CENTERS AND INSTITUTES

CALIFORNIA STATE UNIVERSITY,
SAN MARCOS

Audit Report 13-43
October 3, 2013

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# CONTENTS

Executive Summary ................................................................................................................................. 1

Introduction ................................................................................................................................................ 2
  Background ........................................................................................................................................ 2
  Purpose ............................................................................................................................................. 3
  Scope and Methodology ......................................................................................................................... 4

## OBSERVATIONS, RECOMMENDATIONS, AND CAMPUS RESPONSES

Campus Administration ........................................................................................................................... 5
  Policies and Procedures ......................................................................................................................... 5
  Reporting ......................................................................................................................................... 6

Center Administrative Controls ............................................................................................................ 7
  Establishment and Renewal .................................................................................................................. 7
  Periodic Reviews ............................................................................................................................... 8

Center Fiscal Controls ........................................................................................................................... 9
  Center Funds ..................................................................................................................................... 9
  Expenditures ..................................................................................................................................... 11
  Contracts .......................................................................................................................................... 11
APPENDICES

APPENDIX A: Personnel Contacted
APPENDIX B: Campus Response
APPENDIX C: Chancellor’s Acceptance

ABBREVIATIONS

ARTES  Arts, Research, Teachers, Education, Schools
AVPR  Associate Vice President for Research
CI  Centers and Institutes
CO  Chancellor’s Office
CSU  California State University
CSUSM  California State University, San Marcos
EO  Executive Order
FAS  Finance and Administrative Services
ICSUAM  Integrated California State University Administrative Manual
NLRC  National Latino Research Center
OUA  Office of the University Auditor
SAM  State Administrative Manual
UARSC  University Auxiliary and Research Services Corporation
EXECUTIVE SUMMARY

As a result of a systemwide risk assessment conducted by the Office of the University Auditor (OUA) during the last quarter of 2012, the Board of Trustees, at its January 2013 meeting, directed that Centers and Institutes (CI) be reviewed. The OUA has never reviewed CI as a stand-alone audit.

We visited the California State University, San Marcos campus from July 8, 2013, through August 9, 2013, and audited the procedures in effect at that time.

In our opinion, except for the effect of the weaknesses described below, the fiscal, operational, and administrative controls for CI activities as of August 9, 2013, taken as a whole, were sufficient to meet the objectives stated in the “Purpose” section of this report. Areas of concern include: campus administration, center administrative controls, and center fiscal controls.

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.

CAMPUS ADMINISTRATION [5]

Campus policy relating to centers and institutes was outdated. Additionally, four campus entities that met the definition of reportable centers and institutes under Executive Order 751, the American Language and Culture Institute, the Osher Lifelong Learning Institute, the Center for Children and Families, and the CSU Institute for Palliative Care at CSUSM, were not recognized and reported to the chancellor’s office.

CENTER ADMINISTRATIVE CONTROLS [7]

Centers and institutes were not always established and renewed in accordance with California State University and campus policy. In addition, annual reports and periodic reviews of centers and institutes needed improvement. For example, periodic reviews for three centers were completed approximately seven years from the date of the center’s charter or charter renewal, rather than five years, as required by campus policy.

CENTER FISCAL CONTROLS [9]

Administration of center funds needed improvement. For example, three of six project agreement forms were not updated in a timely manner after the departure of center personnel. In addition, two hospitality expenditures totaling $22,243 were approved without proper documentation, and written agreements and contracts were not always properly executed in a timely manner.
INTRODUCTION

BACKGROUND

Centers, institutes, and similar organizations (CI) are entities that are affiliated with California State University (CSU) campuses and offer non-credit instruction, information, or other services beyond the campus community.

Campuses may create CI to facilitate the conduct and dissemination of research, build links with industry and the community, foster interdisciplinary efforts and cooperation among departments and across colleges, perform public service, or develop opportunities for students to practice their academic disciplines. CI are required by systemwide policy to be under the programmatic oversight of an academic unit at the campus and are subject to approval by the campus president.

At the CSU, CI are governed at the campus level. Each campus makes its own policy decisions on how CI shall be approved, reviewed, monitored, and discontinued. At California State University, San Marcos, centers report programmatically to the associate vice president for research, and center fiscal administration is performed by the University Auxiliary and Research Services Corporation. Each year, campuses provide the chancellor’s office with a list of approved CI, which is posted to the CSU website. As of March 1, 2013, there were 585 CI in the CSU system that had been reported.

At the chancellor’s office, the research initiatives and partnerships department, under Academic Affairs, provides primary direction for CI. At the campus level, CI administration generally falls under the purview of the provost in academic affairs; however, this varies by campus, and administration also sometimes falls under areas such as the academic senate, president’s office, associate vice president of research, or auxiliary organizations.

Executive Order (EO) 729, *Centers, Institutes, and Similar Organizations on Campuses of the CSU*, dated February 14, 2000, establishes principles for the development of campus policies and procedures to govern CI on the CSU campuses. In July 2000, EO 729 was superseded by EO 751.

Other CSU policies address areas related to CI. For CI that are research-related, Integrated California State University Administrative Manual (ICSUAM) §11000 addresses sponsored programs issues, such as allowable costs, effort reporting, and financial conflicts of interest. In addition, ICSUAM §3000 addresses accounting and financial controls, and ICSUAM §13680.00 addresses the appropriate placement of receipts collected by various campus activities and programs.

Technical letters related to CI include coded memorandum Academic Affairs 2013-05, *Report on Centers, Institutes, and Similar Entities*, dated February 5, 2013, the annual memo from Academic Affairs requesting that campuses update and report the listing of approved CI to the chancellor’s office, and coded memorandum Human Resources 2013-02, *2013 Annual Conflict of Interest Filing*, dated February 28, 2013, the annual memo from Human Resources updating the list of campus designated positions and requiring designated employees to file conflict-of-interest statements. The CSU also has a Conflict of Interest Handbook, last updated in February 2013, which is maintained by the Office of General Counsel.
INTRODUCTION

PURPOSE

Our overall audit objective was to ascertain whether existing campus policies and procedures related to CI are comprehensive and compliant with CSU policy and to determine the adequacy of controls over the administration and fiscal processes of campus CI to ensure compliance with Trustee policy, Office of the Chancellor directives, and campus procedures.

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

- Administration of CI is well defined and includes clear lines of organizational authority and responsibility and documented delegations of authority.
- CI have been timely and properly reported to the chancellor’s office.
- Campus policies and procedures relating to CI are current and comprehensive, and distribution procedures are effective.
- CI administration incorporates a defined mission and stated goals and objectives to measure center effectiveness.
- CI are established, operated, reviewed, monitored, and discontinued in accordance with CSU and campus policy.
- Conflicts of interest are properly disclosed, reviewed, and managed.
- Budget and financial planning processes for CI are adequate and effective.
- Placement and administration of CI funds is appropriate and properly authorized in accordance with state and CSU regulations.
- CI funds are deposited in a timely manner, accountability is maintained, and segregation of duties is adequate for receipt of funds.
- CI contracts are properly authorized and processed in accordance with CSU and campus policy.
- CI expenditures are appropriate, allowable, authorized, and processed in accordance with CSU and campus policy, as well as relevant governmental regulations.
- CI appropriately reimburse the campus for services and resources used.
SCOPE AND METHODOLOGY

The proposed scope of the audit as presented in Attachment A, Audit Agenda Item 2 of the January 22 and 23, 2013, meeting of the Committee on Audit stated that Centers and Institutes (CI) includes a review of campus entities that offer non-credit instruction, information, or other services beyond the campus community to public or private agencies or individuals. Proposed audit scope would include, but was not limited to, review of campus policies and procedures for establishing, operating, monitoring, reviewing, and discontinuing CI; fiscal administration and controls; potential conflicts of interest; and campus processes for reporting entity activities to the chancellor’s office.

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 fiscal, operational, and administrative controls are in place and operative. This review emphasized, but was not limited to, compliance with 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, 2010, through August 9, 2013.

We focused primarily on the internal administrative, compliance, and operational controls over CI activities. Specifically, we reviewed and tested:

- Campus administration of CI, including clear reporting lines and defined responsibilities and current policies and procedures for center establishment, review, monitoring, and discontinuance.
- Governing documents and approvals for existing CI.
- Periodic CI evaluations and other campus monitoring activities.
- Conflict-of-interest policies and required conflict-of-interest filings.
- Center fiscal controls, including budgeting and planning, cash handling, contracting, and expenditure processing.
- Center reimbursements to the campus for services and resources used.
OBSERVATIONS, RECOMMENDATIONS, AND CAMPUS RESPONSES

CAMPUS ADMINISTRATION

POLICIES AND PROCEDURES

Campus policy relating to centers and institutes (CI) was outdated.

We found that campus policy:

- Did not reflect organizational changes that had occurred at the campus since the policy’s implementation in 2003.

- Encouraged the creation of center charters, but was unclear as to whether charters were required. We noted that half of the centers did not have charters.

- Was unclear about when annual reports were due, and about the review process for these reports.

- Was not always consistent with California State University (CSU) policies and campus practices. Specifically, it allowed the provost and vice president for academic affairs to approve the continuation of CI and authorized CI to offer courses for credit.

California State University, San Marcos (CSUSM), Centers and Institutes Policy, dated February 1, 2003, defines centers and institutes at CSUSM and states that the principal reason for establishing a center or institute is to bring into focus the communication, learning, research, or other efforts of faculty, students, and staff interested in an area of study or service not normally offered by a single academic department or program. It further states that a center or institute may offer courses (whether credit or non-credit) only upon approval by the appropriate academic unit. It also states that normally a center or institute will be granted a charter that governs the operation of the center or institute for up to six years, renewable upon approval of the president or designee.

Executive Order (EO) 751, Centers, Institutes and Similar Organizations on Campuses of the California State University, dated July 5, 2000, states that centers, institutes, and similar organizations are entities affiliated with CSU campuses to offer non-credit instruction, information, or other services beyond the campus community, to public or private agencies or individuals. Each CSU campus is to have explicit policies and procedures for establishing, operating, monitoring, reviewing, and discontinuing centers, institutes, and similar entities. The EO further states that the establishment and continuation of the entity is to be subject to the approval of the campus president, following appropriate faculty consultation in accordance with campus policy.

State Administrative Manual (SAM) §20050 states that symptoms of control deficiencies include policy and procedural or operational manuals that are either not currently maintained or are nonexistent.

The associate vice president for research (AVPR) stated that the need to update the policy had not been recognized.
Inconsistent or outdated campus policies increase the risk of misunderstandings and inconsistencies in the administration of centers and institutes.

**Recommendation 1**

We recommend that the campus review and update policies relating to centers and institutes to:

a. Reflect the current campus organizational structure.
b. Address the use of charters.
c. Clarify the annual report submission and review process.
d. Remove inconsistencies with CSU policies and campus practices.

**Campus Response**

We concur. The campus will update the centers and institutes policy in the following areas:

a. Clearly define the procedures for the establishment, review, monitoring, and reporting of center and institute activities. These will include the processes for the chartering, approval, and reviews of center and institute activities that delineate lines of authority utilizing updated campus organizational structure.

b. Clearly define the chartering process for the establishment and renewal of centers and institutes to include specific timelines or dates for annual reviews of program and financial activity.

c. Assure the above policies and procedures comply with CSU EO 751 and SAM §20050 policies and campus practices.

Date of completion: On or before January 31, 2014

**REPORTING**

Four campus entities that met the definition of reportable CI under EO 751, the American Language and Culture Institute, the Osher Lifelong Learning Institute, the Center for Children and Families, and the CSU Institute for Palliative Care at CSUSM, were not recognized and reported to the chancellor’s office (CO).

EO 751, *Centers, Institutes and Similar Organizations on Campuses of the California State University*, dated July 5, 2000, states that centers, institutes, and similar organizations are entities affiliated with CSU campuses to offer non-credit instruction, information, or other services beyond the campus community, to public or private agencies or individuals. Campuses may create such entities to facilitate the conduct and dissemination of research, perform public service, or provide special training. The EO further states that the campus is to make available to the office of the chancellor a list of all centers, institutes, and similar entities, including the name and purpose of each entity. The list is to be updated at least annually.
CSUSM Centers and Institutes Policy, dated February 1, 2003, mirrors the EO 751 definition for centers and institutes. It also states that the principal reason for establishing a center or institute is to bring into focus the communication, learning, research, or other efforts of faculty, students, and staff interested in an area of study or service not normally offered by a single academic department or program. Recognition as a center or institute defines administrative, fiscal, and legal responsibilities of both the university and the organization, thus reducing personal, financial, and legal risks for the associated faculty and for the university.

The AVPR stated that the four entities noted were not reported to the CO because they did not go through the official CI recognition process detailed within the campus policy, and thus, were not identified as CI. He further stated that the entities were considered administrative or service units.

Noncompliance with CSU requirements for the administration of centers and institutes increases the risk that campus objectives will not be met and centers will not be aligned with campus priorities, and increases the university’s legal exposure.

Recommendation 2

We recommend that the campus recognize and report to the CO each CI that meets the definition of a reportable CI under EO 751.

Campus Response

We concur. The campus will recognize and charter centers and report all approved centers to the CO per campus policy and EO 751.

Date of completion: On or before March 1, 2014

CENTER ADMINISTRATIVE CONTROLS

ESTABLISHMENT AND RENEWAL

CI were not always established and renewed in accordance with CSU and campus policy.

We reviewed four CI and found that:

- The establishment of one center and the continuation of three centers were approved by the provost and vice president for academic affairs, rather than the campus president.
- Charters for three centers were renewed more than one year after the prior charter’s expiration.

EO 751, Centers, Institutes and Similar Organizations on Campuses of the California State University, dated July 5, 2000, states that the establishment and continuation of the entity is to be subject to the approval of the campus president, following appropriate faculty consultation in accordance with campus policy.
CSUSM Centers and Institutes Policy, dated February 1, 2003, states that the final decision regarding establishment of a center or institute resides with the president of the university. It also states that unless a center’s or institute’s charter or renewal is formally renewed by the president following the evaluation process outlined, the center or institute will cease to exist no later than June 30 of the sixth year following its establishment or most recent renewal.

The AVPR stated that it was campus practice for the provost and vice president for academic affairs to approve the establishment and continuation of CI. He also stated that obtaining the required approvals sometimes delayed the renewal process.

Improper and untimely approval of the establishment and renewal of CI increases the risk that CI may operate without meeting the academic and strategic mission of the campus and that campus resources will not be used wisely.

**Recommendation 3**

We recommend that the campus:

a. Obtain presidential approval for the establishment and continuation of CI in accordance with campus and CSU policy.

b. Renew center charters in a timely manner.

**Campus Response**

We concur. The updated centers and institutes policy will provide that the president will be required to approve charters for campus centers and institutes. The updated policy will also clearly define renewal timelines for center and institute charters by the president no later than June 30 of the sixth year following establishment or most recent renewal.

Date of completion: On or before January 31, 2014

**PERIODIC REVIEWS**

Annual reports and periodic reviews of CI needed improvement.

We reviewed four centers and found that:

- Annual reports and periodic performance reports were not always signed and dated to indicate that they were completed by appropriate individuals in a timely manner.

- Periodic reviews for three centers were completed approximately seven years from the date of the center’s charter or charter renewal, rather than five years, as required by campus policy.

CSUSM Centers and Institutes Policy, dated February 1, 2003, states that the director shall submit an annual report at the close of each academic year to the associate vice president for research.
Additionally, the policy states that each center or institute will be formally evaluated in its fifth year from the date of its charter or charter renewal. The review committee shall be constituted as follows: the associate vice president for research, two faculty members with relevant expertise appointed by the academic senate, one member appointed by the dean of each college/library involved in the CI, one member appointed by the foundation, one or more community members to be named by the president or designee, and an external reviewer from the academic community. The policy further states that unless a center or institute’s charter or renewal is formally renewed by the president following the evaluation process outlined, the center or institute will cease to exist no later than June 30 of the sixth year following its establishment or most recent renewal.

The AVPR stated that annual reports and periodic reviews are submitted electronically, so an ink signature is not required. He also stated that securing required approvals sometimes delayed the completion of periodic reviews.

Inadequate documentation of reviews and untimely submission of reports decreases the opportunity to identify areas needing improvement in a timely manner.

**Recommendation 4**

We recommend that the campus:

a. Require the appropriate individuals to sign and date annual reports and periodic performance reports.

b. Complete periodic reviews in a timely manner.

**Campus Response**

We concur. We will update the centers and institutes policy to designate the appropriate signatures required on the annual reports and periodic performance reviews. We will also establish a calendar to provide the dates for annual reports and periodic performance reports for each of the campus centers and institutes so they are performed on a timely basis.

Date of completion: On or before March 1, 2014

**CENTER FISCAL CONTROLS**

**CENTER FUNDS**

Administration of center funds needed improvement.

We reviewed center fund documents, including project agreement forms and financial reports, and found that:
Three of six project agreement forms were not updated in a timely manner after the departure of center personnel. Of these three forms, one did not include signatures of the project director and two authorized signers.

Review procedures for center funds were insufficient. As a result, one center fund had a deficit balance of $70,697 for the fiscal year ended June 30, 2013.

University Auxiliary and Research Services Corporation (UARSC) *Project Agreement* states that the project director is responsible for the signature authority agreement as included on the project agreement form. The agreement must be updated each time there is a change in signature authority. The project director will be responsible for expenditures made by the designated signatories.

CSUSM *Centers and Institutes Policy*, dated February 1, 2003, states that the AVPR will oversee, publicize, and promote CI activities, and will work collaboratively with the centers and institutes to set appropriate goals for success and sustainability. Additionally, the director will be responsible for financial management of the center or institute, ensuring fiscal solvency.

SAM §20050 states that one of the elements of a satisfactory system of internal accounting and administrative controls is a system of authorization and recordkeeping procedures adequate to provide effective accounting control over assets, liabilities, revenues, and expenditures.

The UARSC business development and finance director stated that UARSC personnel were unaware of center activities, such as changes in center staff and use of center funds, until they were informed by the center. He also stated that with regard to the fund deficit, the budget was reviewed at all levels on an ongoing basis, and forecasts were generated and supplied to all parties; however, because center staff were cut and remaining employees were reduced to part-time temporary positions beginning October 2012, these things did not always take place in a timely manner.

Inadequate maintenance of project agreement forms increases the risk of unauthorized use of funds, and failure to maintain positive cash balances increases the risk of monetary loss and lack of funds for disbursements.

**Recommendation 5**

We recommend that the campus, in coordination with UARSC:

a. Update project agreement forms in a timely manner, and include signatures of the project director and two authorized signers.

b. Establish sufficient review procedures for center funds.

**Campus Response**

We concur. The campus, in coordination with UARSC, will establish processes to assure project agreement forms designating authorized center and institute signatories are updated in a timely manner.
manner. In addition, we will review center and institute financial activity on a regular basis as described in the updated centers and institutes policy.

Date of completion: On or before December 31, 2013

EXPENDITURES

Two hospitality expenditures totaling $22,243 were approved without proper documentation.

UARSC Designation and Use of Public Relations Funds, revised May 20, 2008, states that a purchase request or request for reimbursement of public relations allowable expenses must include the name of the person requesting the expenditure and signature of the project director or department/division head, a complete description of the item(s) or service(s), a brief description of the event and names of those attending or approximate number expected to attend, a brief statement of how the expenditure benefits the mission of the university, and the signature of the university vice president or designee (when required) and UARSC executive director or designee approving the payment.

The UARSC business development and finance director stated that approval of hospitality-related expenditures without required information was due to oversight.

Inadequate documentation and approval of expenditures increases the likelihood of unauthorized or inappropriate expenditures at centers, which may lead to financial instability.

Recommendation 6

We recommend that the campus, in coordination with UARSC, approve only those hospitality expenditures with proper documentation.

Campus Response

We concur. The campus, in coordination with UARSC, will enhance the expenditure approval processes so that appropriate documentation and approvals are obtained for hospitality expenditures.

Date of completion: On or before December 31, 2013

CONTRACTS

Written agreements and contracts were not always properly executed in a timely manner.

We reviewed 31 expenditures and found that:

- One agreement between UARSC and an independent contractor was not signed prior to services being performed.

- Agreements or contracts were not completed and approved for three center-sponsored or co-sponsored activities or services that cost a total of $27,674.
ICSUAM §5233.0, *Risk Allocation and Performance Assurance*, effective April 20, 2004, states, in part, that contracts should be formed to ensure the fair and reasonable allocation of risk and to assure satisfactory performance by the contractor. Each contract should be reviewed to determine the proper contract provisions to mitigate CSU risks. It further states that the requirements for successful contract performance should be clearly defined within the contract documents.

Technical Letter Risk Management 2012-01, dated June 1, 2012, establishes approved hold harmless provisions for contracts and states that under the terms and conditions of a contract or agreement for services, the contractor, consultant, or vendor must be required to show evidence of adequate insurance coverage by furnishing a certificate of insurance that includes additional insured endorsements.

The UARSC business development and finance director stated that UARSC was unaware of whether expenditures required agreements until after reimbursement requests were submitted by the center.

The lack of appropriate agreements or contracts increases the risk of unallowable services, the possibility of unenforceable agreements, and the potential for misunderstandings of the business terms, responsibilities, and liabilities involved in the services provided.

**Recommendation 7**

We recommend that the campus, in coordination with UARSC, properly execute written agreements and contracts in a timely manner.

**Campus Response**

We concur. The campus, in coordination with UARSC, will properly execute written agreements and contracts in a timely manner.

**Date of completion:** On or before December 31, 2013
## APPENDIX A:
### PERSONNEL CONTACTED

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Karen S. Haynes</td>
<td>President</td>
</tr>
<tr>
<td>Bonnie Bade</td>
<td>Faculty Director, National Latino Research Center (NLRC)</td>
</tr>
<tr>
<td>Candace Bebee</td>
<td>Internal Control Coordinator, Finance and Administrative Services (FAS)</td>
</tr>
<tr>
<td>Diana Cumming</td>
<td>Manager, University Financial Operations</td>
</tr>
<tr>
<td>Deborah Davis</td>
<td>Manager, Auxiliary Financial Operations</td>
</tr>
<tr>
<td>Becky Eberwein</td>
<td>Administrative Assistant, Office of Graduate Studies and Research</td>
</tr>
<tr>
<td>Merryl Goldberg</td>
<td>Director, Center ARTES (Arts, Research, Teachers, Education, Schools)</td>
</tr>
<tr>
<td>Gerardo Gonzalez</td>
<td>Associate Vice President for Research and Dean of Graduate Studies</td>
</tr>
<tr>
<td>Linda Hawk</td>
<td>Vice President, FAS</td>
</tr>
<tr>
<td>Neal Hoss</td>
<td>Vice President, University Advancement and Board Executive Director, California State University, San Marcos Foundation</td>
</tr>
<tr>
<td>Grant Hubbard</td>
<td>Director, Sponsored Projects, University Auxiliary and Research Services Corporation (UARSC)</td>
</tr>
<tr>
<td>Dora Knoblock</td>
<td>Executive Director, UARSC</td>
</tr>
<tr>
<td>Bella Newberg</td>
<td>Director, Procurement, Contracts and Support Services</td>
</tr>
<tr>
<td>Arcela Nunez-Alvarez</td>
<td>Research Director, NLRC</td>
</tr>
<tr>
<td>Graham Oberem</td>
<td>Provost and Vice President for Academic Affairs</td>
</tr>
<tr>
<td>Rajnandini Pillai</td>
<td>Director, Center for Leadership Innovation and Mentorship Building</td>
</tr>
<tr>
<td>Joely Proudfit</td>
<td>Director, California Indian Culture and Sovereignty Center</td>
</tr>
<tr>
<td>Katy Rees</td>
<td>Associate Vice President of Administration, FAS</td>
</tr>
<tr>
<td>Greg Svatara</td>
<td>Director, Business Development and Finance, UARSC</td>
</tr>
<tr>
<td>Dan Zorn</td>
<td>Independent Contractor, Fiscal Services</td>
</tr>
</tbody>
</table>
October 16, 2013

Mr. Larry Mandel
University Auditor
The California State University
401 Golden Shore
Long Beach, CA 90802

Subject: Campus Response to Audit Report 13-43, Centers and Institutes
California State University San Marcos

Dear Mr. Mandel:

Enclosed is our campus response to the seven recommendations in Audit Report 13-43, Centers and Institutes. We anticipate sending our supporting evidence no later than January 31, 2014.

Please let us know if you have any questions or need additional information.

Sincerely,

Linda Hawk
Vice President
Finance and Administrative Services

Attachment

cc: President Karen S. Haynes
CAMPUS ADMINISTRATION

POLICIES AND PROCEDURES

Recommendation 1

We recommend that the campus review and update policies relating to centers and institutes to:

a. Reflect the current campus organizational structure.
b. Address the use of charters.
c. Clarify the annual report submission and review process.
d. Remove inconsistencies with CSU policies and campus practices.

Campus Response

We concur. The campus will update the centers and institutes policy in the following areas:

a. Clearly define the procedures for the establishment, review, monitoring, and reporting of center and institute activities. These will include the processes for the chartering, approval, and reviews of center and institute activities that delineate lines of authority utilizing updated campus organizational structure.

b. Clearly define the chartering process for the establishment and renewal of centers and institutes to include specific timelines or dates for annual reviews of program and financial activity.

c. Assure the above policies and procedures comply with CSU Executive Order 751 and SAM §20050 policies and campus practices.

Date of completion: On or before January 31, 2014

REPORTING

Recommendation 2

We recommend that the campus recognize and report to the CO each CI that meets the definition of a reportable CI under EO 751.
Campus Response

We concur. The campus will recognize and charter centers, and report all approved centers to the CO per campus policy and EO 751.

Date of completion: On or before March 1, 2014

CENTER ADMINISTRATIVE CONTROLS

ESTABLISHMENT AND RENEWAL

Recommendation 3

We recommend that the campus:

a. Obtain presidential approval for the establishment and continuation of CI in accordance with campus and CSU policy.

b. Renew center charters in a timely manner.

Campus Response

We concur. The updated centers and institutes policy will provide that the President will be required to approve charters for campus centers and institutes. The updated policy will also clearly define renewal timelines for center and institute charters by the president no later than June 30 of the sixth year following establishment or most recent renewal.

Date of completion: On or before January 31, 2014

PERIODIC REVIEWS

Recommendation 4

We recommend that the campus:

a. Require the appropriate individuals to sign and date annual reports and periodic performance reports.

b. Complete periodic reviews in a timely manner.

Campus Response

We concur. We will update the centers and institutes policy to designate the appropriate signatures required on the annual reports and periodic performance reviews. We will also establish a calendar to provide the dates for annual reports and periodic performance reports for each of the campus centers and institutes so they are performed on a timely basis.

Date of Completion: On or before March 1, 2014
CENTER FISCAL CONTROLS

CENTER FUNDS

Recommendation 5

We recommend that the campus, in coordination with UARSC:

a. Update project agreement forms in a timely manner, and include signatures of the project director and two authorized signers.

b. Establish sufficient review procedures for center funds.

Campus Response

We concur. The campus, in coordination with UARSC, will establish processes to assure project agreement forms designating authorized center and institute signatories are updated in a timely manner. In addition, we will review center and institute financial activity on a regular basis as described in the updated centers and institutes policy.

Date of completion: On or before December 31, 2013

EXPENDITURES

Recommendation 6

We recommend that the campus, in coordination with UARSC, approve only those hospitality expenditures with proper documentation.

Campus Response

We concur. The campus, in coordination with UARSC, will enhance the expenditure approval processes so that appropriate documentation and approvals are obtained for hospitality expenditures.

Date of completion: On or before December 31, 2013

CONTRACTS

Recommendation 7

We recommend that the campus, in coordination with UARSC, properly execute written agreements and contracts in a timely manner.

Campus Response

We concur. The campus, in coordination with UARSC, will properly execute written agreements and contracts in a timely manner.

Date of completion: On or before December 31, 2013
November 7, 2013

MEMORANDUM

TO: Mr. Larry Mandel
University Auditor

FROM: Timothy P. White
Chancellor

SUBJECT: Draft Final Report 13-43 on Centers and Institutes, California State University, San Marcos

In response to your memorandum of November 7, 2013, I accept the response as submitted with the draft final report on Centers and Institutes, California State University, San Marcos.

TPW/AMD