

ADMISSIONS

**CALIFORNIA STATE UNIVERSITY,
FULLERTON**

**Report Number 04-21
January 18, 2005**

Members, Committee on Audit

Roberta Achtenberg, Vice Chair
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Raymond W. Holdsworth

Staff

University Auditor: Larry Mandel
Audit Manager: Nate Clark
Internal Auditor: Mark Osborne

BOARD OF TRUSTEES

THE CALIFORNIA STATE UNIVERSITY

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ABBREVIATIONS

BOT	Board of Trustees
CSU	California State University
FERPA	Family Educational Rights and Privacy Act
SAM	State Administrative Manual
SEVIS	Student and Exchange Visitor Information System
SFS	Student Financial Services
SIS+	Student Information System

EXECUTIVE SUMMARY

As a result of a systemwide risk assessment conducted by the Office of the University Auditor during the last quarter of 2002, the Board of Trustees, at its January 2004 meeting, directed that *Admissions* be reviewed.

We visited the California State University, Fullerton campus from September 27, 2004, through November 8, 2004, and audited the procedures in effect at that time.

In our opinion, existing policies and procedures for the administration of the admissions function were adequate. However, the controls over application fee processing and student record privacy and security needed to be strengthened.

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.

APPLICATION FEE AND WAIVER CONTROLS [6]

Checks received were not always restrictively endorsed by the end of the business day, and transfer receipts were not used to localize accountability. Problematic applications and fees received in the cashiering office were forwarded to admissions and records for resolution without restrictively endorsing the checks, checks received in admissions and records were not restrictively endorsed by the end of the business day, and application fees were transferred to and from the admissions and records office and the cashiering office without the use of transfer receipts. In addition, the admissions and records office did not retain hard-copy fee waiver documentation received from students.

STUDENT RECORD PRIVACY AND SECURITY [8]

Security administration procedures for the Student Information System (SIS+) did not provide effective access control. Written approval by the vice president of administration was not always obtained to support granting access to SIS+, and the automated password expiration feature was not enabled in all instances reviewed. In addition, campus procedures did not provide for the periodic review and reporting of student information management practices.

INTRODUCTION

BACKGROUND

Prior to 1960, California's postsecondary education system consisted of an assortment of uncoordinated and competing colleges and universities. The California Master Plan for Higher Education, the *Donahoe Higher Education Act of 1960*, merged the state's independent community colleges and state colleges and universities into what has proven to be the largest and most prominent system of higher education in the United States. The master plan created a coordinated system that pooled a quality education with broad-based public access by assigning each segment of the state's three-tier postsecondary education system (i.e., University of California, California State University, community colleges) specific missions and objectives.

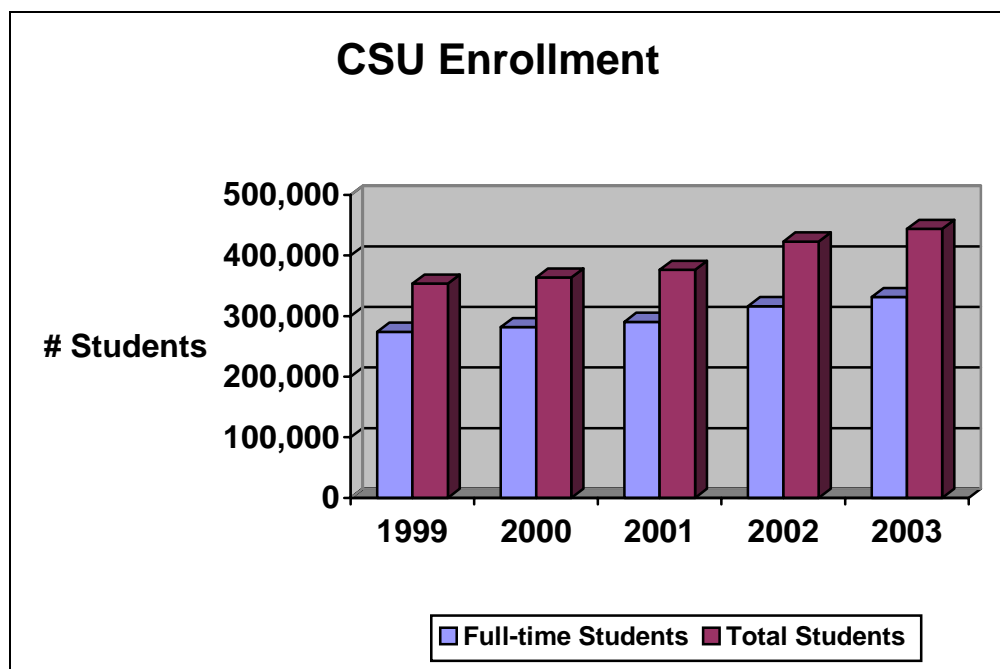
It remains the intent of the *Donahoe Higher Education Act* to provide each California resident who has the capacity and motivation an opportunity to earn a higher education. In 1972, the California State Colleges was officially named the California State University and Colleges. Ten years later, the merged state universities and colleges were renamed The California State University (CSU) system. Pursuant to the California Code of Regulations, Title V, the primary function of the CSU is to provide instruction for undergraduate and graduate students in liberal arts and science, in applied fields, and in the professions, including the teaching profession. Today, the 23 campuses that make up the CSU also include two polytechnic universities and a maritime academy. The CSU offers more than 1,600 bachelor's and master's degree programs in approximately 240 subject areas. Many of these programs offered to the over 400,000 enrolled students are given in the late afternoon and evenings for working students.

In 1985, the CSU Board of Trustees (BOT) adopted mission statements in response to guidelines suggested in the *Western Association of Schools and Colleges' Handbook of Accreditation*. These mission statements are supported by specific goals; aligned with the intent of the *Donahoe Act*; and are in concert with Cornerstones, the systemwide planning framework developed and endorsed by the BOT in 1998. The mission of the CSU is to:

- ▶ Advance and extend knowledge, learning, and culture, especially throughout California.
- ▶ Provide opportunities for individuals to develop intellectually, personally, and professionally.
- ▶ Prepare significant numbers of educated, responsible people to contribute to California's schools, economy, culture, and future.
- ▶ Encourage and provide access to an excellent education to all who are prepared for and wish to participate in collegiate study.
- ▶ Offer undergraduate and graduate instruction leading to bachelor's and higher degrees in the liberal arts and sciences, the applied fields, and the professions, including the doctoral degree when authorized.
- ▶ Prepare students for an international, multicultural society.

- ▶ Provide public services that enrich the university and its communities.

The convergence of the state’s budget deficit and the increase in student admission demand (see chart below) have placed additional pressure on the system to uphold the CSU’s mission and meet systemwide objectives. In response to this challenging environment, the BOT asked the campuses to maintain the quality of instruction, while continuing to meet student educational and service goals and objectives, such as remedial education; student and school outreach and diversity; admission automation; and inter/intrasystem and vertical/horizontal admission coordination. Sustaining the CSU’s mission in today’s environment places a premium on effective communication, systemwide administrative coordination, operational consistency, and reliable internal control systems.



PURPOSE

Our overall audit objective was to ascertain the effectiveness of existing policies and procedures related to the administration of the admissions function and to determine the adequacy of controls that ensure compliance with relevant governmental regulations, Trustee policy, Office of the Chancellor directives, and campus procedures.

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

- ▶ Campus admission policies and procedures are current, comprehensive, and aligned with relevant state and federal regulations, Trustee policies, and chancellor’s office directives.

- ▶ Clear lines of organizational authority and responsibility exist in the administration and management of the campus admissions and evaluations program.
- ▶ Admission evaluations are adequately documented and decisions are aligned with state regulations, chancellor's office directives, and campus policy.
- ▶ The campus is authorized to enroll international students in the Student and Exchange Visitor Information System (SEVIS) and complies with Bureau of Citizenship and Immigration Services regulations.
- ▶ Major/program and/or campuswide impactation decisions are adequately supported and properly approved.
- ▶ Eligible students not admitted to the CSU campus of their choice were appropriately redirected.
- ▶ Application fees are accurately recorded, adequately safeguarded, and properly processed; and fee waivers are appropriately granted.
- ▶ Hard-copy and electronic admission information is secured and protected against unauthorized access and in accordance with Family Educational Rights and Privacy Act (FERPA) regulations.

SCOPE AND METHODOLOGY

The proposed scope of the audit, as presented in Attachment B, Audit Item 2 of the January 27-28, 2004, meeting of the Committee on Audit, stated that *Admissions* includes outreach activities to prospective students, processing of applications for admission, and evaluations of student records. Potential impacts include admission of ineligible students; inequity in admission decisions; incorrect residency determinations; inadequate evaluations; misuse/distribution of confidential and evaluation data; and lack of control over application fees. Admissions was previously audited in 1978.

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 that operational and administrative controls are in place and operative. This review emphasized, but was not limited to, compliance with state laws, BOT policies, and Office of the Chancellor and campus policies, letters, and directives. The audit review focused on procedures in effect from January 2003 through January 2004. In instances when it was necessary to review annualized data, fiscal year 2003/04 was the primary period reviewed.

We focused primarily upon the internal administrative, compliance, and operational controls over admissions management. Specifically, we reviewed and tested:

- ▶ Admission and evaluation policies and procedures.
- ▶ Undergraduate and graduate application processing.
- ▶ Residency determination and evaluation of student records.
- ▶ Admissions granted on a conditional or exception basis.

INTRODUCTION

- ▶ SEVIS certification and issuance of a Certificate of Eligibility (Form I-20) to international students.
- ▶ Enrollment management practices.
- ▶ Application fee processing and fee waiver granting.
- ▶ Maintenance and protection of hard-copy and electronic application and admission records.

OBSERVATIONS, RECOMMENDATIONS, AND CAMPUS RESPONSES

APPLICATION FEE AND WAIVER CONTROLS

APPLICATION FEE RECEIPT CONTROLS

Checks received were not always restrictively endorsed by the end of the business day, and transfer receipts were not used to localize accountability.

We found that:

- ▶ Problematic applications and fees received in the cashiering office were forwarded to the admissions and records office for resolution without restrictively endorsing the checks.
- ▶ Checks received in the admissions and records office were not restrictively endorsed by the end of the business day.
- ▶ Application fees were transferred to and from the admissions and records office and the cashiering office without the use of transfer receipts.

State Administrative Manual (SAM) §8023 states that all checks, money orders, and warrants received for deposit will be restrictively endorsed for deposit as soon as possible after receipt, but no later than the end of the working day.

SAM §8021 states that a separate series of transfer receipts will be used to localize accountability for cash or negotiable instruments to a specific employee from the time of receipt to its deposit.

The Cashnet manager stated that the cashiering office did not endorse the checks from problematic applications until resolution, because the corrective action may involve forwarding the check and application to another California State University (CSU) campus. The applications supervisor stated that the admissions and records office stopped endorsing checks as a result of a prior audit recommendation. She further stated her belief that the daily transmittal of fee deposits prepared by the cashiering office sufficiently localized accountability.

Failure to adequately control application fee receipts increases the risk that receipts will be lost or misappropriated.

Recommendation 1

We recommend that the campus:

- a. Establish and implement procedures to ensure that all checks are restrictively endorsed on the day of receipt.

- b. Implement the use of transfer receipts for application fees initially received by the cashier's office and transferred to the admissions and records office, or establish procedures to deposit the fees upon receipt and provide the admissions and records office with details of the receipts.

Campus Response

- a. We concur. All departments have been instructed to restrictively endorse checks on the day of receipt and have been provided with an endorsement stamp.
- b. We concur. The use of transfer receipts has been implemented. All applications are now received by student financial services (SFS), opened and processed. No application is being transmitted to the admissions and records office until any accompanying check has been processed by SFS.

APPLICATION FEE WAIVER DOCUMENTATION

The admissions and records office did not retain hard-copy fee waiver documentation received from students.

Government Code §13402 and §13403 state that management is responsible for establishing and maintaining a system of internal administrative controls, which includes documenting the system, communicating system requirements to employees, and assuring that the system is functioning as prescribed and is modified, as appropriate, for changes in conditions.

The applications supervisor stated that the admissions and records office shredded the forms, since the pertinent information had been entered into the student information system.

Failure to retain fee waiver support documentation places the campus in a weak position in the event the waiver decision is appealed or system information is questioned.

Recommendation 2

We recommend that the campus retain manually prepared student fee waiver applications for a reasonable amount of time.

Campus Response

We concur. We changed our admissions processing procedures immediately, so that all paper fee waiver forms, whether denied or accepted, are scanned into the imaging system. These documents will be maintained for two years.

STUDENT RECORD PRIVACY AND SECURITY

DATA ACCESS SECURITY ADMINISTRATION

Security administration procedures for the Student Information System (SIS+) did not provide effective access control.

We noted that:

- ▶ 3 of 30 individuals reviewed had been issued access to SIS+ without written approval by the vice president of administration, including a student assistant, an information technology consultant, and a full-time financial aid employee. In addition, financial aid operating management had not formally approved the access for the student assistant and the full-time financial aid employee.
- ▶ The automated password expiration feature was disabled for six employees.

The Office of the Chancellor memorandum to CSU presidents, *Information Security Clarification*, dated March 28, 2003, states, in part, that no CSU employee will be granted access to confidential information in the CSU without review and written approval by the campus president or vice president of administration. Further, CSU employees who currently have such access to confidential information must undergo this review and written approval process in order to continue their access capability. This reapproval of employees with confidential information access must be completed immediately or such access will be revoked.

A memorandum entitled *Information Technology Security Policy* from the CSU executive vice chancellor/chief financial officer to CSU presidents, dated September 13, 2002, states that campuses must have plans and procedures for data centers and shared computing environments that ensure, where appropriate, computer access controls and password security. These policies apply to all students, faculty, staff, and consultants employed by the CSU or any other person having access to CSU information technology resources.

The director of admissions and records stated that the campus was still in the process of reexamining security practices for some of the information technology systems to ensure that they were fully aligned with present day enterprise risk.

Insufficient security administration over SIS+ increases the risk that the privacy of confidential student information will be compromised.

Recommendation 3

We recommend that the campus:

- a. Review and strengthen procedures for granting access to SIS+ to ensure that written approval by the campus president or the vice president of administration is obtained for all such access.

- b. Strengthen procedures to ensure that the automated password expiration feature is enabled for all individuals with SIS+ access.

Campus Response

- a. We concur. Only employees who have received approval to access protected information by the vice president of administration will be granted access to SIS+.
- b. We concur. The automated password expiration feature has been enabled for all users.

STUDENT INFORMATION MANAGEMENT

Campus procedures did not provide for the periodic review and reporting of information management practices concerning student records.

Executive Order 796, *Privacy and Personal Information Management – Student Record Administration*, dated January 1, 2002, states that each campus shall adopt a written policy statement establishing procedures by which the campus intends to comply with the federal Family Educational Rights and Privacy Act (FERPA) of 1974 and this executive order. These procedures shall include a requirement to periodically review campus information management practices concerning student records at least every two years, or more often as the need arises. The results of these reviews shall be forwarded to the chancellor by the president and shall include any changes deemed necessary.

The vice president of student affairs stated that the campus performed an ongoing review of student information security practices each semester. He further stated that the campus was unaware that a biannual report to the chancellor was still required when no changes in security practices were identified in the information management practices review.

Failure to periodically review and report information management practices increases the risk of regulatory violations and liability lawsuits and may result in negative publicity in the event of a privacy complaint.

Recommendation 4

We recommend that the campus establish procedures to periodically review student record information management practices and forward the results of the review to the chancellor.

Campus Response

We concur. The campus will immediately forward a report of its biannual review of student record information management practices to the chancellor.

APPENDIX A: PERSONNEL CONTACTED

<u>Name</u>	<u>Title</u>
Milton A. Gordon	President
John Beisner	Director of Risk Management
James Blackburn	Director of Admissions and Records
Nancy Dority	Admissions Officer
Robert Ericksen	Director of International Education and Exchange
Naomi Goodwin	Associate Vice President for Administration
Willie Hagan	Vice President for Administration
Maria Mezhinsky	Information Technology Manager
Sherri Newcomb	Chief Financial Officer
Robert Palmer	Vice President for Student Affairs
Ruth Palmer	Applications Supervisor
Ephraim Smith	Vice President for Academic Affairs
Betsy Stuck	Assistant Applications Supervisor
Joni Talley	Supervisor of Records
Lay Tuan Tan	Associate Director of International Education
Irma Torres-Garcia	Cashnet Manager
Alex Tzoumas	Director of Internal Audit
Melissa Whateley	Associate Registrar



Office of the President
 (714) 278-3456 / Fax (714) 278-2649

DATE: February 23, 2005

TO: Larry Mandel
 University Auditor

FROM: Milton A. Gordon
 President *MAG*

SUBJECT: Response for *Admissions* Audit Incomplete Draft,
 Report Number 04-21



I am pleased to forward California State University, Fullerton's official responses to the recommendations in the Incomplete Draft of the *Admissions* Audit, report number 04-21.

Once again, we would like to thank you and the audit team for conducting the audit and identifying meaningful ways to improve our internal controls and compliance with CSU policies.

The Campus Auditor, Alex Tzoumas, will also forward the responses to you electronically for your convenience. Should you have questions, please contact Alex at 714-278-5760 or atzoumas@fullerton.edu.

Attachment

cc: Willie J. Hagan, Vice President for Administration
 Sherri L. Newcomb, Chief Financial Officer
 Robert L. Palmer, Vice President for Student Affairs
 Ephraim P. Smith, Vice President for Academic Affairs
 Alexander G. Tzoumas, Director Internal Audit

ADMISSIONS

CALIFORNIA STATE UNIVERSITY, FULLERTON

Report Number 04-21

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- b. Strengthen procedures to ensure that the automated password expiration feature is enabled for all individuals with SIS+ access.

Campus Response

- a. We concur. Only employees who have received approval to access protected information by the Vice President of Administration will be granted access to SIS+.
- b. We concur. The automated password expiration feature has been enabled for all users.

STUDENT INFORMATION MANAGEMENT

Recommendation 4

We recommend that the campus establish procedures to periodically review student record information management practices and forward the results of the review to the chancellor.

Campus Response

We concur. The Campus will immediately forward a report of its bi-annual review of student record information management practices to the Chancellor.

THE CALIFORNIA STATE UNIVERSITY
OFFICE OF THE CHANCELLOR

BAKERSFIELD

March 30, 2005

CHANNEL ISLANDS

CHICO

DOMINGUEZ HILLS

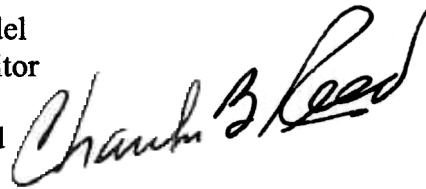
MEMORANDUM

FRESNO

FULLERTON

TO: Mr. Larry Mandel
University Auditor

HAYWARD

FROM: Charles B. Reed
Chancellor


HUMBOLDT

LONG BEACH

SUBJECT: Draft Final Report Number 04-21 on *Admissions*,
California State University, Fullerton

LOS ANGELES

MARITIME ACADEMY

MONTEREY BAY

In response to your memorandum of March 30, 2005, I accept the response as submitted with the draft final report on *Admissions*, California State University, Fullerton.

NORTHRIDGE

POMONA

SACRAMENTO

CBR/amd

SAN BERNARDINO

Enclosure

SAN DIEGO

cc: Dr. Milton A. Gordon, President
Mr. Alex Tzoumas, Director of Internal Audit

SAN FRANCISCO

SAN JOSE

SAN LUIS OBISPO

SAN MARCOS

SONOMA

STANISLAUS