

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

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

February 26, 2018

Dr. William A. Covino, President
California State University, Los Angeles
5151 State University Drive
Los Angeles, CA 90032

Dear Dr. Covino:

Subject: Audit Report 17-31, Student Organizations, California State University, Los Angeles

We have completed an audit of *Student Organizations* 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

CSU Campuses

Bakersfield • Channel Islands • Chico • Dominguez Hills • East Bay • Fresno • Fullerton • Humboldt • Long Beach • Los Angeles • Maritime Academy • Monterey Bay
Northridge • Pomona • Sacramento • San Bernardino • San Diego • San Francisco • San José • San Luis Obispo • San Marcos • Sonoma • Stanislaus



STUDENT ORGANIZATIONS

**California State University,
Los Angeles**

Audit Report 17-31
January 19, 2018

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

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 student organizations as of December 1, 2017, taken as a whole, provided reasonable assurance that risks were being managed and objectives were met.

In general, we found that California State University, Los Angeles (Cal State LA) had an appropriate framework for the administration of student club organizations. However, we found that the fiscal administration of student club funds, including training provided to student officers related to student organization banking, needed improvement. Specifically, we found that nearly half of the 135 campus-recognized student clubs were not complying with the requirement to either bank through the University Student Union (USU) or obtain an exemption, and training materials did not include the campus cash-handling policies and procedures or sufficient guidelines related to cash-handling requirements. We also found that general release waivers and emergency contact forms were not consistently collected when required for student club activities and travel events. Moreover, the campus performed eligibility review of student club officers after the student had already served in the role, and student clubs did not always complete campus training that was required to maintain the organization's recognition status. In addition, the campus student club policy did not align with California State University (CSU) minimum requirements and conflicted with current campus practices.

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

OBSERVATIONS, RECOMMENDATIONS, AND RESPONSES

1. STUDENT CLUB FUNDS ADMINISTRATION

OBSERVATION

Administration of student club funds needed improvement.

We noted that full compliance with Integrated California State University Administrative Manual (ICSUAM) §3141.01, *Administration of Student Organization Funds*, and the Cal State LA *Student Organization Funds Administration Policy* was required by June 30, 2017. However, at the beginning of fieldwork in November 2017, we found that the campus was still in the process of implementing the requirements. Specifically, we noted that 60 of the 135 recognized student clubs were not complying with the requirement to either bank through the University Student Union (USU) or obtain an exemption.

We also found that training related to student club banking, which is provided to student club officers during the Organizational Development Conference (ODC) at the beginning of each semester, required updating. We reviewed the fall 2017 ODC training materials and noted that they did not include the campus cash-handling policies and procedures or sufficient guidelines related to cash-handling requirements. Such training would provide student club leaders with the knowledge and understanding necessary to comply with the campus funds administration policy.

Appropriate oversight and administration of student club funds and cash-handling training ensures compliance with campus and systemwide requirements and helps to ensure that student organization officers are properly trained and cognizant of related policies and procedures.

RECOMMENDATION

We recommend that the campus:

- a. Ensure that all recognized student clubs adhere to the requirements of ICSUAM §3141.01, *Administration of Student Organization Funds*, and the Cal State LA *Student Organization Funds Administration Policy*, and implement appropriate measures to address student clubs that do not comply.
- b. Review and update the current training materials on student club banking to ensure that they address all requirements, including those noted above. Present the updated training materials at the next ODC and require the attendance of at least one officer from each applicable student club.

MANAGEMENT RESPONSE

We concur.

- a. We will ensure that all recognized student clubs adhere to the requirements of ICSUAM §3141.01, *Administration of Student Organization Funds*, and the Cal State LA *Student*

Organization Funds Administration Policy, and implement appropriate measures to address student clubs that do not comply.

- b. We will review and update the current training materials on student club banking to ensure that they address all requirements and conduct training sessions for the student clubs.

Anticipated completion date is March 31, 2018.

2. STUDENT CLUB ACTIVITIES AND EVENTS

OBSERVATION

General release liability waivers and/or emergency contact forms were not consistently collected by the Center for Student Involvement (CSI) when required for student club activities and travel events.

The Cal State LA *Student Organization Handbook* indicates that general release waivers and emergency contact forms may be required for certain types of activities such as, but not limited to, events involving sports activity and domestic or international travel. We reviewed a sample of 20 student club activities and five travel events and noted that:

- One event involving a sports activity required general release waivers, but the campus could not locate the waivers or determine whether they were submitted by the student club.
- One event involving travel and an outdoor activity required general release waivers and emergency contact forms, but the campus could not locate the documents or determine whether they were submitted by the student club.
- One event involving travel required general release waivers and emergency contact forms. The student club submitted these documents to CSI, but emergency contact forms were missing for two of the 25 participants.

Proper oversight of student club activities and processes for event registration, including the collection of general release waivers and emergency contact forms, helps to ensure that all necessary factors are considered, campus requirements are met, and related risks are mitigated.

RECOMMENDATION

We recommend that the campus ensure that required documentation is collected from student clubs, including, but not limited to, general release waivers and emergency contact forms.

MANAGEMENT RESPONSE

We concur. Staff will be reminded to ensure that required documentation is collected from student clubs, including, but not limited to, general release waivers and emergency contact forms.

Anticipated completion date is March 31, 2018.

3. STUDENT CLUB CHARTERING AND RECOGNITION

OBSERVATION

Some components of the student club recognition process needed improvement.

In accordance with Cal State LA Administrative Procedure (AP) 802, *University Recognition of Student Clubs*, student clubs are required to submit the form when initially applying for recognition, at the beginning of each academic year, and any time there is a change in the student club officers or advisors. Although the CSI was receiving a majority of these forms at the beginning of each semester, we noted that it was not performing the required eligibility reviews until the end of each semester, after officers and advisors had already served. We also noted that at the time of the audit, fall 2017 eligibility reviews had not been completed.

In addition, we found that student clubs were not always completing Sexual Violence and Prevention Training (SVPT), as required by Cal State LA *Student Organization Handbook*. At least two members of each student club, and all members of fraternities and sororities, must complete SVPT once every academic year for a club to obtain or maintain recognition. We reviewed the records and files of 20 student clubs and found that 14 either did not complete SVPT or did not send the minimum number of student club members to the training during academic year 2016/17.

Proper oversight and administration of the student club recognition process and related training helps to ensure compliance with campus chartering and recognition requirements.

RECOMMENDATION

We recommend that the campus:

- a. Determine an appropriate timeline to perform eligibility reviews for student club officers and advisors to ensure that only qualified officers and advisors serve.
- b. Develop and implement a monitoring process to ensure compliance with SVPT.

MANAGEMENT RESPONSE

We concur. The campus will determine an appropriate timeline to perform eligibility reviews for student club officers and advisors to ensure that only qualified officers and advisors serve, and will develop and implement a monitoring process to ensure compliance with SVPT.

Anticipated completion date is March 31, 2018.

4. STUDENT CLUB POLICIES AND PROCEDURES

OBSERVATION

Campus minimum requirements for student club officers, as outlined in Cal State LA Administrative Procedure (AP) 802, *University Recognition of Student Clubs*, did not align with the requirements set by CSU policy and conflicted with campus practices.

Specifically, we noted that:

- Cal State LA AP 802 imposes a less restrictive maximum allowable units requirement for incumbent student club officers compared to Coded memorandum Academic Affairs (AA) 2012-05, *Minimum Qualifications for Student Officers*, for both undergraduate and graduate/credential students. However, in practice, the campus was verifying compliance with the minimum requirements stated by AA-2012-05.
- Cal State LA AP 802 imposes a more restrictive unit load for incumbent student club officers compared to AA-2012-05 for both undergraduate and graduate/credential students. However, in practice, the campus was verifying compliance with the minimum requirements stated in AA-2012-05.
- Cal State LA AP 802 states that all student club officers must maintain a minimum overall grade point average (GPA) of 2.0 each term. However, in practice, the campus was requiring graduate-level student club officers to maintain a minimum overall GPA of 3.0 each term.
- Cal State LA AP 802 does not clarify or define the unit load and residency requirements for candidates (new student club officers), as required by AA-2012-05, which states that such requirements are determined by the campus. However, in practice, the campus was verifying the same requirements for both candidates and incumbent student club officers.

Additionally, campus policies and procedures did not address the following CSU criteria specific to student clubs:

- Executive Order (EO) 1068, *Student Activities*, which states that a maximum of 20 percent of student club members may be individuals who are not CSU students.
- Coded memorandum AA-2014-11, *Establishment of University Sponsored Organizations as a Category for Student Clubs Affiliated with Scholastic Honor Societies*, which states the membership requirements permitted for student clubs affiliated with national scholastics honor societies.

Complete and current student club policies and procedures can help to improve student clubs' understanding and compliance with systemwide chartering and recognition policies.

RECOMMENDATION

We recommend that the campus:

- a. Review and update Cal State LA AP 802, the student organization handbook, training materials, and all other related student club content used by CSI and the campus to ensure that they are consistent and align with systemwide requirements.
- b. Communicate the updated policies and procedures to all students and campus personnel involved in student club organizations.

MANAGEMENT RESPONSE

We concur. AP 802 was updated and communicated with the campus community on January 16, 2018. The campus will review and update the student organization handbook, training materials, and all other related student club content used by CSI and the campus to ensure that they are consistent and align with systemwide requirements. The updated policies and procedures will be communicated to all students and campus personnel involved in student club organizations.

Anticipated completion date is March 31, 2018.

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.

Systemwide policy for student organizations and activities is delineated in EO 1068, which requires campuses to have a formal student-organization recognition process that records the purpose and objectives of each organization and compliance with open membership and training, as well as prohibitions on discrimination and hazing. Per EO 1068, it is the vice president of student affairs' responsibility to oversee the chartering and recognition of student organizations. In addition, the ICSUAM §3141.01, *Administration of Student Organization Funds* states that the campus chief financial officer (CFO) or designee and the vice president of student affairs or designee, must jointly establish written policies and prepare supporting procedures governing the administration of student organization funds. Further, campuses are required to implement and provide training on 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.

At Cal State LA, there are about 135 student clubs that provide students with a variety of opportunities to explore their academic, professional, political, social, cultural, religious, and community service interests. These organizations do not include sports clubs or club sports, which are not recognized by Cal State LA for a number of reasons related to health, safety, and limited resources. The CSI within the division of student life has general oversight responsibility for student clubs, including fraternities and sororities, and the USU administers student club bank accounts in accordance with campus and CSU requirements. Additionally, the CSI, under the direction of the assistant dean of students, provides policies and guidelines and orientation, workshops, and training to student clubs.

SCOPE

We visited the Cal State LA campus from November 6, 2017, through December 1, 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 Cal State LA campus. The audit focused on procedures in effect from July 1, 2015, through December 1, 2017.

Specifically, we reviewed and tested:

- Organizational roles and responsibilities for oversight of student clubs and activities, including required program evaluations.
- Processes to formally charter and/or recognize student clubs.

- 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.
- Process to ensure compliance with student travel policies.
- Measures to ensure that student clubs 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 clubs 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. Our work did not include a review of sports clubs or club sports on campus, which are organizations not recognized by Cal State LA.

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 1068, *Student Activities*
- EO 1051, *Use of Approved Waiver of Liability*
- 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*
- 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*

- Cal State LA *Student Organization Handbook*
- Cal State LA AP 802, *University Recognition of Student Organizations*
- Cal State LA *Student Organization Funds Administration Policy*
- Cal State LA *Operating Agreement and Lease Between Trustees and Student Union*

AUDIT TEAM

Assistant Vice Chancellor and Deputy Chief Audit Officer: Janice Mirza
Audit Manager: Joanna McDonald
Senior Auditors: Marcos Chagollan and Mayra Villalta