims form.

Maintenance of evidence showing that students participating in international activities met CSU requirements decreases liability risk should an unforeseen incident result in an adverse situation for a participant and enhances student safety.

RECOMMENDATION

We recommend that the campus develop, document, and implement a process to maintain evidence showing that all students participating in study-abroad programs have met CSU requirements.

MANAGEMENT RESPONSE

We concur. We will develop, document, and implement a process to maintain evidence showing that all students participating in study-abroad programs have met CSU requirements.

Implementation timeline: March 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 CSUMB, international activities involving study-abroad or other student-travel programs are overseen by the international programs (IP) office in the College of Extended Education and International Programs under academic affairs. IP is responsible for ensuring that all international activities, including faculty-led study-abroad and service-learning programs, are developed in accordance with system and campus requirements. IP is the main office in charge of implementing both logistical and compliance components of general study-abroad programs and exchanges, including participant orientation and leader training. IP approves study-abroad programs led by faculty, but faculty leaders are responsible for the logistical, compliance, and budgeting components. 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 and Culture Program, out of extended education. 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 CSUMB campus from August 1, 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
- *Protocol for Managing Emergencies – CSUMB Study Abroad Students*

AUDIT TEAM

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