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ABBREVIATIONS

AP  Academic Personnel
CBA  Collective Bargaining Agreement
CFA  California Faculty Association
CSU  California State University
CSUN  California State University, Northridge
HR  Human Resources
SC-1  Statement of Professional Preparation and Experience Form
EXECUTIVE SUMMARY

As a result of a systemwide risk assessment conducted by the Office of the University Auditor during the last quarter of 2010, the Board of Trustees, at its January 2011 meeting, directed that Academic Personnel (AP) be reviewed. The Office of the University Auditor has never reviewed AP as a subject audit, although some aspects were covered in the Human Resources audits conducted in 2004.

We visited the California State University, Northridge campus from September 6, 2011, through October 7, 2011, and audited the procedures in effect at that time.

Our study and evaluation did not reveal any significant internal control problems or weaknesses that would be considered pervasive in their effects on AP activities. However, we did identify other reportable weaknesses that are described in the executive summary and body of this report. In our opinion, the operational and administrative controls for AP activities in effect as of October 7, 2011, taken as a whole, were sufficient to meet the objectives stated in the “Purpose” section of this report.

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.

The following summary provides management with an overview of conditions requiring attention. Areas of review not mentioned in this section were found to be satisfactory. Numbers in brackets [ ] refer to page numbers in the report.

RECRUITMENT AND HIRING [5]

The campus did not always obtain minimum employment applicant information from job applicants prior to making an offer of employment. Additionally, campus background check procedures for sensitive positions were not always followed. Also, academic personnel appointments were not made by the campus president or designee.

EMPLOYEE EVALUATIONS AND SABBATICAL LEAVES [8]

Administration of sabbatical leaves needed improvement. Specifically, the provost approved all sabbaticals without written delegation of authority from the president, and sabbatical leave reports were not always completed within required time frames.

SEPARATIONS [9]

Campus separation procedures were not always followed.
INTRODUCTION

BACKGROUND

Management of academic personnel (AP) involves facilitating the recruitment, development, and retention of the academic workforce. AP includes faculty and academic student assistants in collective bargaining units three and eleven, as well as faculty management employees who are part of the management personnel plan. In the California State University (CSU) system, campus AP offices coordinate with human resources to perform activities that include, but are not limited to:

- Planning for the movement of AP into, within, and out of employment with the university.
- Recruiting and selecting faculty, student, and management AP with the appropriate skills, knowledge, and abilities.
- Training and developing faculty and faculty management to enhance their capabilities.
- Providing compensation and benefits that attract, motivate, and retain talented employees.
- Appraising and reporting on faculty, student, and management performance to identify areas that need improvement, and providing positive reinforcement for effective performance.
- Maintaining effective employee relations.
- Minimizing the risk of illness and injury in the workplace.

The CSU must comply with collective bargaining agreements, systemwide mandates, and Board of Trustee policies, as well as major federal and state laws that could affect the academic personnel function. Such laws include, but are not limited to, Title VII of the Civil Rights Act of 1964, the Political Reform Act of 1974, Assembly Bill 1825 (passed in 2004), and other state regulations addressing topics such as safety, harassment, and nondiscrimination in the workplace.

AP management relies on effective information management systems for operational efficiencies and controls; however, most of the information that AP management uses through these systems must remain private in accord with laws such as the Information Practices Act of 1977 and the Health Insurance Portability and Accountability Act of 1996, as well as the Board of Trustees’ policies for personal information management.

In fiscal year 2009/10, the CSU expended approximately $1.8 billion on instruction. This investment underscores the importance of maintaining a dynamic AP function that attracts, develops, and retains qualified personnel.
PURPOSE

Our overall audit objective was to ascertain the effectiveness of existing policies and procedures related to the administration of the academic personnel function and to determine the adequacy of controls over related processes to ensure compliance with relevant collective bargaining agreements, governmental regulations, Trustee policy, Office of the Chancellor directives, and campus procedures.

Within the overall audit objective, specific goals included determining whether:

- Administration and management of the AP function incorporates effective internal controls, adequate local policies and operational procedures, and current written delegations of authority.
- Processes and procedures ensure timely and effective communication of CSU and campus employment policies and federal and state employment laws and regulations.
- Employees are sufficiently apprised of acceptable business practices and expected standards of ethical and moral behavior, as well as the need to report conflict-of-interest situations.
- Faculty and management are sufficiently trained in the appropriate policies and procedures to support compliance with applicable state and federal laws and regulations regarding nondiscrimination and affirmative action, harassment, and safety.
- Recruitment, selection, hiring, and appointment activities are properly authorized, employment eligibility is verified, and compliance with state and federal laws and regulations and collective bargaining agreements is maintained.
- Professional licenses, certificates, and/or registration requirements for applicable employees are properly maintained.
- Procedures governing faculty evaluations and the review of sabbatical leave events conform with the collective bargaining agreement.
- Separations comply with existing laws and regulations and observe good business practices in accordance with CSU policy.
- Compensation and benefit requests and confidential hard-copy and system information, such as information pertaining to recruitment, selection, and hiring activities, are reasonably secure.
SCOPE AND METHODOLOGY

The proposed scope of the audit as presented in Attachment A, Audit Agenda Item 2 of the January 25 and 26, 2011, meeting of the Committee on Audit stated that AP includes activities involved in the recruitment, hiring, evaluation, and retention of employees directly involved with the academic operations of the CSU system and the individual campuses. Proposed audit scope would include, but was not limited to, review of recruitment and hiring processes for compliance with employment laws and regulations; evaluation of employees as required per collective bargaining agreements; administration of the family medical leave and other employee programs; and protection of sensitive and confidential information.

Our study and evaluation were conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* issued by the Institute of Internal Auditors and included the audit tests we considered necessary in determining whether operational and administrative controls are in place and operative. This review emphasized, but was not limited to, compliance with state and federal laws, Board of Trustee policies, and Office of the Chancellor and campus policies, letters, and directives. The audit focused on procedures in effect from July 1, 2009, through September 30, 2011.

We focused primarily on the internal administrative, compliance, and operations controls over academic personnel activities. Specifically, we reviewed and tested:

- Recruitment, selection, and hiring activities for academic employees, including training processes.
- Conflict-of-interest and employment eligibility forms and procedures.
- Maintenance and protection of confidential human resources information.
- Employee evaluations, sabbatical leaves, and separation procedures.
- Record retention and disposition.
OBSERVATIONS, RECOMMENDATIONS, AND CAMPUS RESPONSES

RECRUITMENT AND HIRING

EMPLOYMENT APPLICANT INFORMATION

The campus did not always obtain minimum employment applicant information from job applicants prior to making an offer of employment.

We reviewed application packages for 20 academic personnel employees hired since July 1, 2009, and we found that:

- Six applications did not include criminal background history.
- Five applications did not include certification that all information provided was true and correct.

Coded Memorandum Human Resources (HR) 2006-03, Employment Applicant Information, dated January 13, 2006, states that the campuses and the chancellor’s office are required to obtain, at a minimum, specific information including criminal background history for applicants who will be offered California State University (CSU) positions. In addition, the applicant needs to certify that information provided in the application process is true and correct.

The senior director for academic personnel stated that although the office of faculty affairs provides application guidelines to campus departments, applications are created at the college and department levels and may vary depending on the type of position offered. He further stated that all of the applications cited for not including criminal background history or certification that all information provided was true and correct were for academic student employee positions, and none was for tenure-track or temporary lecturer faculty positions. In addition, he stated that the office of faculty affairs office was unaware that certain applications were missing the required elements.

Failure to include information required by CSU policies could result in inaccurate or incomplete employment applications.

Recommendation 1

We recommend that the campus ensure that minimum employment applicant information is obtained from job applicants prior to making an offer of employment.

Campus Response

We concur. The campus now requires that all academic student employee applicants complete the Statement of Professional Preparation and Experience (SC-1) form prior to making an offer of employment. The SC-1 form includes the criminal background history and true and correct certification questions.
BACKGROUND CHECKS

Campus background check procedures for sensitive positions were not always followed.

We reviewed the only employee hired for a sensitive position during the audit period and found that:

- Recruitment information and job announcements for the position did not include information regarding background checks.

- The Livescan fingerprint analysis, the background check method required by the campus to be completed prior to making an offer of employment, did not occur until two months after the employee began working at the campus.

Coded Memorandum HR 2005-10, *Background Checks*, effective March 1, 2005, states that it is the campus’ responsibility to ensure all recruitment information, announcements, and position descriptions state whether a position requires a background check. The campus should also notify the individual under consideration for a sensitive position that the offer of any personnel action is conditional upon successful completion of a background check and that falsification of information provided may be cause for corrective action or rejection.

California State University, Northridge (CSUN) Office of Human Resources Background Check Guidelines state that job announcements for positions requiring a background check will include a statement indicating that a job offer is contingent upon successful completion of a background check based on fingerprint analysis.

The manager of faculty personnel and compensation programs stated that the background check requirement was not included in the job announcement due to oversight. He also stated that the fingerprinting was performed for the employee reviewed, but it was not accomplished before the employee’s start date due to oversight.

Failure to inform potential candidates of required background checks could result in failed searches and potential complaints against the campus, and failure to perform background checks increases campus exposure to loss from inappropriate acts.

**Recommendation 2**

We recommend that the campus:

a. Include information regarding background checks in recruitment information and job announcements for sensitive positions.

b. Ensure that required background checks are completed before making an offer of employment.
Campus Response

We concur.

a. Human Resources will implement procedures to ensure that language is included in all recruitment documents for sensitive positions advising that an offer of any personnel action is conditional on successful completion of a background check and that falsification of information provided may be cause for corrective action or rejection. This will be completed by May 1, 2012.

b. Human Resources will implement procedures to ensure background checks will be conducted after a contingent offer of employment is made, but prior to the start date for sensitive positions. This will be completed by May 1, 2012.

APPOINTMENT NOTIFICATIONS

Academic personnel appointments were not made by the campus president or designee.

We reviewed 14 faculty appointments and 11 student assistant appointments and found that:

- The provost signed probationary and tenure-track faculty appointment letters without written delegated authority from the president.

- The dean of the hiring department signed temporary faculty appointment letters and student assistant appointment letters without written delegated authority from the president.

Collective Bargaining Agreement (CBA), California Faculty Association (CFA), Unit 3, Article 12.1 states that after considering the recommendations, if any, of the department or equivalent unit and the appropriate administrator, appointments of employees shall be made by the president. Appointments may be temporary, probationary, or tenured. Appointments shall be made through written notification by the president. No employee shall be deemed appointed in the absence of an official written notification from the president.

CBA, CFA, Unit 3, Article 2.18 states that the term “president” as used in this agreement refers to the chief executive officer of a university or college or his/her designee.

CBA, United Auto Workers, Unit 11, Article 2.10 states that no employee shall be deemed appointed in the absence of an official written notification from the president.

The senior director of academic personnel stated that the delegation of authority to the provost and vice president for academic affairs for appointment of probationary and tenure-track faculty was a long-standing policy; however, the written letter delegating this responsibility could not be located. He further stated that subsequent to the appointment of the current provost and vice president for academic affairs, responsibility for the appointment of temporary faculty and student assistant employees was delegated to the deans (or equivalent); however, the written letters delegating this further responsibility could not be located.
Failure to appoint faculty in accordance with campus and CSU policies could result in questions about the effectiveness of the hiring process.

**Recommendation 3**

We recommend that the campus ensure that faculty and student assistant appointments are made by the campus president or the president’s designee with a written delegation of authority in place.

**Campus Response**

We concur. Written delegation of authority letters are now in place for all presidential designees making faculty and academic student employee appointments.

**EMPLOYEE EVALUATIONS AND SABBATICAL LEAVES**

Administration of sabbatical leaves needed improvement.

We reviewed three sabbatical leaves that took place in the 2010 fall semester and found that:

- Each of the sabbatical leaves was approved by the provost without delegated authority from the president.

- In two instances, faculty reports demonstrating that the conditions of the sabbatical leave had been met were not documented in the personnel action files within 90 days after the faculty member’s return to service, as required by campus policy.

CBA, CFA, Unit 3, Article 27.8 states that prior to making a final determination regarding the sabbatical leave and the conditions of such an approved leave, the president shall consider the recommendations made by a professional leave committee and the department. It further states that the president shall respond in writing to the applicant, and such a response shall include the reasons for approval or denial. Article 27.16 states that a faculty unit employee granted a sabbatical leave may be required by the president to provide verification that the conditions of the leave were met. The statement of verification shall be provided to the president and the professional leave committee.

CBA, CFA, Unit 3, Article 2.18 states that the term “President” as used in this agreement refers to the chief executive officer of a university or college or his/her designee.

The CSUN *Administrative Manual*, Section 672.4, states that faculty members granted leaves with pay shall, within 90 days after their return to service, submit a written report of their leave activities to the department chair and the dean of the college for inclusion in their personnel action files.

The senior director of academic personnel stated that the delegation of authority for granting sabbatical leaves was a long-standing policy that preceded the arrival of the current provost and was delegated to his predecessor by the president in a memorandum. He further stated that the president concurred with the delegation that was already in place to the position of provost and vice president.
for academic affairs; however, a formal written delegation of such authority could not be located. He also stated that the monitoring of sabbatical reports was performed at the college level, and the delay in submission and inclusion of the reports in the personnel action files was likely due to oversight. Failure to obtain sabbatical leave approvals from the president or designee with formal delegation of authority could result in complaints by faculty or the faculty union, and failure to obtain and document verification that the conditions of sabbatical leave were met could result in faculty perception that completion of sabbatical leave conditions was no longer required.

Recommendation 4

We recommend that the campus:

a. Ensure that sabbatical leaves are approved by the president or the president's designee with a written delegation of authority in place.

b. Document verification that sabbatical leave conditions have been met, and place such verification in the employee's personnel action file, as required by campus policy.

Campus Response

We concur.

a. Written delegation of authority letters are now in place for the president’s designee for approval of sabbatical leaves.

b. Verification that sabbatical leave conditions have been met is the responsibility of the respective college dean, since the dean is the official custodian of faculty personnel action files in the dean’s college. The assistant vice president for faculty affairs sends a memo to each dean at the beginning of each semester. The memo includes a list of the college faculty members who completed their sabbatical leaves at the end of the previous semester and a reminder that “University policy regarding sabbatical leave states that: Faculty members granted leaves with pay shall, within 90 days after return to service, submit a written report of their leave activities to the department chair and the dean of the college for inclusion in the Personnel Action File.”

SEPARATIONS

Campus separation procedures were not always followed.

We reviewed ten separation transactions and found that clearance forms were not completed for three exiting employees.

The CSUN Faculty and Staff Separation/Clearance Process states that all faculty and staff who are separating from CSUN must complete the separation/clearance process. It further states that if an employee is retiring and returning as a rehired annuitant, the department still needs to complete the separation/clearance process.
The manager of faculty personnel and compensation programs stated that clearance forms were completed at the department level, and the forms were missing due to oversight. Inadequate control over separations increases the risk of loss, theft, or unauthorized transactions to the campus.

**Recommendation 5**

We recommend that the campus follow campus separation procedures, including the completion of clearance forms.

**Campus Response**

We concur. Human Resources will issue a reminder to department coordinators and supervisors of the procedures and the need to comply with the campus separation procedures, including submission of clearance forms. This will be completed by May 1, 2012.
APPENDIX A:
PERSONNEL CONTACTED

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
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<tbody>
<tr>
<td>Harold Hellenbrand</td>
<td>Interim President</td>
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<tr>
<td>Jolene Koester</td>
<td>President (At time of review)</td>
</tr>
<tr>
<td>Leta Chow</td>
<td>Administrative Support Coordinator, Psychology</td>
</tr>
<tr>
<td>Shane Frehlich</td>
<td>Department Chair, Kinesiology</td>
</tr>
<tr>
<td>Marriane Hattar</td>
<td>Department Chair, Department of Nursing</td>
</tr>
<tr>
<td>Penny Jennings</td>
<td>Associate Vice President, Faculty Affairs</td>
</tr>
<tr>
<td>Howard Lutwak</td>
<td>Director of Internal Audit</td>
</tr>
<tr>
<td>Tom McCarron</td>
<td>Vice President, Administration and Finance and Chief Financial Officer</td>
</tr>
<tr>
<td>Jill Smith</td>
<td>Interim Associate Vice President, Human Resources</td>
</tr>
<tr>
<td>Frank Stranzl</td>
<td>Manager, Faculty Personnel and Compensation Programs, Human Resources</td>
</tr>
<tr>
<td>William Whiting</td>
<td>Senior Director, Academic Personnel</td>
</tr>
<tr>
<td>Melanie Williams</td>
<td>Department Chair, Business Law</td>
</tr>
</tbody>
</table>
February 27, 2012

Mr. Larry Mandel, University Auditor  
Office of the University Auditor  
The California State University  
401 Golden Shore, 4th Floor  
Long Beach, CA 90802

Subject: Campus Response to Recommendations of Audit Report Number 11-58,  
Academic Personnel at California State University, Northridge

Dear Larry:

Enclosed please find the California State University, Northridge (CSUN) response to the recommendations of the audit, as requested in your email of February 10, 2012.

We have read the report including the observations and recommendations, and agree with them. Corrective action to implement all of the recommendations has been taken. By separate correspondence, the applicable documents evidencing completion of our implementation process and corrective action for each recommendation will be provided.

Should there be questions regarding the contents of the response, they may be addressed to Howard Lutwak, CSUN Internal Audit Director at (818) 677-2333.

We appreciate the recommendations to improve CSUN’s systems of internal control.

Sincerely,

[Signature]

Tom McCarron  
Vice President Administration and Finance and CFO

TM: mh

Enclosures

CC: Dr. Harry Hellenbrand, Interim President  
Howard Lutwak, Director, Internal Audit
ACADEMIC PERSONNEL
CALIFORNIA STATE UNIVERSITY,
NORTH RIDGE
Audit Report 11-58

RECRUITMENT AND HIRING

EMPLOYMENT APPLICANT INFORMATION

Recommendation 1

We recommend that the campus ensure that minimum employment applicant information is obtained from job applicants prior to making an offer of employment.

Campus Response

We concur. The campus now requires that all Academic Student Employee (ASE) applicants complete the Statement of Professional Preparation and Experience (SC-1) form prior to making an offer of employment. The SC-1 form includes the criminal background history and true and correct certification questions.

BACKGROUND CHECKS

Recommendation 2

We recommend that the campus:

a. Include information regarding background checks in recruitment information and job announcements for sensitive positions.

b. Ensure that required background checks are completed before making an offer of employment.

Campus Response

We concur.

a. Human Resources will implement procedures to ensure that language is included in all recruitment documents for sensitive positions advising that an offer of any personnel action is conditional on successful completion of a background check and that falsification of information provided may be cause for corrective action or rejection. This will be completed by May 1, 2012.

b. Human Resources will implement procedures to ensure background checks will be conducted after a contingent offer of employment is made, but prior to start date for sensitive positions. This will be completed by May 1, 2012.
APPOINTMENT NOTIFICATIONS

Recommendation 3

We recommend that the campus ensure that faculty and student assistant appointments are made by the campus president or the president’s designee with a written delegation of authority in place.

Campus Response

We concur. Written delegation of authority letters are now in place for all presidential designees making faculty and Academic Student Employee appointments.

EMPLOYEE EVALUATIONS AND SABBATICAL LEAVES

Recommendation 4

We recommend that the campus:

a. Ensure that sabbatical leaves are approved by the president or the president’s designee with a written delegation of authority in place.

b. Document verification that sabbatical leave conditions have been met, and place such verification in the employee’s personnel action file, as required by campus policy.

Campus Response

We concur.

a. Written delegation of authority letters are now in place for the president’s designee for approval of sabbatical leaves.

b. Verification that sabbatical leave conditions have been met is the responsibility of the respective College Dean, since the Dean is the official custodian of faculty personnel action files in the Dean’s College. The AVP for Faculty Affairs sends a memo to each Dean at the beginning of each semester. The memo includes a list of the College faculty members who completed their sabbatical leaves at the end of the previous semester and, a reminder that “University policy regarding sabbatical leave states that: Faculty members granted leaves with pay shall, within 90 days after return to service, submit a written report of their leave activities to the Department Chair and the Dean of the College for inclusion in the Personnel Action File.”

SEPARATIONS

Recommendation 5

We recommend that the campus follow campus separation procedures, including the completion of clearance forms.
Campus Response

We concur. Human Resources will issue a reminder to department coordinators and supervisors of the procedures and the need to comply with the campus separation procedures, including submission of clearance forms. This will be completed by May 1, 2012.
March 26, 2012

MEMORANDUM

TO: Mr. Larry Mandel
    University Auditor

FROM: Charles B. Reed
      Chancellor

SUBJECT: Draft Final Report 11-58 on Academic Personnel, California State University, Northridge

In response to your memorandum of March 26, 2012, I accept the response as submitted with the draft final report on Academic Personnel, California State University, Northridge.

CBR/amd