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June 2, 2017

Dr. Gayle E. Hutchinson, President
California State University, Chico
400 West First Street
Chico, CA 95929

Dear Dr. Hutchinson:

Subject: Audit Report 17-02, *Student Activities*, California State University, Chico

We have completed an audit of *Student 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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STUDENT ACTIVITIES

**California State University,
Chico**

Audit Report 17-02
May 22, 2017

EXECUTIVE SUMMARY

OBJECTIVE

The objectives of the audit were to ascertain the effectiveness of operational, administrative, and financial controls related to student organization 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.

In our review, we noted opportunities to improve the review of the charters submitted by student organizations seeking recognition, as many were missing required statements or disclosures. Additionally, we noted that the campus could improve its maintenance of documentation supporting compliance with the campus fraternity and sorority oversight program, Arete, as we noted instances in which the campus could not provide adequate documentation that the organizations met all required elements of the program.

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

OBSERVATIONS, RECOMMENDATIONS, AND RESPONSES

1. STUDENT ORGANIZATION BYLAWS

OBSERVATION

Campus review of student organization chartering documents needed improvement.

We reviewed the charters and/or bylaws of 20 student organizations recognized by the campus, and we found that all included critical non-discrimination provisions. However, six did not include other elements required by systemwide and campus policies, such as a listing of officer positions and roles and definitions regarding the frequency of club meetings, the process for selecting and removing officers, the handling of club assets, and the club's alcohol policy.

Proper review of student organization chartering documents helps to ensure that student organizations are in compliance with systemwide and campus recognition requirements.

RECOMMENDATION

We recommend that the campus improve review of student organization chartering documents to ensure that they include all elements required by systemwide and campus policies.

MANAGEMENT RESPONSE

We concur. The campus will revise procedures for the review of student organization chartering documents and provide training to the student life and leadership and fraternity and sorority affairs staff on the revised procedures.

Completion date: October 1, 2017

2. FRATERNITY AND SORORITY OVERSIGHT PROCESS

OBSERVATION

The campus did not consistently maintain documentation to show that Greek organizations were complying with Arete, the campus oversight process for fraternity and sorority organizations.

Specifically, we reviewed six Greek organizations for compliance with the Arete process, and we found that:

- For two of the six organizations, the campus could not provide adequate evidence that a required mid-year review meeting with Fraternity and Sorority Affairs (FSA) took place.
- There was no documentation for any of the six organizations showing that the required annual meeting with chapter advisors was held.

- Records regarding chapter attendance at alcohol and drug training for all six organizations did not provide adequate assurance that all chapter members were present.

Accurate and complete documentation of required oversight helps to ensure that fraternal organizations are complying with systemwide and campus policies and provides greater assurance that campus recognition is appropriate.

RECOMMENDATION

We recommend that the campus maintain documentation to show that fraternity and sorority organizations are complying with the Arete process.

MANAGEMENT RESPONSE

We concur. The campus will revise procedures to include the documentation and retention of the Arete process verification. In addition, training will be provided to the fraternity and sorority affairs staff on the revised procedures.

Completion date: October 1, 2017

GENERAL INFORMATION

BACKGROUND

The California State University's (CSU) 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 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 student conduct. In addition, campuses are required to implement alcohol- and substance-abuse prevention and awareness programs in accordance with the CSU Alcohol Policies and Prevention Program adopted by the Board of Trustees (BOT) in July 2001.

Prompted by a series of events surrounding the Greek system at CSU Chico, the president suspended all fraternities and sororities in 2012 and directed student affairs management to develop a re-recognition process that included oversight based on standard and measurable values and goals. The campus Fraternity and Sorority Affairs (FSA) department developed the Arete process, which included a number of progressive steps each organization had to complete in order to regain recognition. It included development of a written plan addressing specific pillars; a presentation of the plan to a committee of peers, community members, and faculty/staff; measurable intervention by representatives at each fraternity or sorority's national organizations; regular meetings with FSA staff; and extensive leadership training. By fall 2013, about half of the campus chapters had regained recognition through the Arete process, and the process continues to be applied to all fraternal organizations today.

CSU Chico also offers a robust outdoor excursion entity, Adventure Outings (AO), which plans and implements off-campus trips such as day hikes, backpacking, river rafting, and skiing. Although the target market is students, AO programs are open to anyone age 18 or older. AO is part of the campus recreation center, which is run by Associated Students. Aside from off-campus trips, AO also provides outdoor equipment and gear rental and offers free bike repair services through the AO Bike Cart.

SCOPE

We visited the CSU Chico campus from February 20, 2017, through April 14, 2017. Our audit and evaluation included the audit tests we considered necessary in determining whether operational, administrative, and financial controls are in place and operative at the Chico campus. The audit focused on procedures in effect from July 1, 2015, through April 14, 2017.

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.
- The additional oversight processes specific to fraternities and sororities, including recognition requirements and activity monitoring.
- 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.
- Administration of the Adventure Outings entity, including compliance with campus and system risk management requirements.
- 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*
- Executive Order (EO) 1068, *Student Activities*
- EO 1051, *Use of Approved Waiver of Liability*
- 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 (ICSUAM) §3141.01, *Administration of Student Organization Funds*
- CSU Auxiliary Organization Compliance Guide
- CSU Auxiliary Organization Sound Business Practices Guidelines
- Government Code §13402 and §13403
- California Code of Regulations (CCR) Title 5, §41500, *Nondiscrimination in Student Organizations – Withholding of Recognition*
- CCR Title 5, §41503, *Filing Requisites*
- CSU Chico Student Organizations Policies and Procedures
- CSU Chico Advisor Guide
- FSA Policies
- FSA Arete Accreditation Process
- AO Policies and Procedures
- AO Critical Incident Plan
- AO Equipment Rental and Maintenance Policies and Procedures
- Wildcat Recreation Center Staff Manual
- AS16 Policy Room Reservation
- Student Financial Services Cash Handling Procedures

AUDIT TEAM

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Audit Manager: Ann Hough
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