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May 29, 2018

Dr. Jane Close Conoley, President
California State University, Long Beach
1250 Bellflower Blvd.
Long Beach, CA 90840

Dear Dr. Conoley:

Subject: Audit Report 18-47, Student Organizations, California State University, Long Beach

We have completed an audit of *Student Organizations* 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 the 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



STUDENT ORGANIZATIONS

**California State University,
Long Beach**

Audit Report 18-47
April 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 March 2, 2018, taken as a whole, provided reasonable assurance that risks were being managed and objectives were met.

In general, we found that the campus had an established framework for the administration of student organizations. However, inconsistent application of practices, outdated policies and procedures, and oversight in the Office of Student Life and Development (SLD) and Associated Students Inc. (ASI) may have resulted in key areas needing improvement. Specifically, sport clubs were inconsistently registered in the BeachSync system, cash advances were improperly used to pay for student organization expenses, and student organizations did not always complete fiscal certification training or annually renew agency account agreements. In addition, liability waivers were not consistently obtained from student organization members for ASI grant funded travel and student organizations did not always complete the required event training.

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

OBSERVATIONS, RECOMMENDATIONS, AND RESPONSES

1. ADMINISTRATION OF SPORT CLUBS

OBSERVATION

Administration of sport clubs needed improvement.

We found that 26 of the 40 recognized sport clubs were not registered in the BeachSync system as required. All recognized student organizations on campus must maintain an up-to-date BeachSync organizational registration profile, which allows student organizations to register their clubs and officers and complete all the forms required by SLD. For the unregistered sport clubs:

- Student officer eligibility was not verified for any recreational sports clubs.
- Verification for competitive sports clubs was performed only when national governing bodies requested it when a club was participating in competition or playoffs. However, this verification only included cumulative grade point average (GPA) and current enrolled units, not verification of maximum allowable units and previous term GPA, as required by systemwide and campus policy.
- Sport club presidents did not sign a non-discrimination attestation statement, as required by systemwide policy. Although sport club officers were required to sign a club sport officer agreement form, it did not include the required non-discrimination attestation.
- The campus did not provide sufficient documentation to indicate that sport club officers received training on alcohol policies, as required by systemwide and campus policy. Typically, information on campus alcohol policies and expectations is provided on the Alcohol Regulations Compliance Agreement (ARCA) form that is completed in BeachSync, and sport club officers acknowledge that they received the information on the form. However, unregistered sports clubs did not complete this form, and although campus administrators indicated that they provided alcohol training at the sport club officer orientation, they did not maintain sufficient documentation to substantiate the training. Additionally, sport club officers were not required to sign a separate form acknowledging that they received training on alcohol policies and expectations.

Proper administration of sport clubs helps to ensure compliance with systemwide and campus requirements including student officer eligibility, non-discrimination attestations, and alcohol training and acknowledgement.

RECOMMENDATION

We recommend that the campus:

- a. Require all recognized but unregistered sport clubs to register in the BeachSync system and complete all necessary forms, including non-discrimination attestation and alcohol regulations compliance agreements.

- b. Perform student officer eligibility verifications for all recognized but unregistered sport clubs, including current and cumulative GPA, current unit enrollment, and maximum allowable units.
- c. Determine whether separate alcohol training will be provided to sport club officers, and if so, retain sufficient documentation to substantiate the content of the training and acknowledgement from officers that they have received training.

MANAGEMENT RESPONSE

We concur. Student life and development will require all recognized sport clubs to register in the BeachSync system and complete all necessary forms, including non-discrimination attestation and alcohol regulations compliance agreements. In addition, student life and development will perform student officer eligibility verifications for all recognized sport clubs, including current and cumulative GPA, current unit enrollment, and maximum allowable units. Student life and development will determine whether separate alcohol training will be provided to sport club officers, and if so, retain sufficient documentation to substantiate the content of the training and acknowledgement from officers that they have received training. Corrective action on this item will be completed by August 27, 2018.

2. STUDENT ORGANIZATION FUNDS ADMINISTRATION

OBSERVATION

Administration of student organization funds needed improvement.

Student organization funds are deposited into agency accounts administered by ASI. These funds can include, but are not limited to, fees collected from membership dues, donations, and ticket and merchandise sales. Student organization funds can also include grant funds awarded by ASI, which come from a mandatory ASI student organization fee paid by all campus students at the time of registration.

We reviewed 25 ASI student organization grants and 45 expenditures from various student organization funds, and we found that:

- The use of cash advances by SLD staff to pay for student organization expenses needed to be evaluated as the use of this payment method was not appropriate. We reviewed three cash advances given to SLD personnel totaling \$20,550, of which \$19,750 was for one event, the American Indian Pow Wow, and found that these cash advances were used to pay for service contracts for performers and referees, honorariums, hospitality expenditures, and a graduation photographer who did not have a service contract. These types of expenditures are typically paid directly to a vendor via a check request form after the goods and services have been rendered, and service contracts require vendors to submit a vendor 204 form for tax purposes. However, these cash advances were requested by SLD personnel on a check request form before the goods and services were rendered. Also, we were unable to reconcile \$223 of one of the cash advances to the supporting receipts submitted to ASI. Further, we found that the ASI *Agency Accounts*

Policy did not address the use of cash advances as an approved method to pay for student organization expenditures.

- Student organization Agency Account Application and Agreements were not consistently renewed or maintained. ASI requires all student organizations to annually renew an Agency Account Application and Agreement, which includes authorized account signers for the fiscal year and information on the expected sources of income and the types of expenditures associated with the account. We found that 11 agency account agreements were either not renewed or could not be located. As a result, we were unable to validate authorizing signatures for the selected expenditures associated with these accounts. Additionally, we found that some required fields (such as the account name, effective date, purpose of account, and type of expenditures) on 15 renewed agency account agreements had not been completed.
- Authorized signatories for student organizations using ASI grant funds did not consistently complete fiscal certification training, as required by ASI policy. We found that authorized signatories for four of the 25 student organizations receiving grants did not complete the training.
- The campus did not maintain sufficient documentation to support student organization expenditures. Four of the 45 expenditures we reviewed did not include sufficient and/or appropriate documentation to validate the expense, such as hotel receipts, hospitality attendance forms, credit card receipts, or documentation to support a manual journal entry.

Appropriate administration of student organization funds and fiscal certification training helps to ensure compliance with campus requirements, minimizes the risk of misappropriation, and helps to ensure that funds are properly expended and supported.

RECOMMENDATION

We recommend that ASI:

- a. Discontinue the use of cash advances to pay for expenditures associated with the performance of services, and communicate this information to key personnel.
- b. Evaluate the use of cash advances to pay for student organization expenditures such as hospitality, and determine whether this payment method should be continued. If so, develop policies and procedures to ensure the proper use and accountability of cash advances, and communicate them to key personnel.
- c. Remind key personnel involved in the processing of student organization expenditures that a current and complete agency account agreement and fiscal certification training, when necessary, must be completed before payments can be processed, and that all student organization expenditures must be fully supported with adequate documentation.

MANAGEMENT RESPONSE

We concur. ASI will discontinue the use of cash advances to pay for expenses associated with the performance of services and communicate this information to key personnel. ASI will evaluate the use of cash advances to pay for student organization expenditures to determine whether this payment method should be continued, and if continued, develop and communicate to key personnel policies and procedures to ensure the proper use and accountability of cash advances. Finally, ASI will remind key personnel involved in the processing of student organization expenditures that a current and complete agency account agreement and fiscal certification training, when necessary, must be completed before payments can be processed, and that all student organization expenditures must be fully supported with adequate documentation. Corrective action on these items will be completed by June 30, 2018.

3. STUDENT ORGANIZATION TRAVEL**OBSERVATION**

Release-of-liability waivers were not consistently obtained for ASI-grant-funded student organization travel.

Recognized student organizations can apply for ASI grant funding to support events, including some that require travel, such as intercollegiate competitions and conferences. Systemwide policy requires all students traveling in CSU-affiliated programs to sign a liability waiver. However, we found that the *ASI Student Organization Grants Policy* did not require the use of these liability waivers when a travel grant was awarded to a student organization. As a result, we found that liability waivers were not collected for five of six ASI-grant-funded programs that involved student organization travel.

Obtaining liability waivers helps to ensure that travel-related risks are mitigated, decreases the university's financial and legal exposure, and ensures that travel participants understand the risk associated with traveling and participating in the activity.

RECOMMENDATION

We recommend that ASI:

- a. Update the *ASI Student Organization Grants Policy* to require liability waivers from all students who participate in travel associated with ASI student organization grant funds, and communicate this information to key personnel.
- b. Develop a process to ensure that liability waivers are obtained from all participants prior to the commencement of any ASI student organization grant-funded travel.

MANAGEMENT RESPONSE

We concur. The *ASI Policy on Student Organization Grants* was revised on April 19, 2018, to require liability waivers from all students who participate in travel associated with ASI student

organization grant funds. ASI will develop a process for ensuring that liability waivers are obtained from all such participants prior to the commencement of travel and communicate this information to key personnel. Corrective action on this item will be completed by August 30, 2018.

4. ADMINISTRATION OF GREEK ORGANIZATIONS

OBSERVATION

Required training for new Greek organization members needed improvement, recognition documentation for Greek organizations was not always obtained, and policies and procedures for the administration of Greek organizations were outdated.

Specifically, we found that:

- The campus did not have a method to identify all new Greek organization members and therefore could not verify that they had completed the required Greek 101 training, which covers various topics and includes a presentation on alcohol, tobacco, and other drugs. We reviewed five Greek organizations, and we were unable to identify all new members who should have completed this training.
- Not all recognition documentation was obtained. As part of the annual recognition process, Greek organizations are required to submit a certificate of insurance providing evidence of liability coverage. However, we reviewed five Greek organizations and found that three did not have certificates of liability insurance on file. Additionally, a Voluntary Authorization for Education Record Disclosure form must be obtained from all Greek organization members, as their educational records are disclosed to their national organizations on a periodic basis. These disclosure forms could not be located for three of ten Greek organization members we reviewed.
- The *Greek Code of Conduct Policy* needed to be updated to reflect current practices. Specifically, the code of conduct indicated that a registration packet was distributed each semester to fraternities and sororities to assist them in completing the recognition process. However, most of the items listed in the packet were being completed through the BeachSync system. Additionally, we found that the required Greek 101 training discussed above was not outlined as a requirement. During our review, an updated code of conduct policy was drafted to address these deficiencies, but it had not been finalized.

Appropriate oversight and administration of Greek organizations ensures that required training is completed, insurance certificates and disclosure forms are obtained and on file, and requirements and expectations are clear, and reduces the university's financial and legal exposure.

RECOMMENDATION

We recommend that the campus:

- a. Establish and document a process to identify new Greek organization members and verify that they have completed the Greek 101 training, and communicate this process to key personnel.
- b. Remind key personnel involved in the administration of Greek organizations to obtain recognition documentation as outlined above.
- c. Finalize the updated *Greek Code of Conduct Policy* to reflect current practices as noted above, and communicate the updated policy to key personnel and recognized Greek student organizations.

MANAGEMENT RESPONSE

We concur. Student life and development will establish and document a process to identify new Greek organization members and verify that they have completed the Greek 101 training, and communicate this process to key personnel. Key personnel involved in the administration of Greek Life will be reminded to obtain recognition documentation. Student life and development will finalize the updated *Greek Code of Conduct Policy* to reflect current practices as noted above and communicate the updated policy to key personnel and recognized Greek student organizations. Corrective action on this item will be completed by August 27, 2018.

5. STUDENT ORGANIZATION EVENTS

OBSERVATION

Student organizations did not always complete the required event training, and event information was not always fully documented.

We reviewed 20 student organization and five sport club events and found that:

- In two instances, student organization event planners did not complete event training as required to reserve event space on campus from a venue operator.
- Food-handling training was not always completed, and documentation regarding food at events was insufficient. Specifically, student organizations that hold events involving “group two” foods, which require heating or refrigeration and proper care and storage in order to prevent illness, are required to send at least one member to a food-handling workshop provided by the City of Long Beach Health Department. We found that one of three organizations hosting events on campus involving group two foods did not attend the required food-handling workshop. Further, we found that the campus did not have a process to verify that students required to attend food-handling training actually completed it. Also, for two additional events involving food, there was insufficient

documentation regarding the type of food served at the event to determine whether the food-handling workshop was required.

Proper oversight and documentation of student organization events provide greater assurance that events are well planned in accordance with campus requirements and properly approved, and that student organizations are adequately trained on food handling.

RECOMMENDATION

We recommend that the campus:

- a. Remind key personnel involved in the event planning process, including venue operators, that only student organizations who have completed event training may host an event on campus.
- b. Develop and document a process to verify that all student organizations required to complete the group two food-handling workshop have completed the training before an event involving group two foods.
- c. Require all key personnel involved in the event-planning process to fully document information regarding the type of food served for each event to readily identify any training that may be required.

MANAGEMENT RESPONSE

We concur. Student life and development will remind key personnel involved in the event planning process, including venue operators, that only student organizations that have completed event training may host an event on campus. Student life and development will develop and document a process to verify that all student organizations required to complete the group two food-handling workshop have completed the training before an event involving group two foods is approved. Student life and development will require all key personnel involved in the event-planning process to fully document information regarding the type of food served for each event to identify any training that may be required. Corrective action on this item will be completed by August 27, 2018.

6. STUDENT ORGANIZATION ADVISORS

OBSERVATION

Student organization advisors were not consistently completing the Faculty/Staff Advisor Acceptance of Responsibility Form, as required by campus policy.

As part of the recognition process, all student organization advisors are required to sign the Faculty/Staff Advisor Acceptance of Responsibility Form, which includes an overview of advisor roles and responsibilities and the ARCA acknowledgement, in BeachSync. We found 10 instances in which the student organization advisor did not complete the form, including three sport clubs that were unregistered in the BeachSync system.

Proper completion of the Faculty/Staff Advisor Acceptance of Responsibility Form helps to ensure compliance with systemwide and campus requirements and reduces the risk of misunderstandings regarding campus expectations and roles of student organization advisors.

RECOMMENDATION

We recommend that the campus remind all key personnel involved in the student organization recognition process, including student organization advisors, of the requirement to execute a Faculty/Staff Advisor Acceptance of Responsibility Form for each student organization.

MANAGEMENT RESPONSE

We concur. Student life and development will remind all key personnel involved in the student organization recognition process, including student organization advisors, to execute a Faculty/Staff Advisor Acceptance of Responsibility Form for each student organization. Corrective action on this item will be completed by August 27, 2018.

7. POLICIES AND PROCEDURES

OBSERVATION

Campus and ASI policies and procedures for the administration of student organizations needed improvement.

We found that:

- The campus did not have finalized written cash-handling policies and procedures for student organizations as required by systemwide policy. Specifically, cash-handling policies and procedures were in draft form during our review and had not been communicated to recognized student organizations.
- The ASI *Agency Accounts Policy* needed to be updated to reflect current practices. Specifically, the policy indicated that student organization members must complete fiscal certification training to be approved as an authorized account signer. However, we found that fiscal certification training was only required for student organization members who had been awarded ASI grant funds.
- The campus *Regulations for Campus Activities, Student Organizations, and the University Community* needed to be updated to reflect current requirements. Specifically, the regulations indicated that undergraduate student officers were allowed to earn a maximum of 144 semester units, or 120 percent of units required for a specific degree. However, in practice, the campus eligibility requirements were 150 units, or 125 percent of units required. In addition, the campus regulations did not include the systemwide requirement that student organizations re-file constitutions and bylaws within 90 days of any substantive change or amendment. The campus updated the regulations during our review to address these deficiencies.

Additionally, we found that the campus regulations discussed above did not reflect current requirements for off-campus bank accounts. Campus regulations required all student organizations to maintain all funds in an ASI agency account unless an exception was made for an organization that provided the university with documented permission to use the federal tax identification number of their parent organization (typically for nationally affiliated or local organizations with a separate 501(c)(3) status). We identified three student organizations that had an off-campus bank account but did not find documented approvals for these exceptions on file. We found that in current practice, the campus did not allow off-campus bank accounts, and that those student organizations that used the federal tax identification number of their affiliated organization were not required to get exceptions or documented permission, as the campus did not have oversight of those funds.

Current and complete policies and procedures help to ensure that student organizations have a clear understanding of the campus requirements and expectations.

RECOMMENDATION

We recommend that the campus, in conjunction with ASI:

- a. Finalize the student organization cash-handling policies and procedures, and communicate them to key personnel and recognized student organizations.
- b. Review and update the *ASI Agency Accounts Policy* to align with current requirements for fiscal certification training, and communicate it to key personnel and recognized student organizations.
- c. Review and update the campus regulations to reflect current requirements as outlined above, and communicate all updates to key personnel and recognized student organizations.

MANAGEMENT RESPONSE

We concur. The *ASI Policy on Agency Accounts* was updated on April 19, 2018, to remove the requirement for fiscal certification training for student organizations holding agency accounts. Student life and development will work with ASI and financial management to finalize the draft cash-handling policy for student organizations that both meets or exceeds the requirements of both the campus and ICSUAM requirements. Both items will be reflected in the campus regulations, along with student organizations not being permitted to have off-campus bank accounts, and communicated to key personnel and recognized student organizations. Corrective action on this item will be completed by July 31, 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, the Integrated California State University Administrative Manual (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 California State University, Long Beach (CSULB), there are more than 300 recognized student organizations representing 12 diverse categories, including, but not limited to, academic associations and college councils, career and professional development, fraternities and sororities, honor and recognition societies, sport clubs, and service organizations. General oversight of student organizations is provided by SLD within the division of student affairs. SLD provides policies and guidelines, events-planning orientation, leadership workshops, and training to student organizations and faculty advisors. All student organizations are assigned an SLD advisor, who is responsible for communicating requirements for recognition and assists in developing budgets and planning events to help ensure that student organizations comply with all applicable requirements. The SLD advisors also assist their student organizations with fiscal administration, as they are required to approve all expenditure and disbursement requests. All student organization funds are held in an ASI agency account. ASI is responsible for maintaining current agency account agreements and ensuring that student organization expenditures and disbursements comply with ASI policies. Student organization officers make deposits and request disbursements from the ASI business office.

SCOPE

We visited the CSULB campus from January 29, 2018, through March 2, 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 at the CSULB campus. The audit focused on procedures in effect from January 1, 2016, through March 2, 2018.

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 and events occurring both on- and off-campus.
- Processes to ensure compliance with student travel policies.
- Measures to ensure the proper fiscal administration of student organization funds.

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*
- 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*
- Code of Federal Regulations (CFR) 34, Part 99, *Family Educational Rights and Privacy Act (FERPA)*
- CSULB *Regulations for Campus Activities, Student Organizations, and the University Community*
- CSULB *Greek Code of Conduct*
- CSULB *Club Sports Handbook*
- *ASI Student Organization Grants Policy*
- *ASI Student Travel Fund Policy*
- *ASI Hospitality Policy*
- *ASI Agency Accounts Policy*

AUDIT TEAM

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