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April 11, 2016

Dr. Mildred Garcia, President
California State University, Fullerton
800 North State College Boulevard
Fullerton, CA 92834

Dear Dr. Garcia:

Subject: Audit Report 15-63, *Student Activities*, California State University, Fullerton

We have completed an audit of *Student Activities* as part of our 2015 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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Office of Audit and Advisory Services

STUDENT ACTIVITIES

**California State University,
Fullerton**

Audit Report 15-63
February 29, 2016

EXECUTIVE SUMMARY

OBJECTIVE

The objectives of the audit were to ascertain the effectiveness of the operational, financial, and administrative controls related to student organization 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, except for the effect of the observations described below, the operational, financial, and administrative controls in effect as of December 4, 2015, taken as a whole, were sufficient to meet the objectives of this audit.

We noted that prior to recent management turnover, the guidance manual for student organizations, a document outlining relevant policies and procedures, was outdated, resulting in a recent decision to remove the accessibility of the document while it is under revision. Further, we noted that the practices for the academic year under review did not assure enforcement of requirements meant to confirm student organization compliance with California State University (CSU) policies regarding non-discrimination and inclusiveness. Specifically, the campus was not obtaining attestations from student organization presidents that the organization had no rules or policies that discriminate and was not enforcing a requirement for the inclusion of non-discrimination language in charters for recognized student organizations. We also noted non-compliance with policies requiring training on alcohol, tobacco, and other drug prevention programs (ATOD). In addition, disbursements were being processed without proper authorization. The campus has hired a new director of student organizations, the director of Student Life and Leadership, and is implementing processes and procedures to address the noted observations.

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

OBSERVATIONS, RECOMMENDATIONS, AND RESPONSES

1. POLICIES AND PROCEDURES

OBSERVATION

Campus written guidance for student organization administration was outdated.

The campus Student Life Resource Manual was last updated in 2009 and referenced Executive Order (EO) 1006, which was superseded by EO 1068, *Student Activities*, on December 21, 2011. We also noted that at the time of the audit, access to the manual had been restricted while revisions were under way.

Complete, current, and accessible guidance decreases the risk of non-compliance with CSU and governmental regulations.

RECOMMENDATION

We recommend that the campus update the Student Life Resource Manual to include policies and procedures in accordance with EO 1068 and ensure that it is provided to all student organization leadership.

MANAGEMENT RESPONSE

The Student Life and Leadership Resource Manual will be updated to include policies and procedures in accordance with EO 1068, as well as Integrated California State University Administrative Manual §1401, *Administration of Student Organization Funds*, and posted online by August 1, 2016.

2. RECOGNITION PROCESS

Campus compliance with policies regarding the recognition of student organizations needed improvement.

We selected 25 student organizations and reviewed documentation for compliance with recognition requirements outlined in EO 1068, campus policy, and sections of the California Code of Regulations (CCR). We found that:

- None of the 25 recognition files we reviewed included required statements signed by the president of the local student organization attesting that the organization has no rules or policies that discriminate on the basis of race, religion, national origin, ethnicity, color, age, gender, marital status, citizenship, sexual orientation, or disability.
- Two of the 25 charters did not contain the required non-discrimination language.

During our review, we noted that the campus was implementing new recognition processes, including the use of an online recognition application, that addressed the requirements noted above.

Additionally, we found that at the time of the audit, the campus was not complying with a requirement to develop a training and orientation program for university advisors to student organizations.

Compliance with system policies addressing student organization recognition provides assurance that groups are informed of CSU expectations, including non-discrimination and inclusion for university-related activities.

RECOMMENDATION

We recommend that the campus:

- a. Fully implement recognition processes that address all provisions of EO 1068 and consider including the revised procedures for this process in updates to the Student Life and Resource Manual.
- b. Provide a training and orientation program for university advisors to student organizations.

MANAGEMENT RESPONSE

The campus will fully implement a registration process that addresses all provisions of EO 1068 and include the revised procedures in the Student Life and Leadership Resource Manual. The registration process will begin on July 5, 2016.

Trainings for advisors began in fall 2015; an expanded training curriculum will be completed by the start of the 2016/17 academic school year on August 17, 2016.

3. STUDENT ORGANIZATION ACTIVITY MANAGEMENT

OBSERVATION

Processes for oversight of student organization activities and events needed improvement.

Specifically, we reviewed the records for 25 events for compliance with campus registration and resource request requirements, and we found that:

- The campus could not locate release of liability and approval documentation for one event on campus that included a demonstration with live animals, an event type that requires additional oversight and assessment.
- The Office of Student Life and Leadership (SLL) required Greek organizations to register off-campus activities and provide event-related information; however, this requirement was not applied and documented consistently. For example, the event registration

process had not been properly completed for eight of the 16 Greek organization events we reviewed.

- University Conference Center, a division under Associated Students, Inc. (ASI), could not locate signed Facility Use Agreements for four events hosted at the Titan Student Union.

Proper oversight of student activities and events provides greater assurance that student organization activities will be conducted in safe and well-controlled manner.

RECOMMENDATION

We recommend that the campus:

- a. Clarify roles and responsibilities among various departments on campus for the oversight of student organization activities, including document retention.
- b. Reinforce training provided to SLL and ASI staff on applicable internal processes, policies and procedures related to student organization activities and events.

MANAGEMENT RESPONSE

The Student Life and Leadership Resource Manual will outline the processes to implement student activities, including, but not limited to, venue reservation procedures, food handling and safety, risk management and liability, and funding resources. The Student Life and Leadership Resource Manual will be posted online by August 1, 2016.

Workshops about student activities management began in spring 2016 for student leaders; expanded training curriculum will be completed by the start of the 2016/17 academic school year on August 17, 2016.

4. ALCOHOL, TOBACCO AND OTHER DRUG PREVENTION PROGRAM

OBSERVATION

The campus was not in compliance with system policy regarding the provision of ATOD information.

EO 1068, *Student Activities*, requires that campuses provide orientation programs for student organization advisors and student officers that outline policies, expectations, and information on alcohol use/abuse. We found that although the campus conducted required annual orientation training for Greek organization student leaders, it did not provide the same training to the leadership of other clubs. Additionally, the campus had not developed training on ATOD topics for student organization advisors.

ATOD training provides assurance that student organization advisors and student officers will be informed about resources and preferred actions regarding drug and alcohol abuse.

RECOMMENDATION

We recommend that the campus provide orientation programs for student organization advisors and student officers that outline policies, expectations, and information on alcohol use/abuse.

MANAGEMENT RESPONSE

Orientation and training programs on alcohol use/abuse are already in place for leaders within the fraternity and sorority communities. New training programs were developed for student organization advisors and student officers in fall 2015. Additional and expanded alcohol use/abuse curriculum will be completed by the start of the 2016/17 academic school year on August 17, 2016.

5. DISBURSEMENT AUTHORIZATION

OBSERVATION

Disbursement controls for student organization funds needed improvement.

We found that student organization funds were held in accounts at ASI and managed according to an agency account agreement that listed the authorized signers for disbursements.

We reviewed 30 disbursements from student organization funds held at ASI, and we found two instances in which the check request was signed by an individual who was not listed as an authorized party on the agency account agreement.

Proper authorization of disbursements provides accountability and increases assurance of appropriate administration of student organization funds.

RECOMMENDATION

We recommend that ASI remind accounting staff to validate to the agency account agreement the signatures of individuals signing check requests.

MANAGEMENT RESPONSE

Reminders on the importance of validating the signatures of individuals signing check requests to the agency account agreement were made to ASI staff in spring 2016.

GENERAL INFORMATION

BACKGROUND

The CSU's 23 campuses offer a variety of student organizations and activities to provide students with opportunities for personal growth and development of life skills. These organizations range from traditional fraternities, sororities, and service clubs to sports clubs and other special-interest and affinity groups focusing on issues such as sustainability and environmental awareness, social issues, military service, and performance arts.

Campuses are required to have a formal student-organization recognition process that records the purpose and objectives of each organization and confirms compliance with systemwide policies regarding open membership and training, as well as prohibitions on discrimination and hazing. In addition, student leaders are held to standards that provide assurance of appropriate leadership. Campuses are further directed to provide training to student leaders and to advisors on the CSU Alcohol Policies and Prevention Program, and advise student organizations about the CSU Student Conduct Code.

Student organizations and activities are subject to CSU policies regarding prohibitions on discrimination, harassment, and retaliation; sexual misconduct; dating and domestic violence and stalking in both the student and employee arenas; and policies regarding student conduct. In addition, campuses are required to implement alcohol- and substance-abuse prevention and awareness programs in accordance with the CSU Alcohol Policy and Prevention Program adopted by the Board of Trustees (BOT) in July 2001.

At California State University, Fullerton (CSUF), there are more than 300 recognized student organizations. General oversight over student organizations, including fraternities and sororities, is provided by SLL. SLL handles student organization recognition and management and establishes policies and procedures for student organizations, while ASI handles student organization banking.

SCOPE

We visited the CSUF campus from November 2, 2015, through December 4, 2015. Our audit and evaluation included the audit tests we considered necessary in determining whether operational, financial, and administrative controls are in place and operative at CSUF. In order to capture the entirety of the two academic years, the audit focused on procedures in effect from July 1, 2013, through December 4, 2015.

Specifically, we reviewed and tested:

- Organizational roles and responsibilities for oversight of student organizations and activities, including required program evaluations.
- Processes to formally charter and/or recognize student organizations.
- Processes to ensure that advisors and student leadership meet minimum qualifications and receive appropriate orientation and training.

- Processes to ensure compliance with requirements regarding alcohol usage and substance-abuse prevention and awareness programs.
- Administration and oversight of student activities and events occurring both on- and off-campus.
- Processes to ensure compliance with student travel policies.
- Measures to ensure the security of systems utilized to administer student organizations and activities, when applicable.
- Measures to ensure that student organizations receive training and comply with cash-handling policies.

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 was designed to provide a review of key operational, financial, and administrative controls, which included detailed testing on a limited number of student organizations to ensure that each met the campus recognition standards and that the organizations' activities were conducted and managed in accordance with campus and systemwide policies.

CRITERIA

Our audit was based upon standards as set forth in federal and state regulations; BOT policies; CO 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:

- BOT Resolution, Educational Policy 07-01-03, *Alcohol Policies and Prevention Programs*
- EO 1041, *Student Travel*
- EO 1068, *Student Activities*
- EO 1097, *Systemwide Policy Prohibiting Discrimination, Harassment and Retaliation, Sexual Misconduct, Dating and Domestic Violence, and Stalking against Students and Systemwide Procedure for Addressing Such Complaints by Students*
- Coded Memorandum Academic Affairs (AA) 2012-05, *Minimum Qualifications for Student Office Holders*
- AA 2014-11, *Establishment of University Sponsored Organizations as a Category for Student Organizations Affiliated with Scholastic Honor Societies*
- Integrated California State University Administrative Manual §8000, *Information Security*
- *Compilation of Policies and Procedures for CSU Auxiliary Organizations*
- CCR Title 5, §41500, *Nondiscrimination in Student Organizations – Withholding of Recognition*

- CCR Title 5, §41503, *Filing Requisites*
- Government Codes §13402 and §13403
- CSUF *Student Life Resource Manual*
- CSUF *ASI Financial Handbook*
- CSUF *ASI Titan Student Union Operating Policies*

AUDIT TEAM

- Senior Director: Michelle Schlack
- Audit Manager: Ann Hough
- Senior Auditor: Christina Chen