

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

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

July 17, 2018

Dr. Judy K. Sakaki, President
Sonoma State University
1801 East Cotati Avenue
Rohnert Park, CA 94928

Dear Dr. Sakaki:

Subject: Audit Report 18-49, *Student Organizations*, Sonoma State University

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 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

Sonoma State University

Audit Report 18-49
June 11, 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 April 27, 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 However, inconsistent application of practices, outdated policies, and turnover in personnel and leadership in the student involvement (SI) office may have resulted in some areas needing improvement. Specifically, the campus did not have documented policies and procedures for student organization events, and travel documents were not always obtained. In addition, documentation of the completion of Greek organization training was not always available, coach contracts were improperly executed, and student organization officers and advisors did not always complete required training.

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

OBSERVATIONS, RECOMMENDATIONS, AND RESPONSES

1. STUDENT ORGANIZATION EVENTS

OBSERVATION

Administration of on-campus student organization events needed improvement.

Although SI held pre-event meetings for some student organization events to address safety and event insurance, we found that the campus did not have a documented policy defining insurance requirements for student organization events, and it was unclear which events required insurance. Further, we found that although SI documented detailed information regarding student organization events, the determination regarding whether insurance was required was not documented.

Additionally, the campus did not have documented policies and procedures to process service vendors such as guest speakers and performers associated with student organization events, and it was unclear whether these vendors were required to execute an agreement or provide proof of insurance prior to the commencement of services.

Documented policies and procedures establish clear requirements and expectations for student organizations and campus administrators and decrease the university's financial and legal exposure.

RECOMMENDATION

We recommend that the campus:

- a. Develop policies and procedures to define insurance requirements for student organization events and process service vendors such as guest speakers and performers associated with student organization events, and communicate them to key personnel and student organizations.
- b. Develop a process to document insurance requirement determinations for student organization events.

MANAGEMENT RESPONSE

We concur. The campus will develop policies and procedures to define insurance requirements for student organization events and to process service vendors such as guest speakers and performers associated with these events and communicate them to key personnel and student organizations. The campus will also develop a process to document the insurance requirement determinations as noted above.

Expected completion date: September 30, 2018

2. STUDENT ORGANIZATION TRAVEL

OBSERVATION

Required travel documents were not consistently collected from student organizations.

Recognized student organizations are required to submit travel documents to SI prior to the commencement of travel. These documents may include, but are not limited to, trip approval forms, travel waivers, transportation manifests, volunteer appointment forms, and authorization to use privately owned vehicles. Moreover, the campus risk management division requires the execution of a *Notice of Travel Risks*.

We found that for all nine student organization travel events reviewed, including one related to foreign travel, travel documents were not always obtained. In four instances, none of the required travel documents could be located.

In our review, we found that the *Student Organization Travel Guide* did not require a travel waiver for all student organization travel and did not include the risk management's requirement for the completion of the *Notice of Travel Risks*. Additionally, the *Student Organization Travel Guide* also did not outline the documents required for foreign travel.

Properly defining travel requirements and obtaining travel documents prior to the commencement of travel helps to ensure that requirements are clear, travel-related risks are mitigated, and travel participants understand the risk associated with traveling. In addition, it decreases the university's financial and legal exposure.

RECOMMENDATION

We recommend that the campus:

- a. Remind key personnel and student organizations of travel documentation requirements, including the completion of all required forms before the commencement of travel.
- b. Review and update the *Student Organization Travel Guide* as outlined above, and communicate the updates to key personnel and recognized student organizations.

MANAGEMENT RESPONSE

We concur. The campus will review and update our *Student Organization Travel Guide* as noted above and communicate this information to key personnel and student organizations. The campus will also remind key personnel and student organizations that required travel documents must be completed prior to the commencement of travel.

Expected completion date: September 30, 2018

3. GREEK ORGANIZATION TRAINING

OBSERVATION

The campus did not always maintain sufficient documentation regarding the completion of Greek organization training, and training requirements were not outlined in SI policies and procedures.

New Greek members are required to complete GreekLife 101 training, which covers various topics and includes a presentation on alcohol use. We found that the campus did not properly maintain documentation to show that any of the 22 new Greek members we reviewed completed the training. Further, the GreekLife 101 training requirement was not outlined in the campus *Student Club/Organization Handbook*.

Appropriate oversight and administration of Greek organizations, including clear policies and procedures, helps to ensure that required training will be completed and that training requirements are clear.

RECOMMENDATION

We recommend that the campus:

- a. Remind key personnel that GreekLife 101 training documents must be retained in accordance with the campus record retention requirements.
- b. Update the *Student Club/Organization Handbook* as noted above, and communicate the updates to key personnel and recognized Greek student organizations.

MANAGEMENT RESPONSE

We concur. The campus will review and update the *Student Club/Organization Handbook* as noted above and communicate this information to key personnel and recognized student organizations. The campus will also remind key personnel that GreekLife 101 training documents must be retained in accordance with campus document retention requirements.

Expected completion date: September 30, 2018

4. SPORT CLUB ADMINISTRATION

OBSERVATION

Administration of sport clubs needed improvement.

Specifically, we found that:

- Sport club-funded coach/instructor contracts were not executed by the SI director, as required by the campus *Auxiliary Disbursements Procedures*. We reviewed five contracts, and all were executed by the SI sport club advisor.

- Four of the 21 sport club safety officers did not attend a safety training meeting, as required by SI. Although SI had a follow-up process to enforce compliance with the safety training requirement, it was not always effective.

Proper administration of sport clubs helps to ensure compliance with campus requirements, including contracting and safety training.

RECOMMENDATION

We recommend that the campus:

- a. Remind key personnel involved in the administration of sport clubs that coach/instructor contracts must be executed by the SI director.
- b. Evaluate the follow-up process for enforcing safety training compliance and determine whether changes are needed. If so, communicate these changes to key personnel.

MANAGEMENT RESPONSE

We concur. The campus will review the safety training follow-up process as noted above and communicate any changes, if needed, to key personnel. The campus will also remind key personnel of the requirement that the appropriate university personnel execute all coach/instructor contracts.

Expected completion date: September 30, 2018

5. CHARTERING AND RECOGNITION

OBSERVATION

The student organization chartering and recognition process needed improvement.

Specifically, we found that:

- Student organization officers and advisors did not consistently complete required training. As part of the recognition process, all student organization presidents, treasurers, and advisors are required to complete an online training module, which includes an overview of campus policies (i.e., alcohol use, hazing, code of conduct, fiscal training, advisor roles and responsibilities), as well as the annual non-discrimination attestation statement required by systemwide policy. We reviewed the training records of 50 student organization officers and 25 advisors, and we found that 12 student organization officers and three advisors did not complete the online training module. In all of these instances, the SI internal checklist to monitor chartering and recognition requirements was not completed.
- The campus did not have a process to ensure that the composition of student organization membership complied with systemwide requirements, which states that student organization membership may consist of both university and non-university members,

with a maximum of 20 percent non-university membership. The campus was not collecting information regarding non-university members to verify compliance.

- The campus *Student Club/Organization Handbook* needed to be updated to reflect current systemwide eligibility requirements for student organization officers. Specifically, the handbook did not indicate that graduate and credential student organization officers were allowed to earn a maximum of 50 semester units, or 167 percent of the units required for the graduate or credential objective, whichever is greater. As a result, the campus did not verify this eligibility requirement for two recognized graduate student organizations.

Proper oversight and administration of the student organization chartering and recognition process helps to ensure compliance with campus and systemwide recognition requirements for training, non-discrimination attestations, membership, and student officer eligibility.

RECOMMENDATION

We recommend that the campus:

- a. Remind key personnel to consistently use the internally created checklist to monitor compliance with the chartering and recognition requirements listed above.
- b. Develop a process to determine the number of non-university members for each recognized student organization to ensure it does not exceed systemwide limits, and communicate this information to key personnel.
- c. Review and update the campus *Student Club/Organization Handbook* as outlined above, and communicate all updates to key personnel and recognized student organizations. In addition, verify the eligibility requirements for the two graduate student organizations as noted above.

MANAGEMENT RESPONSE

We concur. The campus will review and update the *Student Club/Organization Handbook* as outlined above and communicate this information to key personnel and student organizations. The campus will verify the eligibility requirements for the two graduate student organizations as noted above and remind key personnel to consistently use the internally created checklist to monitor chartering and recognition compliance. The campus will also develop a process for monitoring the number of non-university members of student organizations, and this process will be communicated to key personnel.

Expected completion date: September 30, 2018

6. POLICIES AND PROCEDURES

OBSERVATION

Campus and Associated Students (AS) policies and procedures for the administration of student organizations needed improvement.

We found that:

- The campus did not have written cash-handling policies and procedures for student organizations, as required by systemwide policy.
- The campus *Student Club/Organization Handbook* did not include the systemwide requirement that student organizations refile constitutions and bylaws within 90 days of any substantive change or amendment.
- The campus *Student Club/Organization Handbook* needed to be updated to reflect current practices regarding off-campus bank accounts. Specifically, the handbook indicated that student organizations were not authorized to have an off-campus bank account and that all funds were required to be held with AS. However, in practice, the campus granted exceptions in accordance with systemwide policy, and several student organizations had been authorized to establish off-campus bank accounts.
- AS did not have a process to ensure compliance with off-campus bank account disclosures required by the *AS Grant Policy*. Specifically, the *AS Grant Policy* states that if a student organization has an off-campus bank account, a detailed balance and budget of the account must be submitted with the AS grant application. However, AS did not retain a listing of student organizations with an approved off-campus bank account to ensure compliance with this requirement.

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

RECOMMENDATION

We recommend that the campus, in conjunction with AS:

- a. Develop cash-handling policies and procedures and communicate them to key personnel and recognized student organizations.
- b. Review and update the campus *Student Club/Organization Handbook* to reflect current practices for off-campus bank accounts as outlined above, and communicate the updates to key personnel and recognized student organizations.
- c. Develop a process to periodically provide a listing of student organizations with an approved off-campus bank account to AS and to review this listing during the review of AS grant applications.

MANAGEMENT RESPONSE

We concur. The campus will review and update our *Student Club/Organization Handbook* as noted above and develop cash-handling policies and procedures. All updates will be communicated to key personnel and the student organizations. The campus will also develop a process to track and review approved off-campus bank accounts and provide that list to the AS for inclusion in the review of grant applications.

| Expected completion date: September 30, 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 Sonoma State University (SSU), there are more than 135 recognized student organizations representing various diverse categories, including, but not limited to, academic/departmental, cultural, spiritual, political, special interest, performing arts, fraternity and sorority life, and competitive sport clubs. General oversight over student organizations, including fraternities and sororities, is provided by SI, within the division of student affairs. SI provides policies and guidelines, event planning, and off-campus travel orientation, as well as training for student organizations and faculty advisors. All student organization funds are held in an AS agency account, unless an exception for an off-campus bank account has been granted by the campus. AS is responsible for maintaining current agency account agreements and ensuring that student organization expenditures and disbursements comply with AS policies. Student organization authorized signers request disbursements from the AS business office.

SCOPE

We visited the SSU campus from March 26, 2018, through April 27, 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 SSU campus. The audit focused on procedures in effect from January 1, 2016, through April 27, 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*
- 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*
- *SSU Student Handbook*
- *SSU Sports Club Manual*
- *SSU Purchasing Procedures Overview Policy*
- *SSU Business Process Paper – Auxiliary Disbursement Policy*
- *SSU Student Organization Travel Guide*
- *AS Grant Policy*

AUDIT TEAM

Audit Manager: Cindy Merida
Senior Auditor: Angie Guillen