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September 1, 2017

Dr. Leslie E. Wong, President
San Francisco State University
1600 Holloway Avenue
San Francisco, CA 94132

Dear Dr. Wong:

Subject: Audit Report 17-40, *International Activities*, San Francisco State University

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

San Francisco State University

Audit Report 17-40
July 26, 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

We found the control environment for the areas reviewed to be in need of some improvement.

Based upon the results of the work performed within the scope of the audit, except for the weaknesses described below, the operational and administrative controls for international activities as of June 16, 2017, taken as a whole, provided 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 exchange programs. This was partly due to the campus' interpretation of Executive Order (EO) 1081, *Study Abroad and Exchange Programs*. Although provisions of EO 1081 were applied to the administration of faculty-led study-abroad programs, they were not applied to the administration of international exchange programs. Specifically, we found that the campus did not have a comprehensive on-campus development process and written emergency procedures for international exchange programs or a current campus review process for international exchange agreements. We also found that the campus needed to improve its international student recruiter selection process to ensure that recruiter qualifications and performance were verified and documented.

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

OBSERVATIONS, RECOMMENDATIONS, AND RESPONSES

1. INTERNATIONAL EXCHANGE PROGRAM ADMINISTRATION

OBSERVATION

Processes for the development and administration of international exchange programs needed improvement.

Specifically, the campus did not have:

- A comprehensive on-campus development process for international exchange programs that included considerations of risk management and administrative components of the program, as outlined in EO 1081, *Study Abroad and Exchange Programs*.
- A current campus review process for international exchange agreements that included reviewing risk-management elements and applicable host country legal requirements, and procedures to ensure that international agreements were approved by the CO and maintained in final form on the CO-provided Sharepoint site, as required by EO 1080, *International Agreements*.
- Written emergency procedures for international exchange programs.

Additionally, we reviewed seven international exchange programs and noted that five agreements did not include sunset dates, had not been renewed in the last five years, and had not been approved by the CO.

Current and comprehensive policies and procedures for the development and administration of international exchange programs increase assurance that all components of risk have been addressed and provide a standard reference for stakeholders in international activities on campus. Additionally, written emergency procedures for students and staff traveling internationally help ensure the health and safety of students, staff, and faculty and decrease potential legal liabilities. Also, current agreements with a duration of no more than five years provide assurance that risks and benefits associated with the agreements are periodically evaluated.

RECOMMENDATION

We recommend that the campus:

- a. Develop a comprehensive on-campus development process for international exchange programs, including considerations of risk management and administrative components.
- b. Update the campus review process for international exchange agreements so that it includes review of risk management elements and applicable host country legal requirements and procedures to ensure that international agreements are approved by the CO and maintained in final form on the CO-provided Sharepoint site.

- c. Develop written emergency procedures for international exchange programs.
- d. Renew all international exchange agreements that were executed prior to the issuance of EO 1080 to include a sunset clause with a duration of no more than five years.

MANAGEMENT RESPONSE

We concur.

- a. The Office of International Programs (OIP) has developed a new comprehensive procedure for international exchange programs that includes considerations of risk management and administrative components. The new procedures will be provided by August 31, 2017.
- b. OIP has updated the campus review process for international exchange agreements so that it includes a review of risk management elements and applicable host country legal requirements and procedures to ensure that international agreements are approved by the CO and maintained in final form on the CO-provided Sharepoint site. The new procedure will be provided by August 31, 2017.
- c. Risk management has created written emergency procedures for international exchange programs. The new emergency procedures will be provided by August 31, 2017.
- d. OIP has already begun to renew all of our exchange agreements so that they will be in compliance with EO 1080 and include a sunset clause with a duration of no more than five years. The schedule of completion and evidence of renewal will be provided by August 31, 2017.

2. RECRUITER SELECTION PROCESS

OBSERVATION

Campus procedures regarding the approval of international student recruiters and documentation of that approval needed improvement.

We reviewed ten recruiter agreements and found that the campus did not:

- Formally document the selection criteria for international student recruiters, such as verification that the recruiter had clear and transparent governance and ownership, as well as effective management, as required by EO 1082, *International Students*. Campus documentation regarding potential recruiters included only an application, a procedure for recruiters, and a questionnaire for reference checks from a list supplied by the recruiter.
- Document the results of reference checks used to determine the qualifications and fit of the recruiter.
- Ask references about the quality of students the recruiter had secured for their institution.

Comprehensive verification of international student recruiter qualifications and performance provides greater assurance that the campus will admit fully qualified students.

RECOMMENDATION

We recommend that the campus review and revise procedures regarding approval of international student recruiters to:

- a. Formally document the selection criteria for international student recruiters and the results of reference checks.
- b. Ask references about the quality of students the recruiter had secured for their institution.

MANAGEMENT RESPONSE

- a. OIP has begun to formally document the selection criteria for international student recruiters and the results of reference checks. Evidence of completion will be provided by August 31, 2017.
- b. OIP has begun to ask references about the quality of students the recruiter had secured for their institution. Evidence of completion will be provided by August 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 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 San Francisco State University (SFSU), international activities involving study-abroad and other student-travel programs are overseen by OIP in the division of international education under student affairs and enrollment management and the College of Extended Learning (CEL) under academic affairs. OIP is responsible for ensuring that all international activities, including faculty-led study-abroad and exchange programs, are developed and administered in accordance with systemwide and campus requirements. CEL provides only self-supporting international programs, such as the American Language Institute, Summer in San Francisco, and faculty-led study-abroad programs.

SCOPE

We visited the SFSU campus from May 1, 2017, through June 16, 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 16, 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.
- 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.
- Payment of international faculty H-1B visa fees.

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 Risk Management (RM) 2014-01, *High Hazard International Travel*
- RM 2011-02, *Independent International Travel – Students*
- Government Code §13402 and §13403
- SFSU *Faculty Leader Handbook*
- SFSU *Managing Emergencies Abroad*
- SFSU *Procedure of Establishing an Official Recruiting Agency Partnership with SFSU*
- SFSU *Establishing Overseas International Partner Program*

AUDIT TEAM

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