

Audit and Advisory Services
401 Golden Shore, 4th Floor
Long Beach, CA 90802-4210

562-951-4430
562-951-4955 (Fax)
lmandel@calstate.edu

November 21, 2018

Dr. Thomas A. Parham, President
California State University, Dominguez Hills
1000 E. Victoria Street
Carson, CA 90747

Dear Dr. Parham:

Subject: Audit Report 18-38, *International Activities*, California State University, Dominguez Hills

We have completed an audit of *International Activities* as part of our 2018 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 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



INTERNATIONAL ACTIVITIES

**California State University,
Dominguez Hills**

Audit Report 18-38
October 8, 2018

EXECUTIVE SUMMARY

OBJECTIVE

The objectives of the audit were to ascertain the effectiveness of operational, administrative, and financial controls related to international activities and to ensure compliance with relevant federal and state regulations; Trustee policy; Office of the Chancellor (CO) directives; and campus procedures.

CONCLUSION

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

Based upon the results of the work performed within the scope of the audit, except for the weaknesses described below, the operational, administrative, and financial controls for international activities as of September 7, 2018, taken as a whole, provided reasonable assurance that risks were being managed and objectives were met.

In general, the campus had an appropriate framework for the administration of international activities. However, the audit revealed that the campus needed to enhance its administration and oversight of international programs to ensure compliance with campus and systemwide requirements. This was mainly due to management turnover, lack of transitional training, and extended leaves of absence for employees in the College of Extended and International Education (CEIE). We found that the campus did not reimburse the CEIE for services provided to the campus in support of international student enrollment in credit-bearing courses and study-abroad programs and had not secured an agreed-upon number of on-campus housing units for international students. Also, campus emergency-response procedures for students, faculty, and staff traveling internationally were not documented, and the American Language and Cultural Program (ALCP) office was not authorized as an official cashiering location. Additionally, attention was required in some key areas related to the retention of documents for international student admission records, international training programs (ITP), study-abroad programs, and international student services (ISS) activities.

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

OBSERVATIONS, RECOMMENDATIONS, AND RESPONSES

1. COST REIMBURSEMENT

OBSERVATION

The campus had not reimbursed the CEIE for services provided to support international student enrollment in credit-bearing courses and study-abroad programs.

Cost reimbursement from the campus for services provided can help the CEIE properly budget and continue to support international programs.

RECOMMENDATION

We recommend that the campus identify and track services provided by the CEIE and reimburse the costs associated with these services.

MANAGEMENT RESPONSE

We concur. The campus will identify and track services provided by the CEIE and reimburse the costs associated with these services as appropriate by April 2019.

2. EMERGENCY PREPAREDNESS

OBSERVATION

Campus emergency-response procedures for students, faculty, and staff traveling internationally were not documented.

We found that the campus provided emergency preparation, communication, and safety travel tips to students, faculty, and staff participating in international programs during the mandatory pre-departure orientation, and the campus had a general idea of the emergency management procedures if students, faculty, or staff traveling abroad were affected by an overseas emergency. However, these procedures were not formally documented.

Specifically, the campus did not have documented procedures that addressed:

- Methods to determine when campus participants were affected by an emergency overseas.
- Emergency contact information locally and abroad, as well as recommended first response, communication, and follow-up protocols.
- The roles and responsibilities of campus departments, such as risk management, CEIE, campus communications, and/or the president's office in case of an international emergency involving students, faculty, or staff.

Establishing documented emergency response procedures for campus personnel in the event of an emergency involving students, faculty, or staff members traveling internationally reduces the risk and potential liability to the campus.

RECOMMENDATION

We recommend that the campus document:

- a. Methods to determine when campus participants have been affected by an emergency overseas.
- b. An emergency procedure focused on emergency contact information locally and abroad, as well as recommended first response, communication hierarchy, and follow-up protocols.
- c. The roles and responsibilities of campus departments responsible for the communication of international emergencies that involve students, faculty, or staff.

MANAGEMENT RESPONSE

We concur. The campus will provide documentation on the methods to determine when campus participants have been affected by an emergency overseas, emergency procedures focused on emergency contact information locally and abroad, and recommended first response, communication hierarchy, and follow-up protocols, and will document roles and responsibilities of campus departments responsible for the communication of international emergencies that involve students, faculty, or staff by December 2018.

3. AMERICAN LANGUAGE AND CULTURAL PROGRAM

OBSERVATION

The ALCP office was not authorized as an official cashiering location and did not always comply with campus and systemwide cash-handling requirements.

We reviewed cash-handling practices at the ALCP, and we found that it:

- Had not been authorized as an official cashiering location by the campus chief financial officer. As a result, cash-handling employees in the ALCP had not received cashiering training from the campus.
- Had not maintained a log documenting cash receipts and initialed by the cashier's office, as required by the campus *Cash Collection Points Policy*.
- Used an application credit card payment form stating that payments could be received via email or fax, which was not permissible according to Integrated California State University Administrative Manual (ICSUAM) §6304.00, *Debit/Credit Card Payment Policy*.

Appropriate authorization and administration of cash-handling locations help to ensure that employees are properly trained and cognizant of related policies and procedures and decrease campus exposure to loss or misappropriation of funds.

RECOMMENDATION

We recommend that the campus:

- a. Determine whether the ALCP should be an authorized official cashiering location, and if so, complete the authorization form to obtain proper approvals, and provide cashiering training to ALCP cash-handling personnel.
- b. Establish a log to document cash receipts and ensure it is initialed by the cashier's office.
- c. Update the ALCP application credit card payment form to state that payments cannot be received via email or fax.

MANAGEMENT RESPONSE

We concur. The campus will determine whether the ALCP should be an authorized cashiering location, complete the proper authorization protocols, and provide cashier training to ALCP cash-handling personnel, establish a log to document cash receipts initialed by the cashier's office, and update the ALCP application credit card payment form to state that payments cannot be received via email or fax by January 2019.

4. INTERNATIONAL HOUSING

OBSERVATION

The campus had not secured the agreed-upon number of on-campus housing units for international students.

We found that due to increased enrollment of domestic students, the housing department had not secured the agreed-upon number of on-campus housing units for international students. As a result, in some instances, three international students were placed in an apartment, instead of two. The international students were not informed of this arrangement prior to their arrival on campus, and the campus housing website that international students had viewed for housing information clearly stated that two people would share an apartment.

Providing adequate campus housing for international students increases the value of students' international experience, which can help further increase international student enrollment and achieve the campus internationalization strategic plan.

RECOMMENDATION

We recommend that the campus evaluate on-campus housing for international students, considering the increase in international student enrollment and the campus international strategic plan. Document the evaluation.

MANAGEMENT RESPONSE

We concur. The campus will evaluate on-campus housing for international students and document the evaluation by January 2019.

5. INTERNATIONAL STUDENTS

OBSERVATION

The campus did not always properly maintain all admissions and administration records for international students.

We reviewed records for 15 matriculated students, five intensive English program (IEP) students, and five exchange international students, and we found that:

- The campus did not have the most current U.S. address for seven matriculated and four exchange students in the PeopleSoft system used by the campus for student records. However, the students' current U.S. addresses were appropriately updated in the Student and Exchange Visitor Information System (SEVIS).
- Proof of adequate health insurance coverage was not obtained during the enrollment period for three matriculated students.
- The campus did not retain evidence of student attendance at the mandatory international orientation for two exchange students and one matriculated student.
- The admissions office issued an incorrect I-20 form for one matriculated student, which resulted in Homeland Security denying the student's application to reinstate the SEVIS record.

Properly documenting admissions evaluations and maintaining student records ensures compliance with California State University (CSU) and campus admissions requirements.

RECOMMENDATION

We recommend that the campus develop and implement a process to:

- a. Update PeopleSoft with the most current U.S. addresses for international students.
- b. Obtain proof of adequate health insurance coverage during the enrollment period.
- c. Retain records showing that international students attended the mandatory international orientation.
- d. Verify that the correct I-20 form is generated before issuing the form to students.

MANAGEMENT RESPONSE

We concur. The campus will update PeopleSoft with the most current U.S. addresses for international students, obtain proof of adequate health insurance coverage during the enrollment period, retain records showing international students attended the mandatory international orientation, and verify the correct I-20 form is generated before issuing the form to students by January 2019.

6. INTERNATIONAL TRAINING PROGRAMS

OBSERVATION

ITPs did not require release of liability waivers and documented approval for adjusted rates.

We reviewed five ITPs, and we found that:

- Release of liability waivers were not collected for two ITPs involving minors, as required by Executive Order (EO) 1051, *Use of Approved Waiver of Liability*.
- For two ITPs, clients were charged a rate that was lower than those listed on the price list approved by the CEIE dean; however, documentation showing that the appropriate campus personnel approved the adjusted rate was not maintained.

Proper collection of release of liability waivers and documentation of approval of adjusted rates promote compliance with CSU and campus requirements and reduce the risk and potential liability to the campus.

RECOMMENDATION

We recommend that the campus:

- a. Collect and retain release of liability waivers for all minors participating in international training programs.
- b. Document the approval of any adjusted rates for ITP.

MANAGEMENT RESPONSE

We concur. The campus will collect and retain release of liability waivers for all minors participating in international training programs and will document the approval of any adjusted rates for ITP by December 2018.

7. STUDY-ABROAD PROGRAMS

OBSERVATION

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

We reviewed files for 15 students and two faculty members in study-abroad programs, and we found that:

- 13 student files did not contain student conduct forms. The campus started the requirement to complete the student conduct forms in spring 2018, and we verified that two students who traveled abroad during the 2018 spring intersession did complete the form.
- One student file did not contain evidence of student attendance at the mandatory pre-departure orientation.
- Two faculty files did not contain evidence that the mandatory faculty pre-departure orientation included discussions about student conduct, the alcohol and drug policy, and disciplinary procedures. Additionally, one faculty file did not contain evidence of faculty attendance at the mandatory pre-departure orientation.

Properly maintaining student and faculty records promotes compliance with CSU and campus requirements and reduces the risk and potential liability to the campus.

RECOMMENDATION

We recommend that the campus:

- a. Collect and retain copies of all signed student conduct forms.
- b. Update the faculty pre-departure orientation to include discussions about student conduct, the alcohol and drug policy, and disciplinary procedures.
- c. Record student and faculty attendance at mandatory pre-departure orientations.

MANAGEMENT RESPONSE

We concur. The campus will collect and retain copies of all signed student conduct forms; update the faculty pre-departure orientation to include discussions about student conduct, the alcohol and drug policy, and disciplinary orientations; and will record student and faculty attendance at mandatory pre-departure orientations by December 2018.

8. INTERNATIONAL FACULTY

OBSERVATION

The campus did not always pay the H-1B visa basic petition filing fee for international faculty members.

We reviewed five international faculty members, and we found that the campus did not pay the required H-1B visa basic petition filing fee for two of them.

Payment of the H-1B visa basic petition filing fee helps the campus adhere to systemwide requirements and reduces the risk and potential liability to the campus.

RECOMMENDATION

We recommend that the campus pay the H-1B visa basic petition filing fee on behalf of international faculty members.

MANAGEMENT RESPONSE

We concur. The campus will pay the H-1B visa basic petition filing fee on behalf of international faculty members by December 2018.

9. INTERNATIONAL STUDENT SERVICES ACTIVITIES

OBSERVATION

The campus did not always properly maintain required documentation for ISS activities.

We reviewed four ISS activities, and we found that:

- For three ISS activities, student participants' emergency contact information was not retained.
- For two ISS activities, the sign-in form was not retained.
- For one ISS activity, the release of liability waiver was not retained for 18 students.

Properly maintaining student records ensures compliance with CSU and campus requirements and reduces the risk and potential liability to the campus.

RECOMMENDATION

We recommend that the campus retain emergency contact information, sign-in forms, and liability waivers for international students who attend ISS activities.

MANAGEMENT RESPONSE

We concur. The campus will retain emergency contact information, sign-in forms, and liability waivers for international students who attend ISS activities by April 2019.

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 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 programs 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.

As part of the California State University, Dominguez Hills (CSUDH) 2014-2020 Strategic Plan, the campus developed an objective to implement and expand the university's internationalization efforts by increasing the number of international students to 300 and increasing domestic students and faculty who engage in an international experience by 30 percent. At CSUDH, CEIE is responsible for ensuring that all international activities, including study abroad, exchange, ALCP, ITP, and ISS programs, are developed and administered in accordance with systemwide and campus requirements.

SCOPE

We visited the CSUDH campus from August 13, 2018, through September 7, 2018. Our audit and evaluation included the audit tests we considered necessary in determining whether operational, administrative, and financial controls are in place and operative. The audit focused on procedures in effect from July 1, 2016, through September 7, 2018.

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.
- Payment of H-1B visa basic petition filing fees for international faculty.
- Campus compliance with the agreed-upon number of housing units for international students.
- Cost reimbursement from the campus for services provided by CEIE to support international programs.
- Administration of ISS and ALCP activities provided to international students.
- Administration of ITP for third-party clients.

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:

- Code of Federal Regulations, Title 8, Part 214, *Non-Immigrant Classes*
- Code of Federal Regulations, Title 22, Part 62, *Exchange Visitor Program*
- Government Code §13402 and §13403
- 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*
- ICSUAM §6340.00, *Debit/Credit Card Payment Policy*
- Academic Affairs 2015-17, *Non-Resident Tuition Waivers*
- Coded memorandum Risk Management (RM) 2014-01, *High Hazard International Travel*
- RM 2011-02, *Independent International Travel – Students*
- CSU Admissions Handbook 2016-2017
- CSUDH *Admissions Criteria & Requirements*
- CSUDH *ALCP Student Handbook*
- CSUDH *ALCP Programs and Activity Procedures*
- CSUDH *Faculty Led Program Development Information*
- CSUDH *Immigration Policy & Procedures*
- CSUDH *International Agreements Policy*
- CSUDH *International Students Policy*
- CSUDH *International Student Orientation Handbook*
- CSUDH *Proposal to Create an Affiliation Agreement with Independent Program Provider Policy*
- CSUDH *Procedures for Recruiters*
- CSUDH *Study Abroad and Exchange Programs Policy*

AUDIT TEAM

Audit Manager: Caroline Lee
Senior Auditor: Christina Fennell