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August 31, 2017

Dr. Karen S. Haynes, President
California State University, San Marcos
333 South Twin Oaks Valley Road
San Marcos, CA 92096-0001

Dear Dr. Haynes:

Subject: Audit Report 17-21, *International Activities*, California State University, San Marcos

We have completed an audit of *International Activities* as part of our 2017 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 University,
San Marcos**

Audit Report 17-21
July 25, 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 (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.

We noted that the campus had an appropriate framework for the administration of international activities. Most of our observations stemmed from the lack of consistent records regarding mandatory pre-departure training and orientation for international students. In addition, documented policies and procedures could be improved, including campus emergency protocols and procedures for international travel. Further, we found opportunities to improve compliance with the administration and approval of international agreements, purchase of foreign travel liability and medical insurance, and completion of waiver of liability forms.

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

OBSERVATIONS, RECOMMENDATIONS, AND RESPONSES

1. ADMINISTRATION AND APPROVAL OF INTERNATIONAL AGREEMENTS

OBSERVATION

The campus did not always comply with the administration and approval of international agreements, as required by Executive Order (EO) 1080, *International Agreements*.

We reviewed six international agreements for programs held during spring 2015 and summer 2017, and we found that the campus did not always have an executed agreement prior to commencement of international activities. Specifically:

- In one instance, the college failed to notify the office of global programs and services (GPS) when a one-time internship program was developed, and as a result, the campus did not execute an international agreement for the program.
- One agreement with a United States-based third-party provider (TPP) was not signed by the campus president; instead it was signed by the campus procurement and contracts office and GPS executive director.
- In three instances, the campus did not provide agreements for international programs held during the selected audit period. For some, only the draft renewal agreement to extend the original agreement terms was available; therefore, we could not confirm whether the campus president properly approved these agreements.

In addition, the campus did not always upload the final and signed copy of international agreements to the CO web portal. For example, we reviewed five recruiter agreements, and we found that in one instance, the final copy uploaded to the web portal was not signed by both parties.

We also noted that during the scope of the audit, the campus risk management office was not involved in reviewing international agreements before they were submitted to the CO for review. According to GPS, campus risk management elected to forgo their review when the agreement format did not deviate from the approved California State University (CSU) template and the participants were not traveling to a high-hazard or travel-warning country.

Proper administration and approval of international agreements provides greater assurance that international activities will be conducted in a consistent manner and decreases the risk of misunderstandings and potential legal liabilities.

RECOMMENDATION

We recommend that the campus:

- a. Ensure that an international agreement is executed prior to commencement of international activities and that the final and signed copy of the agreement is uploaded to the CO web portal.

- b. Require the campus risk management office to review all international agreements before they are submitted to the CO for review.

MANAGEMENT RESPONSE

We concur. International agreements will be executed prior to commencement of international activities, and the final and signed copy of the agreement will be uploaded to the CO web portal. In addition, the campus risk manager will review all international agreements before they are submitted to the CO for review.

Estimated completion date: December 31, 2017

2. EMERGENCY PREPAREDNESS

OBSERVATION

The campus did not have a comprehensive database of necessary information or emergency response procedures for students, faculty, and staff traveling internationally.

We found that:

- The campus did not have a comprehensive, centralized database system to collect and maintain real-time information regarding location and contact information for students, faculty, and staff traveling abroad. The campus was using an online file-sharing application that recorded travel information and emergency contacts at the time of departure but did not always update information and contacts as necessary. In addition, information and contacts might not have been readily accessible to risk management in the case of an emergency.
- The *GPS Program Leader Handbook – Student Behavior Problems and Program Emergencies* for study-abroad programs contained emergency contact information; however, the handbook was not current and had not been updated since 2009. In addition, related campus departments such as risk management did not have documented emergency response procedures for international programs and participants traveling abroad.

Establishing comprehensive emergency protocols and procedures for students, staff, and faculty traveling internationally helps to ensure their health and safety and reduces the risk and potential liability to the campus.

RECOMMENDATION

We recommend that the campus:

- a. Establish a comprehensive, centralized database system to collect and maintain real-time information regarding location and contact information for students, faculty, and staff traveling abroad.

- b. Update the *GPS Program Leader Handbook – Student Behavior Problems and Program Emergencies* to reflect current campus emergency contact information and practices.
- c. Ensure that related departments develop and document emergency response procedures for international programs and participants traveling abroad.

MANAGEMENT RESPONSE

We concur. The campus will establish a comprehensive, centralized database system to collect and maintain real-time information regarding the locations and contact information for students, faculty, and staff traveling abroad. We will update the *GPS Program Leader Handbook—Student Behavior Problems and Program Emergencies* to reflect current campus emergency contact information and practices. We will ensure that all related departments develop and document emergency response procedures for international programs and participants traveling abroad.

Estimated completion date: December 31, 2017

3. POLICIES AND PROCEDURES

OBSERVATION

The campus had not formally documented its policies and procedures addressing the requirements and development of international programs and activities.

We found that the campus had a number of established processes in place for international programs and activities and was in process of finalizing standard operating procedures and guidelines for these programs. However, procedures had not been formally documented at the time of our review. Documented policies and procedures should address:

- The campus review process and CO approval of international agreements, as required by EO 1080.
- A comprehensive on-campus development process for study-abroad programs and other international activities, as outlined in EO 1081, *Study Abroad and Exchange Programs*. We found that the campus had guidelines for faculty-led, short-term study-abroad programs, but not for more generalized study-abroad and exchange programs.
- The process for selecting and approving TPPs administering study-abroad programs, as required by EO 1081.
- The process for selecting potential recruiters or agents to ensure the use of only suitable candidates, as outlined in EO 1082, *International Students*.

The formal documentation of campus policies and procedures for international programs and activities provides a standard reference for stakeholders and increases assurance that components of risk have been addressed.

RECOMMENDATION

We recommend that the campus formally document policies and procedures for international programs and activities, including the development and approval of international programs and agreements and the selection and approval of TPPs and recruiters and agents.

MANAGEMENT RESPONSE

We concur. The campus will formally document policies and procedures for international programs and activities, including the development and approval of international programs and agreements and the selection and approval of third-party providers, recruiters, and agents.

Estimated completion date: December 31, 2017

4. STUDY-ABROAD STUDENT RECORDS**OBSERVATION**

The campus did not always comply with requirements related to insurance, release liability forms, and pre-departure orientation.

We reviewed records for 30 outbound students from six study abroad and international exchange programs held during spring 2015 and summer 2017, and we found that:

- In 30 instances, students traveling abroad purchased the Wells Fargo insurance coverage instead of the Foreign Travel Insurance Program (FTIP) coverage, as required by EO 1081 and coded memorandum Risk Management (RM) 2014-01, *High Hazard International Travel Approval Process and Requirement to Purchase Insurance*. We noted that GPS only became aware of RM 2014-01 recently, in spring 2017, with the arrival of the campus risk manager.
- In 30 instances, the campus incorrectly required outbound students to complete the campus *Air Travel Release and Hold Harmless Statement* form, instead of the CSU *Release of Liability, Promise Not to Sue, Assumption of Risk and Agreement to Pay Claims*. The campus air travel release form had similar language to the required CSU waiver form, but lacked key elements.
- In 18 instances, the campus had not consistently retained documentation showing that required pre-departure orientation had been provided to outgoing study-abroad and exchange students. EO 1081 requires that the student receive pre-departure orientation that addresses health, safety, security, specific legal exposure or political restrictions, and CSU or campus policies.

Compliance with required insurance coverage, CSU liability waiver forms, and documentation of pre-departure orientation decreases risk should an unforeseen incident result in an adverse situation for the participants, and reduces the risk and potential liability to the campus.

RECOMMENDATION

We recommend that the campus:

- a. Purchase the required insurance coverage for all students traveling abroad.
- b. Ensure that the required CSU liability waiver form is completed by all students traveling abroad.
- c. Maintain records showing that pre-departure orientation has been provided to outgoing study-abroad and exchange students.

MANAGEMENT RESPONSE

We concur. The campus will purchase the required insurance coverage for all students traveling abroad. We will ensure that the required CSU liability waiver form is completed by all students traveling abroad. We will maintain records showing that pre-departure orientation has been provided to outgoing study-abroad and exchange students.

Estimated completion date: December 31, 2017

5. STUDY-ABROAD TRAINING SESSIONS

OBSERVATION

Records showing that faculty who led study-abroad programs and other international activities completed pre-departure training were not always retained.

EO 1081 states that campuses must provide a training session to faculty and staff leading international activities. The training should cover 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. We reviewed four outbound study-abroad programs with faculty participants that started between spring 2015 and summer 2017, and in three instances, we found that the campus had not retained records showing that GPS-provided faculty training had occurred.

Documented training for faculty and staff leading 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, and reduces the risk and potential liability to the campus.

RECOMMENDATION

We recommend that the campus retain records showing that all faculty and staff who lead study-abroad programs and other international activities have completed training.

MANAGEMENT RESPONSE

We concur. The campus will retain records showing that all faculty and staff who lead study-abroad programs and other international activities have completed training.

Estimated completion date: December 31, 2017

6. INTERNATIONAL STUDENT ORIENTATION

OBSERVATION

The campus did not always retain records showing that matriculated and non-matriculated international students had attended the mandatory orientation.

We reviewed the records of five first-time freshmen, five transfers, five graduate students, five reciprocal exchange students, and five American Language and Culture Institute students who were on campus during the fall 2015 and spring 2016 semesters, and we found that in three instances, records to show that international students attended mandatory orientation were not on file.

Specifically, one transfer and one reciprocal exchange student appeared to have attended a make-up orientation, but documentation of attendance at these make-up orientations was not retained. Also, one graduate student did not have evidence on file showing attendance at orientation.

Retaining records showing attendance at new-student orientation ensures compliance with CSU requirements and promotes operational best practices.

RECOMMENDATION

We recommend that the campus retain records showing that matriculated and non-matriculated international students have attended new-student orientation.

MANAGEMENT RESPONSE

We concur. The campus will retain records showing that matriculated and non-matriculated international students have attended new-student orientation.

Estimated completion date: December 31, 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 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 California State University, San Marcos (CSUSM), international activities involving study-abroad, student-exchange and other student-travel programs are overseen by GPS in the division of extended learning. International students attend CSUSM either as matriculated students in a degree program or as participants in non-degree educational opportunities offered by the American Language and Cultural Institute (ALCI). Those seeking admission 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 CSUSM and program-specific criteria for admission.

The office of global education (GE) and the ALCI assist international students and participants with their application and enrollment process, including immigration and employment-related advising through orientation, multimodal communication, and office hours. Current CSUSM students can participate in international experiences through study-abroad programs or international student exchange agreements. GE assists these students in applying for programs, completing travel requirements, and completing training prior to departure.

SCOPE

We visited the CSUSM campus from April 24, 2017, to June 2, 2017. 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, 2015, through June 2, 2017.

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 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
- GPS Program Leader Handbook – *Student Behavior Problems and Program Emergencies*

AUDIT TEAM

Assistance Vice Chancellor and Deputy Chief Audit Officer: Janice Mirza
 Audit Manager: Joanna McDonald
 Senior Auditor: May Flores