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March 2, 2017

Dr. Soraya M. Coley, President
California State Polytechnic University, Pomona
3801 West Temple Avenue
Pomona, CA 91768

Dear Dr. Coley:

Subject: Audit Report 16-60, *International Activities*, California State Polytechnic University, Pomona

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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INTERNATIONAL ACTIVITIES

**California State Polytechnic University,
Pomona**

Audit Report 16-60
January 23, 2017

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 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.

However, our review disclosed instances of non-compliance with systemwide and campus policies, as well as deficiencies in campus policies and procedures. For example, the campus did not ensure proper insurance coverage for incoming international students or students participating in outgoing study-abroad programs.

Further, the campus did not require training for staff or faculty who led study-abroad trips, and the campus emergency procedures did not adequately address all international activities. Also, the campus did not consistently maintain evidence to support students' participation in required pre-departure orientations. In addition, an arrangement between the campus and a third-party provider for an international program was not in compliance with California State University (CSU) requirements.

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

OBSERVATIONS, RECOMMENDATIONS, AND RESPONSES

1. INCOMING INTERNATIONAL STUDENTS

OBSERVATION

The campus did not ensure that all international students maintained adequate insurance.

Specifically, we reviewed files for 20 international students and found that three students had not obtained the required insurance policies.

According to EO 1082, *International Students*, international students are required to maintain adequate insurance coverage for health, medical evacuation, and repatriation as a condition of registration and continued enrollment in the CSU.

Requiring students to obtain insurance assists in mitigation of risks to the well-being of students.

RECOMMENDATION

We recommend that the campus ensure that all international students maintain adequate insurance.

MANAGEMENT RESPONSE

We concur. We will develop a process to ensure that all international students maintain adequate insurance.

Expected completion date: May 1, 2017

2. STUDY-ABROAD INSURANCE REQUIREMENT

OBSERVATION

The campus process to ensure compliance with study-abroad insurance requirements needed improvement.

We reviewed 30 student files from six study-abroad programs, and we found that two students had not secured required Foreign Travel Insurance Program (FTIP) overlay insurance to supplement the separate insurance policy that they had obtained to fulfill the foreign country or institution requirements.

Executive Order (EO) 1081 requires students participating in a study-abroad program, including an exchange, to carry medical insurance, including medical evacuation and repatriation coverage, that will be valid in the host countries. Coded memorandum Risk Management (RM) 2014-01 additionally requires all faculty, staff, and students who travel internationally on CSU business to use FTIP insurance.

Requiring students studying abroad to obtain adequate insurance coverage reduces risks to their health, safety, and security.

RECOMMENDATION

We recommend that the campus require all students who study abroad to obtain the required insurance coverage.

MANAGEMENT RESPONSE

We concur. It is our policy to have every campus study-abroad student covered by the required insurance. The audit identified two students who were missing overlay insurance coverage due to an error in the way sorting was conducted within the student database. The early July start dates in Australia caused both students to be overlooked and mistakenly categorized as summer students as opposed to students enrolled in the fall semester in Australia. We have since corrected our practice by running the insurance reports based on academic term rather than start date. This ensures that all students participating in study-abroad programs have the required insurance coverage.

Corrective action on this item is complete.

3. STUDY-ABROAD TRAINING SESSIONS

OBSERVATION

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

EO 1081, *Study Abroad and Exchange Programs*, states that campuses 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 and require attendance at training sessions that incorporate 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. Although all staff and faculty were briefed on study-abroad-related procedures, the campus did not have a formalized training and documentation process in place. Moving forward, all faculty and staff will be required to attend formal training, and we will document their participation.

Expected completion date: May 1, 2017

4. EMERGENCY PREPAREDNESS

OBSERVATION

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

We found that although the campus had procedures that adequately addressed the required steps in the event that a student or staff member was affected by an overseas emergency while participating in a faculty-led study-abroad program, the procedures did not address risks associated with other types of international activities. For example, the procedures had no mention of a process to follow for emergency situations that may arise in connection to international exchange programs.

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

RECOMMENDATION

We recommend that the campus develop comprehensive emergency procedures for international exchange programs.

MANAGEMENT RESPONSE

We concur. The campus will update and expand its existing faculty-led emergency procedures to include international exchange programs.

Expected completion date: June 1, 2017

5. PRE-DEPARTURE ORIENTATIONS

OBSERVATION

The campus did not consistently maintain evidence of student participation in required pre-departure orientations.

We reviewed 30 student files from six study-abroad programs, and we found that ten student files did not contain evidence of student attendance at mandatory pre-departure orientations.

EO 1081 states that a requirement of any study-abroad program is the provision of a pre-departure orientation that addresses health, safety, security, specific legal exposure or political restrictions, and CSU or campus policies.

Maintenance of documentation showing compliance with pre-departure orientation requirements decreases risk should an unforeseen incident result in an adverse situation for the participants and enhances student and faculty safety.

RECOMMENDATION

We recommend that the campus maintain evidence of student participation in required pre-departure orientations.

MANAGEMENT RESPONSE

We concur. The campus will develop a process and communicate it to stakeholders to maintain evidence of student participation in required pre-departure orientations.

Expected completion date: May 1, 2017

6. STUDY-ABROAD THIRD-PARTY PROVIDER

OBSERVATION

Administration of an arrangement with a third-party provider for a study-abroad program was not in compliance with CSU requirements.

We found that the campus was involved in advertising and recruiting students for a study-abroad program to Spain that was offered and administered by a third-party provider. However, the campus did not have a current and formally approved agreement with the third-party provider, and the campus was receiving payment for each student who enrolled in the program.

EO 1081 requires that the use of third-party providers must be approved per the campus' written process for approving study-abroad program providers. It additionally prohibits the acceptance of payments from a third-party provider in exchange for recommending a program to students.

Agreements with study-abroad providers that are not properly vetted and approved increase the risk of misunderstandings and potential legal liabilities, and a lack of transparency regarding relationships with service providers exposes the campus and the CSU to financial and reputational risk. Additionally, accepting payments or benefits in exchange for recommending a program creates a conflict that increases the risk that programs offered may not be in the best interest of students.

RECOMMENDATION

We recommend that if the campus chooses to continue with any sort of arrangement with the third-party provider, it:

- a. Approve use of the third-party provider through the campus' formal selection process.
- b. Establish a formally documented agreement.
- c. Consult with the Office of the General Counsel at the Office of the Chancellor (CO) and research the appropriateness of the ongoing receipt and use of funds from the third-party provider.

MANAGEMENT RESPONSE

We concur.

- a. The audit revealed that one summer program to Spain was incorrectly categorized as faculty-led when it was really an independent program. We corrected the program category immediately during the audit. It is our practice to obtain an approval to use a third-party provider through the campus' formal selection process. We will obtain an approval should any future third-party provider be involved.
- b. The audit mentioned a legacy program that is no longer under the purview of the campus, so no agreement is necessary in this case. But we will obtain a formally documented agreement if any future relationships develop.
- c. We have ceased the payment arrangement under the legacy program mentioned above and will adhere to CSU policies prohibiting acceptance of such payments in the future.

Corrective actions on this item are complete.

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 new EOs 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 California State Polytechnic University, Pomona (CPP), international activities are primarily administered under the College of the Extended University (CEU), with broad oversight from the CEU dean, who is also the interim senior international officer. The CEU unit that is mainly responsible for the administration of stateside international programs is the International Center, which administers study-abroad and exchange programs, visiting scholars and faculty, and federal compliance and reporting for matriculating students and for visiting scholars. International student admissions are the responsibility of the office of admissions and outreach under academic affairs.

SCOPE

We visited the CPP campus from October 17, 2016, through November 18, 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 November 18, 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*
- RM 2011-02, *Independent International Travel – Students*
- RM 2014-01, *High Hazard International Travel*
- 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
- CPP *International Center Procedures Manual*

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