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February 27, 2018

Dr. Willie Hagan, President
California State University, Dominguez Hills
1000 E. Victoria Street
Carson, CA 90747

Dear Dr. Hagan:

Subject: Audit Report 17-47, Student Organizations, California State University, Dominguez Hills

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

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STUDENT ORGANIZATIONS

**California State University,
Dominguez Hills**

Audit Report 17-47
January 25, 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 the areas reviewed to be in need of major improvement.

Based upon the results of the work performed within the scope of the audit, the operational, administrative, and financial controls for student organizations as of December 18, 2017, were unlikely to provide reasonable assurance that risks were being managed and objectives were met.

Although the campus is actively working toward improving the controls around student organizations, we noted that an inconsistent application of student organization recognition practices and personnel turnover at the California State University Dominguez Hills, Foundation (Foundation) resulted in key areas needing improvement. Our review indicated that attention is required in some key areas related to the recognition process of student organizations, management of student organization funds, and documentation and approval of on-campus events. Additional opportunities for improvement were identified in ensuring that the memorandum of understanding (MOU) between the auxiliary organizations is renewed, off-campus bank accounts are appropriately authorized, and student organization constitutions and bylaws are complete and accurate.

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

OBSERVATIONS, RECOMMENDATIONS, AND RESPONSES

1. STUDENT ORGANIZATION RECOGNITION

OBSERVATION

The campus student organization recognition process needed improvement.

We found that the campus student organization agreement did not adequately address requirements for the organization's treasurer. The California State University, Dominguez Hills (CSUDH) *Clubs and Organizations Resource Guide* dictates that student organizations must have both a president and a treasurer in order to obtain recognition; however, the student organization agreement indicated that only the organization's president was required to maintain a set overall cumulative GPA and course load.

We also found that advisors did not always meet the eligibility requirements. We reviewed eligibility documents for 15 advisors, and we found that:

- 12 advisors had not completed the required advisor's orientation for the fall 2017 semester.
- Seven advisor agreements did not include the signature of the advisor's supervisor to authorize the advisor's active role in the student organization.

Further, training was not always completed by student organization officers. We reviewed training records for 22 student organization officers and found that 13 had not completed required training for the 2017/18 academic year.

Proper oversight and administration of the student organization recognition process helps to ensure compliance with campus recognition requirements. Additionally, compliance with authorization and training requirements for student organization advisors and student officers reduces the risk of misunderstandings regarding campus expectations and acceptable practices in their roles within the organization.

RECOMMENDATION

We recommend that the campus:

- a. Update the student organization agreement to include the set cumulative GPA and course load requirements for student organization treasurers.
- b. Improve participation in student organization advisor and student officer orientation and training by granting student organizations recognition only after they have completed the orientation and training.
- c. Establish a review process to ensure that supervisors of student organization advisors authorize the advisor's role in the student organization.

MANAGEMENT RESPONSE

We concur. The campus shall:

- a. Update the student organization agreement to include the set cumulative GPA and course load requirements for student organization treasurers. Completion date is February 2018.
- b. Improve participation in student organization advisor and student officer orientation and training by granting student organizations recognition only after they have completed the orientation and training. Completion date is May 2018.
- c. Establish a review process to ensure that supervisors of student organization advisors authorize the advisor's role in the student organization. Completion date is May 2018.

2. STUDENT ORGANIZATION FUNDS MANAGEMENT

OBSERVATION

Management of student organization funds by the Foundation and Associated Students, Inc. (ASI) needed improvement.

We found that:

- The Foundation and ASI did not have defined policies and procedures detailing the appropriate processes for deposits and disbursements of student organization funds.
- Student organization accounts were not always closed, and funds were not always disposed of when the student organizations were inactive and no longer recognized by the campus. According to the Foundation account application, student organization accounts expire after three years, at which point all funds are to be disposed of in accordance with the account application. We reviewed the account activity for 170 student organizations and found that 19 accounts were not considered for closure despite the lack of financial activity in the accounts over the past three years.
- Student organization payment (check) requests related to student events and travel were not always approved by an authorized signer, and student liability forms were not always submitted. We reviewed 30 disbursements and found that 11 were not approved by an authorized signer based on the Foundation signature card or account set-up form. In addition, in two instances, students traveling on student organization business did not submit liability waivers.

Sufficient control over student organization funds decreases the risk that errors, inconsistencies, misunderstandings, or misappropriation will occur. Additionally, proper authorization of disbursements and submission of liability waivers provides accountability, increases assurance of appropriate administration of student organization funds, and decreases the exposure of legal liabilities and reputational risk in the event of an incident.

RECOMMENDATION

We recommend that the Foundation and ASI:

- a. Develop documented policies and procedures for the management of student organization funds.
- b. Perform periodic reviews to ensure that inactive and unrecognized student organization accounts are properly closed, with the funds disposed of in accordance with the Foundation account application.
- c. Ensure that payment (check) requests are signed by authorized signers based on the Foundation signature cards or account set-up forms.
- d. Develop a process to ensure that liability waivers are submitted for student travel.

MANAGEMENT RESPONSE

We concur. The Foundation and ASI shall:

- a. Develop documented policies and procedures for the management of student organization funds.
- b. Perform periodic reviews to ensure that inactive and unrecognized student organization accounts are properly closed, with the funds disposed of in accordance with the Foundation account application.
- c. Ensure that payment (check) requests are signed by authorized signers based on the Foundation signature cards or account set-up forms.
- d. Develop a process to ensure that liability waivers are submitted for student travel.

Completion date is March 2018.

3. STUDENT ORGANIZATION EVENTS

OBSERVATION

The campus did not always obtain appropriate documentation and authorization for on-campus student organization events.

We reviewed the event details of 30 student organizations, and we found that:

- For 25 events that were not general meetings, there was no documentation recording the names of the attendees.

- For seven events, the Office of Student Life (OSL), facility department, or student organization’s advisor did not approve the Request for University Facilities/Event Planner Approval Form.

Proper documentation and authorization for on-campus student events provide greater assurance that student organization events are conducted in well-controlled manner.

RECOMMENDATION

We recommend that the campus:

- a. Implement a process to record the names of event attendees.
- b. Ensure that the Request for University Facilities/Event Planner Approval Forms are properly approved prior to events.
- c. Reinforce to appropriate personnel the training provided by OSL and ASI staff on applicable internal processes, policies, and procedures related to student organization events, especially those addressing proper documentation and required authorizations.

MANAGEMENT RESPONSE

We concur. The campus shall:

- a. Implement a process to record the names of event attendees. Completion date is March 2018.
- b. Ensure that the Request for University Facilities/Event Planner Approval Forms are properly approved prior to events. Completion date is March 2018.
- c. Reinforce to appropriate personnel the training provided by OSL and ASI staff on applicable internal processes, policies, and procedures related to student organization events, especially those addressing proper documentation and required authorizations. Completion date is May 2018.

4. AUXILIARY AGREEMENT

OBSERVATION

The MOU between the Foundation and ASI for student organization accounting services was incomplete and had not been properly renewed.

Specifically, we found that the MOU, which had expired on June 30, 2017, did not include the roles and responsibilities of the Foundation and ASI for managing student organization accounts.

This is a repeat observation from the prior auxiliary audit.

Maintaining a complete and current written agreement decreases the risk of misunderstandings and miscommunications regarding roles and responsibilities.

RECOMMENDATION

We recommend that the Foundation and ASI promptly renew the MOU for student organization accounting services and update it with the roles and responsibilities of the Foundation and ASI for managing student organization accounts.

MANAGEMENT RESPONSE

We concur. The Foundation and ASI shall promptly renew the MOU for student organization accounting services and update it with the roles and responsibilities of the Foundation and ASI for managing student organization accounts. Completion date is May 2018.

5. OFF-CAMPUS BANK ACCOUNTS

OBSERVATION

The campus did not have a process to authorize off-campus student organization bank accounts.

We found that the campus chief financial officer (CFO) or designee did not authorize three Greek organizations that had off-campus bank accounts.

Integrated California State University Administrative Manual (ICSUAM) §3141.01, *Administration of Student Organization Funds*, states that at no time shall a student organization deposit funds into an unauthorized bank account. Any exception to this requirement must be approved by the campus CFO or designee. The implementation date for this requirement was June 30, 2017.

An adequate process for approval of student organization off-campus bank accounts provides assurance that there will be proper oversight of student organization funds in compliance with systemwide and campus policies.

RECOMMENDATION

We recommend that the campus develop a process for obtaining authorization from the campus CFO or designee for all off-campus student organization bank accounts.

MANAGEMENT RESPONSE

We concur. The campus shall develop a process for obtaining authorization from the campus CFO or designee for all off-campus student organization bank accounts. Completion date is April 2018.

6. CONSTITUTION AND BYLAWS

OBSERVATION

Campus review of student organization constitution and bylaw documents needed improvement.

We reviewed 20 student organizations recognized by the campus, and we found that:

- Three organizations had not uploaded their constitution and bylaws to the student organization website, ToroLink.
- The constitution and bylaws for 17 student organizations that had uploaded the documents to ToroLink did not include all the elements required by the *Model Constitution and Bylaws for Student Organizations California State University*. Specifically, the following elements were missing: a statement of non-discrimination or anti-hazing or prohibition of the purchase of alcohol; listing of officer positions or responsibilities; provisions for the selection of advisors; the amount of expenditures that can be approved by the executive board; and procedures for amending the constitution and bylaws.
- One organization’s constitution and bylaws were outdated, and seven organizations’ constitution and bylaws did not include a date. As such, we could not determine whether they were outdated.
- One organization’s constitution and bylaws stated that the organization’s executive board, including the president and treasurer, could have a minimum cumulative GPA that was lower than the cumulative GPA required per the *CSUDH Clubs and Organization Resource Guide*.

Adequate controls for the review and approval of student organization constitutions and bylaws decreases the risk that misunderstandings will occur and student organizations will be recognized despite having a purpose inconsistent with the university.

RECOMMENDATION

We recommend that the campus:

- a. Ensure that student organizations’ current constitution and bylaws are submitted before recognition is granted and that the documents are uploaded to ToroLink once recognition is granted.

- b. Implement a review process to ensure that constitution and bylaws include all elements required by the *Model Constitution and Bylaws for Student Organizations California State University* and that constitutions and bylaws are current and include the cumulative GPA of the student organization's executive board in accordance with the *CSUDH Clubs and Organization Resource Guide*.

MANAGEMENT RESPONSE

We concur. The campus shall:

- a. Ensure that student organizations' current constitution and bylaws are submitted before recognition is granted and that the documents are uploaded to ToroLink once recognition is granted.
- b. Implement a review process to ensure that constitution and bylaws include all elements required by the *Model Constitution and Bylaws for Student Organizations California State University* and that constitutions and bylaws are current and include the cumulative GPA of the student organization's executive board in accordance with the *CSUDH Clubs and Organization Resource Guide*.

Completion date is April 2018.

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.

Systemwide policy for student organizations and activities is delineated in the Executive Order (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, ICSUAM §3141.01, *Administration of Student Organization Funds* states that the 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 CSUDH, more than 100 student organizations, including 18 Greek organizations, provide students with a variety of opportunities to explore their academic, professional, political, social, cultural, religious, and community service interests. However, these organizations do not include sports clubs, which are not recognized by CSUDH for a number of reasons related to health, safety, and limited resources. General oversight over student organizations, including fraternities and sororities, is provided by the OSL, within student affairs. Under the direction of the assistant dean of students, the OSL provides policies, guidelines, orientation, workshops, and training to student organizations. The assistant dean of students reports to the associate vice president of student life and dean of students, who then reports to the vice president of student affairs. Additionally, ASI provides funding and assistance to students to complete the application form to establish or renew student organization accounts with the Foundation. ASI outsources accounting services of student organizations to the Foundation.

SCOPE

We visited the CSUDH campus from November 13, 2017, through December 8, 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 CSUDH campus. The audit focused on procedures in effect from July 1, 2015, through December 8, 2017.

Specifically, we reviewed and tested:

- Organizational roles and responsibilities for oversight of student organizations and activities.
- Processes to formally charter and/or recognize student organizations, including fraternities and sororities.
- 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 organizations’ on-campus events.
- Processes to ensure compliance with student travel policies.
- Measures to ensure the security of systems utilized to administer student organizations and activities.
- Measures to ensure that student organizations receive training and comply with cash-handling policies.
- Administration and oversight of student organization’s account management and financial processes.

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 1051, *Use of Approved Waiver of Liability*

- EO 1068, *Student Activities*
- 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*
- ICSUAM §3141.01, *Administration of Student Organization Funds*
- ICSUAM §8000, *Information Security*
- *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*
- *CSUDH Clubs and Organizations Resource Guide*
- *CSUDH Non-Greek and Social Greek Letter Organizations Official Recognition and Registration Policy*
- *CSUDH Anti-Hazing Policy*
- *CSUDH Event Planning Policy*
- *CSUDH Campus Events Policy*
- *CSUDH Campus Catering Policy*
- *Foundation Cash Receipting and Check Handling Policy*
- *ASI Cash Handling Policies*

AUDIT TEAM

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Audit Manager: Caroline Lee
Internal Auditor: Christina Fennell