

CONTINUING EDUCATION
CALIFORNIA STATE POLYTECHNIC UNIVERSITY,
POMONA

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Members, Committee on Audit

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ABBREVIATIONS

CACT	Center for Advanced Computer Technology
CE	Continuing Education
CERF	Continuing Education Revenue Fund
CEU	College of the Extended University
CPELI	Cal Poly English Language Institute
CSPU	California State Polytechnic University
CSU	California State University
EE	Extended Education
EO	Executive Order
FCC	Federal Communications Commission
ITAC	Instructional Technology and Academic Computing
MOU	Memorandum of Understanding
SAM	State Administrative Manual
SUAM	State University Administrative Manual

INTRODUCTION

PURPOSE

Our overall audit objective was to ascertain the effectiveness of existing policies and procedures related to the administration of Continuing Education programs and to determine the adequacy of controls over Continuing Education Revenue Fund (CERF) operations.

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

- ▶ the campus maintains a clear distinction between campus owned and auxiliary owned programs and has written agreements with auxiliary organizations for the administration and management of Continuing Education programs;
- ▶ technology delivered distance education controls are similar to those maintained over traditionally delivered education;
- ▶ budgeting procedures include all course costs and revenues to identify potential course losses in advance and ensure that course selection and management are in accordance with CSU policies and state regulations;
- ▶ the CSU additional employment policy regarding the faculty selection process is complied with, faculty payments are made in accordance with CSU directives, and written agreements stipulate set fees when independent contractors are used as instructors;
- ▶ enrollment procedures and maintenance of student records adequately meet accounting, academic and informational needs;
- ▶ cash receipts, refunds, dishonored checks and other debts are adequately controlled and properly accounted for;
- ▶ cash disbursements are adequately controlled and made solely for the support and development of self-supporting CSU programs;
- ▶ the general fund is reimbursed for all supplies, services and overhead expenses related to extended education programs; and
- ▶ continuing education activity is accurately reported and the CERF contingency reserve balance is maintained in compliance with CSU directives.

SCOPE AND METHODOLOGY

This review emphasized but was not limited to compliance with state laws, Board of Trustee policies, and Office of the Chancellor and campus policies, letters and directives.

The analyses and recommendations outlined by the CSU Task Force Report on Continuing Education, dated December 16, 1996, were used to evaluate the documentation of business activities between the campus and such non-state auxiliary organizations as the foundation.

A key issue for this review involves compliance with California Education Code § 89704, State University Continuing Education Revenue Fund (CERF), which states in part "... revenues received by the Trustees of the California State University from extension programs, special sessions, and other self-supporting instructional programs, including but not limited to, fees and charges required by the trustees, shall be transmitted to the Treasurer and shall be deposited by that officer in the State Treasury to the credit of the State University Continuing Education Revenue Fund ...".

June 1997 to date was the primary period of review.

Our focus involved a wide variety of issues dealing with CERF operations as a self-supporting entity. Specifically, we reviewed and tested:

- ▶ use of the foundation for the administration and management of Continuing Education programs;
- ▶ budgeting procedures, fee authorization, and the selection and management of courses including technology delivered distance education;
- ▶ management of faculty workload and payments to faculty and other instructors;
- ▶ enrollment procedures and maintenance of student records;
- ▶ procedures for controlling and processing cash receipts, refunds, dishonored checks, and other debts;
- ▶ procedures for controlling and processing cash disbursements, reimbursements to the general fund and revenues shared with academic departments; and
- ▶ reporting of continuing education activity and the maintenance of the CERF contingency reserve.

BACKGROUND

In response to the systemwide risk assessment conducted during 1996, which included input from officers representing the chancellor's office and each CSU campus, this review of Continuing Education was directed by the Board of Trustees at its January 1998 meeting. Continuing Education was previously audited in 1984.

In March 1996, the Bureau of State Audits issued a report of the Continuing Education program at one of our CSU campuses. This report raised a number of issues that have systemwide policy implications. The primary audit findings addressed operational relationships between the campus and its foundation and various non-compliance issues with CSU policy. A CSU task force was subsequently established in May 1996 to review the audit findings and policies and statutes impacting the Continuing Education program. In February 1997, the senior vice chancellor, business and finance, issued the "CSU Task Force Report on Continuing Education" to all campus presidents.

In addition, the CSU Commission on the Extended University hired a consultant to clarify the implications of the March 1996 State Bureau of Audit report on continuing education. In September 1997, the consultant issued a report titled "Managing Continuing Education Fiscal Accounts" to the members of the commission. The consultant report was subsequently distributed to the various CSU EE/CE deans and directors by the state university dean of extended education.

Some CSU campuses refer to the Continuing Education program as Extended Education or other similar titles. Throughout this report, we will refer to the program as continuing education. At California State Polytechnic University, Pomona, the College of the Extended University (CEU) Office manages the Continuing Education program.

OPINION

We visited the California State Polytechnic University, Pomona campus from September 8, 1998, through October 9, 1998, and audited the procedures in effect at that time.

We found that, with the exception of the items noted in the Executive Summary and in the details of the report, compliance with state, CSU and campus policies and procedures was satisfactory.

The objective of this report is to identify and mitigate issues that affect the administration of Continuing Education programs and CERF operations. If such issues are not corrected, the effectiveness of policies and procedures may be negatively impacted.

EXECUTIVE SUMMARY

The purpose of this section is to provide 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.

CONTINUING EDUCATION PROGRAMS AND ADMINISTRATION

FISCAL SERVICES [7]

The College of the Extended University (CEU) utilized the Cal Poly Pomona Foundation to provide fiscal services for various non-credit programs without having proper written authority. Maintaining continuing education funds in the continuing education revenue fund (CERF) and ensuring that written agreements fully define services authorized between the CEU and Cal Poly Pomona Foundation reduces the risk of inappropriate management of state funds.

FCC LICENSES [8]

Funds generated from the lease of campus owned excess microwave channel capacity were not deposited into state accounts. Depositing revenues received from the leasing of excess microwave channel capacity into state accounts helps to ensure that state funds are appropriately managed.

ACADEMIC DEPARTMENTS [9]

Campus procedures did not include a formalized review process to determine which academic department sponsored activities, such as conferences and workshops, should be managed by the College of the Extended University (CEU) and operated through the continuing education revenue fund (CERF). Establishing a formalized review process for academic department sponsored activities ensures that they are placed under appropriate management.

REVENUE DISTRIBUTION AND RETAINED EARNINGS

GENERAL FUND REIMBURSEMENT [11]

General fund reimbursements for support services provided by campus administrative and academic departments to the College of the Extended University (CEU) were not properly documented. Documenting general fund reimbursement procedures ensures that the general fund is fully compensated for support services provided to continuing education.

REVENUE SHARING [12]

Revenue sharing rates for special session programs were not properly documented. Proper documentation of revenue sharing rates ensures that academic departments are fully compensated for costs incurred in support of special session programs and reduces the risk of misunderstandings concerning revenue allocations.

CONTINGENCY RESERVE [14]

The continuing education revenue fund (CERF) contingency reserve was not maintained in compliance with CSU policy. Maintaining the CERF contingency reserve in compliance with CSU policy ensures proper management of CERF funds and reduces the risk of funds being transferred from the campus to the systemwide reserve.

COURSE SELECTION AND MANAGEMENT

REVENUE PROJECTIONS [15]

The College of the Extended University (CEU) did not have formalized procedures for either accepting or canceling courses for which losses are projected. Documenting the benefits of offering a course at a financial loss helps to ensure that the overall program remains self-supporting.

CONTINUING EDUCATION UNITS [15]

The College of the Extended University (CEU) awarded continuing education units (CEU's) for programs that were not operated through the continuing education revenue fund (CERF). Operating programs that award CEU's through the CERF ensures that the programs are properly managed.

FACULTY/INSTRUCTOR SELECTION AND SALARIES

ADDITIONAL EMPLOYMENT [16]

Campus procedures did not include a formalized review process to determine compliance with the CSU additional employment policy. Adequately monitoring faculty workload helps ensure compliance with the CSU additional employment policy.

FACULTY PAYMENTS [17]

Procedures involving additional compensation to faculty teaching the Northrop and off-campus MBA programs were inadequate. Internal controls over faculty payments are strengthened when faculty pay

and travel expenses are properly classified and appropriate written approval supports modifications to CSU salary schedules.

ENROLLMENT AND STUDENT RECORDS [19]

College of the Extended University (CEU) catalogs did not consistently include either a non-discrimination statement or information regarding the disabled students services office. Including the required statements in all catalogs ensures compliance with federal regulations and provides disabled students with information regarding required assistance.

OBSERVATIONS, RECOMMENDATIONS, AND CAMPUS RESPONSES

CONTINUING EDUCATION PROGRAMS AND ADMINISTRATION

FISCAL SERVICES

The College of the Extended University (CEU) utilized the Cal Poly Pomona Foundation to provide fiscal services for various non-credit programs without having proper written authority. We noted that:

- Revenue from non-credit certificate, international, language development, on-site training, and other CEU programs were deposited into CEU accounts maintained in the foundation. Corresponding program expenses were paid from these accounts. The foundation assesses transaction fees and retains a portion of interest earnings. As of August 31, 1998, balances in these accounts totaled \$753,702.
- A memorandum of understanding (MOU) was executed between the CEU and the Cal Poly Pomona Foundation on June 22, 1998. This document identified the duties and responsibilities of the foundation and the CEU in the delivery of non-credit courses and programs through the foundation for the University. In response to guidance emanating from the CSU Chancellor's Office, the intent of the agreement was to define the foundation as the sponsor of the non-credit courses and programs. However, sponsorship and reimbursement procedures were not fully defined.

Education Code §89704 states that revenues received from extension programs, special session, and other self-supporting instructional programs shall be deposited in the continuing education revenue fund (CERF).

The CSU Task Force Report on Continuing Education recommends that ownership of a given program be clearly defined. This report states, in part, that the funds must be deposited in the CERF if it is a campus-owned program. The campus should not use its auxiliary as a bank. Pursuant to Title 5, an auxiliary may administer workshops, conferences, institutes, and instructionally related programs. However, any such services required from an auxiliary should be properly documented in a contract.

The CEU dean stated that the CEU and the Cal Poly Foundation have a long standing working relationship and have operated on the basis that ownership of the English Language Institute (CPELI), the Center for Advanced Computer Technology (CACT) and various certificate programs has been vested in the foundation. He further stated that the ownership issue has always been, and remains today, an implicit principle of the manner in which business is conducted between the CEU and the foundation, and they have operated in this manner for a number of years without a formal written agreement.

Maintaining continuing education funds in the foundation without a written agreement that clearly defines program sponsorship and the services to be provided by the foundation increases the risk of

inappropriate expenditures of state funds and loss of interest and other revenues that are based on foundation overhead charges.

Recommendation 1

We recommend that the campus:

- a. transfer balances from the CEU foundation accounts to the CERF; and
- b. establish a written agreement that fully defines program sponsorship, services, reimbursement procedures and related fees, should any future foundation services be required.

Campus Response

- a. Applicable balances will be transferred to CERF accounts.
- b. A general memorandum was signed between CEU and the College on June 22, 1998 to formalize a long-standing working relationship between the two entities. In response to the recommendation will review the existing memorandum and redraft as appropriate to ensure that it meets the criteria of the recommendation. The redrafted memorandum, effective from the date of the audit, will thus permit a continuation of our current mode of operation.

Status: In process. Completion by 07/15/99

FCC LICENSES

Funds generated from the lease of campus owned excess microwave channel capacity were not deposited into state accounts.

The campus leases excess transmission capacity from microwave channels licensed to CSPU by the Federal Communications Commission (FCC). Lease payments are received by the Chancellor's Office from Cross Country Wireless and forwarded to the campus. The check is made payable to instructional technology and academic computing (ITAC) and deposited directly into an ITAC account at the Cal Poly Foundation. As of July 31, 1998, the account balance was \$376,723. The Cal Poly Foundation, which manages the investment of these funds, retains .5% of interest earnings.

SAM §8001 states that, unless otherwise authorized by the director of finance or deposited directly in the State Treasury, all money in the possession of or controlled by any agency will be deposited in the centralized State Treasury System.

Government Code §16305.2 states that all money in the possession of or collected by any state agency or department is subject to the provisions of §16305.3 to 16305.7, inclusive, and is hereafter referred to as state money.

Government Code §16305.3 states that all state money shall be deposited in trust in the custody of the treasurer, except when otherwise authorized by the director of finance.

Neither the ITAC dean nor the foundation's chief financial officer could provide documentation authorizing the deposit of these funds in the foundation. The ITAC dean further stated that the funds have always been in the foundation and, because he made major equipment purchases from these funds and was able to carry-over funds to the following year, it was important that the funds be maintained in the foundation.

The campus risks not complying with education and government codes by depositing payments from the leasing of excess channel capacity in the Cal Poly Foundation.

Recommendation 2

We recommend that the campus:

- a. deposit future microwave channel lease payments into a state account; and
- b. transfer the balance of microwave channel lease funds from the foundation to a state account.

Campus Response

- a. Current microwave channel lease payment funds will be transferred to a state account.
- b. All future lease payments will be deposited in that state account.

Status: In process. Completion by 07/15/99

ACADEMIC DEPARTMENTS

Campus procedures did not include a formalized review process to determine which academic department sponsored activities, such as conferences and workshops, should be managed by the College of the Extended University (CEU) and operated through the continuing education revenue fund (CERF).

A review of academic department accounts maintained at the Cal Poly Foundation disclosed several instances where the accounts contained revenue from self-supporting conferences and workshops.

Education Code §89704 requires that revenues from CSU extension programs, special sessions, and other self-supporting instructional programs be deposited in the CERF.

The CSU Task Force Report on Continuing Education recommends that ownership of a given program be clearly defined. If it is a campus-owned program, funds must be deposited in the CERF. Any services provided by an auxiliary should be properly documented in a contract.

SAM §20003 states that one of the elements of a satisfactory system of internal accounting and administrative control shall include an effective system of internal review.

The executive assistant to the dean stated that the CEU has not been involved in extension activity conducted by schools and departments on campus and that having knowledge of such activity would be helpful.

Not establishing a formalized review process for academic department sponsored workshops and conferences increases the risk of improperly managed activities.

Recommendation 3

We recommend that the campus:

- a. establish procedures to ensure that all academic department sponsored activities, such as workshops and conferences, are appropriately managed;
- b. analyze all academic department accounts maintained at the foundation and transfer balances generated from continuing education activities to the CERF; and
- c. deposit and retain all future revenue from state sponsored self-supporting instructional programs directly into the CERF.

Campus Response

University Academic Affairs will implement a formalized process for the consideration and approval of all continuing education activities conducted by academic departments. Where necessary or appropriate, memorandums of understanding (MOU's) will be drafted or redrafted, following the model proposed in our response to recommendation 1b, above. Thus, permitting a continuation of the practice of depositing such funds in Foundation accounts. Existing funds held inappropriately in Foundation accounts will be transferred to CERF accounts.

Status: In process. Completion by 07/15/99

REVENUE DISTRIBUTION AND RETAINED EARNINGS

GENERAL FUND REIMBURSEMENT

General fund reimbursements for support services provided by campus administrative and academic departments to the College of the Extended University (CEU) were not properly documented. We noted that:

- ▶ General fund reimbursement for campus administrative support services is provided via position support, classroom and lab fee support, and campus business office charges. We confirmed that the total reimbursement meets and exceeds CSU directive requirements. However, there was no written agreement between the campus and the CEU containing the basis and rationale for the valuation of services.
- ▶ The CEU allocates 10% of concurrent enrollment to the general fund and \$24/lecture and \$36/lab to the academic colleges. However, there was no documentation to support the concurrent enrollment allocation method being used.

CSU directive BP 67-73, *Reimbursement for State Services Rendered Extension Program Activities*, dated November 28, 1967, attached schedule and SUAM §1508.02.04 state that 4% of total extension program revenues should be reimbursed to the general fund for support services. Support services include accounting, personnel, cashiering, budgeting, payroll, purchasing, the records area of admissions and records, and administrative computing support.

Executive Order No. 298, *Regulations Governing Extension Student Enrollment in Regular Session Offerings*, states that the allocation of concurrent enrollment revenue shall be determined by the campus president following consultation with appropriate faculty representatives.

CSU directive BA 83-30, *Policy on Chargeable Services to Self-Supporting Operations*, dated December 28, 1983, states that funds provided from the general fund may be used to provide support for continuing education if there is a recovery of the cost of such support. In the absence of specific CSU policy, recovery for the cost of support shall include the incremental costs of providing the support. If trade-offs are appropriate, they shall be clearly documented, valued in accordance with supportable cost studies, and otherwise not in conflict with state, system or campus regulations. Consensus should be reached between service provider and recipient as to the service levels and method of calculation. Support provided shall be in accordance with appropriate written agreements that include the basis and rationale for the valuation. The agreements should be on file in the campus business office and available for audit.

The CEU dean stated that there were no written agreements between the CEU and financial services and other academic departments outlining the basis for general fund reimbursement.

Not documenting general fund reimbursement procedures could result in the general fund not being fully compensated for support provided to the CEU in addition to reducing working capital available to the campus.

Recommendation 4

We recommend that the campus:

- a. determine the amount of services provided to the CEU by each campus service area provider, taking into consideration any specific CSU policy;
- b. prepare appropriate written agreements containing the basis and rationale for the valuation of services; and
- c. maintain the written agreements on file in the campus business office.

Campus Response

- a. General fund reimbursements for services to the College of the Extended University have been based on percentages (of applicable revenue) that were established several years ago. We concur that there is need to review and update the current level of services provided by campus departments. After the current service levels are defined, they will be costed to determine the proper cost recovery rates. Thereafter, these cost recovery rates will be reviewed every two years.
- b. Existing MOU's will be evaluated with a view to updating these where appropriate, or preparing new written agreements where new service providers are identified. All such MOU's will reflect the latest valuation of cost recovery rates.
- c. The University will maintain the written agreements on file in the campus business office.

Status: In process. Completion by 07/15/99

REVENUE SHARING

Revenue sharing rates for special session programs were not properly documented.

The College of the Extended University (CEU) shares revenue with corresponding colleges or academic departments for numerous other special session programs using various allocation methods. However, there were no formalized written agreements between the majority of the service providers and the CEU containing the basis and rationale for the allocations.

CSU policy does not address revenue sharing to academic departments for costs incurred in support of special session programs other than summer session.

CSU memo BA 83-30, *Policy on Chargeable Services to Self-Supporting Operations*, dated December 28, 1983, states that funds provided from the general fund may be used to provide support for continuing education if there is a recovery of the cost of such support. In the absence of a specific CSU policy, recovery for the cost of support shall include the incremental costs of providing the support. Consensus should be reached between service provider and recipient as to the service levels and method of calculation. Support provided shall be in accordance with appropriate written agreements that include the basis and rationale for the valuation. The agreements should be on file in the campus business office and available for audit.

The CEU dean stated that there were no written agreements between CEU and financial services and other academic departments outlining the basis for the revenue sharing rates.

Not documenting academic school revenue sharing rates could result in academic departments not being fully compensated for costs incurred in support of CEU special session programs. It could also result in misunderstandings between academic departments and the CEU.

Recommendation 5

We recommend that the campus:

- a. establish formalized procedures for determining special session revenue sharing rates;
- b. prepare appropriate written agreements containing the basis and rationale for the valuation; and
- c. maintain the written agreements on file in the campus business office.

Campus Response

The College of the Extended University will work with all appropriate deans to:

- a. establish formalized procedures for determining special session revenue sharing rates,
- b. review existing MOUs, to ensure that they contain the basis and rationale for the valuation or prepare new written agreements where none exist, and;
- c. maintain the resulting agreements in the campus business office.

Status: In process. Completion by 07/15/99

CONTINGENCY RESERVE

The continuing education revenue fund (CERF) contingency reserve was not maintained in compliance with CSU policy.

The 1997/98 College of the Extended University (CEU) CERF assessment disclosed that the contingency reserve exceeded CSU policy by \$449,426 after the 15% maximum contingency reserve allocation and other special projects.

CSU directive BA 91-13, *Revised Policy on the Management of the Continuing Education Revenue Fund*, dated August 7, 1991, states that the contingency reserve balance is limited to one hundred and fifty thousand dollars (\$150,000) or fifteen percent (15%) of the prior year program revenue, whichever is greater. The amount of the contingency reserve exceeding this limit on March 15 of each year will be transferred to the systemwide reserve.

The CEU dean stated that the campus was unique given that it is a quarter campus and, between the months of July and October, CEU is spending more funds than are received. Therefore, the retained earnings balance is used to for cash flow during these periods. He further stated that in September 1998, CEU operating figures indicated an operating deficit of over \$500,000.

Not maintaining the campus CERF contingency reserve within CSU policy could result in excess funds being transferred from the campus to the systemwide continuing education reserve.

Recommendation 6

We recommend that the campus develop procedures to monitor the CERF contingency reserve to ensure that the contingency reserve is maintained within CSU policy.

Campus Response

The College of the Extended University will develop procedures to monitor the contingency reserve, and ensure that excess contingency reserve funds are transferred to special project funds. In the calculation of the contingency reserve, the cash flow needs for July through October will be reflected as outflows, thereby correcting the overstatement of excess funds.

Status: In process. Completion by 07/15/99

COURSE SELECTION AND MANAGEMENT

REVENUE PROJECTIONS

The College of the Extended University (CEU) did not have formalized procedures for either accepting or canceling courses for which losses are projected.

The CSU Task Force Report on Continuing Education recommended that, if a specific course is not self-supporting, the benefits of offering a course at a financial loss should be documented.

Education Code §89708 requires special session and other instructional programs to be self-supporting.

The CEU dean stated that the cancellation or acceptance of courses projected to operate at a loss is left up to the program coordinators.

Not documenting the benefits of offering courses at a financial loss may have an impact on whether a program is self-supporting. The lack of formal review procedures increases the risk of a course being offered that should be canceled.

Recommendation 7

We recommend that the campus develop a policy for evaluating program financial success, including the criteria used to determine whether to offer courses at a financial loss and the documented approval of the CEU dean.

Campus Response

In addition to current operational procedures that govern program managers, the Dean of the CEU will introduce policy guidelines that govern the review and approval process required prior to offering a course at a financial loss. The new guidelines will specify appropriate criteria to be applied in such cases so that any course, having the potential of operating at a loss, is implemented only with the signed approval of the Dean.

Status: In process. Completion by 07/15/99

CONTINUING EDUCATION UNITS

The College of the Extended University (CEU) awarded continuing education units (CEU's) for programs that were not operated through the continuing education revenue fund (CERF).

The CEU's are offered as an option for non-credit programs and are available for an additional \$15 per course. However, these non-credit programs are operated through the Cal Poly Foundation.

Executive Order No. 255, *Provisions Governing Implementation of the Continuing Education Unit Within the CSU and Colleges*, states that non-credit continuing education programs and activities for which CEU's are to be awarded shall be operated in accordance with the policies and procedures governing the CERF. Revenues derived from such programs and activities shall be deposited in the CERF in accordance with existing procedures for revenues derived from self-supporting instructional programs.

The CSU Task Force Report on Continuing Education states that auxiliaries should not be engaging in "credit" courses due to accreditation issues and the lack of Title 5 authority to offer credit instruction..

The CEU dean stated that they were acting on a recommendation offered by Ralph Bohn, a consultant to the CSU, by depositing the additional fee in the CERF. The CEU accountant stated that the additional fees are deposited in the foundation, and the CEU invoices the foundation quarterly for payment of the fees.

Not operating courses that award CEU's through the CERF results in non-compliance with CSU policy and accreditation issues.

Recommendation 8

We recommend that the campus ensure that all professional development and non-credit programs involving the award of CEU's are operated through the CERF.

Campus Response

In the past, certain non-credit courses have been offered with an option of receiving continuing education units (CEUs) for an additional fee. Rigid accounting procedures were established to ensure that all collected fees were deposited in CERF. In light of this recommendation, however, the College has ceased to offer CEUs for any non-credit courses.

Status: Implemented 02/01/99

FACULTY/INSTRUCTOR SELECTION AND SALARIES

ADDITIONAL EMPLOYMENT

Campus procedures did not include a formalized review process to determine compliance with the CSU additional employment policy.

CSU directive HR 97-07, *Revised Additional Employment Policy*, dated September 22, 1997, limits additional employment to 25% of a full-time position calculated as a percentage of full-time workload or full-time timebase. The policy applies to the assignment of additional employment to CSU

employees in any regular CSU program or auxiliary organization. Each campus is responsible for determining the extent of an employee's CSU workload prior to appointment to any position.

Article 36.1 of the Collective Bargaining Agreement between the CSU Board of Trustees and the California Faculty Association, for October 4, 1995 through June 30, 1998, states that additional employment shall refer to any employment compensated by CSU, funded by general or non-general funds including CSU auxiliaries, that is in addition to the primary or normal employment of a faculty unit employee. The total additional employment of a faculty unit employee shall not exceed a total of 25% overage.

The CEU dean acknowledged that there was no monitoring activity in the CEU. The interim director of institutional research and planning stated that there was information available to monitor faculty workload, but it was dependent upon accurate departmental input and does not include CEU instructors. He further stated that he was not aware of any monitoring being performed.

Not adequately monitoring faculty workload increases the risk of non-compliance with the CSU additional employment policy.

Recommendation 9

We recommend that the campus develop procedures to monitor faculty workload to ensure compliance with the CSU additional employment policy.

Campus Response

We will develop procedures to ensure compliance with CSU additional employment policy. The procedure will incorporate reviews by the Academic Affairs and Human Resource Services departments of the University.

Status: In process. Completion by 07/15/99

FACULTY PAYMENTS

Procedures involving additional compensation to faculty teaching the Northrop and off-campus MBA programs were inadequate. We noted:

- ▶ The College of the Extended University (CEU) adjusted the CSU salary schedule to provide additional compensation for faculty teaching at off-campus facilities. However, the campus president had not approved the additional compensation.
- ▶ The salary schedule adjustments were intended to compensate the faculty for travel expenses related to the off-campus programs and eliminate faculty submission of travel expense claims.

Article 21.7 of the Collective Bargaining Agreement between the CSU Board of Trustees and the California Faculty Association, for October 4, 1995 through June 30, 1998, states that the salary of a faculty unit employee appointed for summer and special sessions shall be determined by the President at a rate equal to or above that shown on the faculty salary schedule.

SAM §20003 requires a system of record keeping procedures adequate to provide effective accounting control over assets, liabilities, revenues and expenditures.

The CEU dean stated that campus president approval was not obtained when they made the adjustments to the CSU salary schedule. He further stated that it was done to ensure consistency in the payment of all instructors participating in the programs.

Internal controls over faculty pay are compromised when faculty salaries and travel expenses are not properly classified and appropriate written approval does not support modifications to CSU salary schedules.

Recommendation 10

We recommend that the campus strengthen procedures to ensure that faculty pay and travel expenses are properly classified and campus president approval is obtained for modifications to CSU salary schedules.

Campus Response

This recommendation relates to previous faculty payments that were regarded as being above CSU salary schedules.

In order to continue ensuring fair and equitable compensation for faculty, the CEU will work with campus administration to strengthen classification of faculty pay and travel expenses, and to secure campus President approval of modifications to CSU salary schedules.

Status: In process. Completion by 07/15/99

ENROLLMENT AND STUDENT RECORDS

College of the Extended University (CEU) catalogs did not consistently include either a non-discrimination statement or information regarding the disabled students services office.

The catalogs/brochures for the Center For Advanced Computer Technology (CACT), off-campus MBA program, Geographic Information Systems (GIS) program, and the Graduate Aeronautical Engineering program did not include a non-discrimination statement or make reference to the disabled student services office.

CSU directive EE 81-25/SA 81-46, *Disabled Persons Enrolled in Summer Session, Special Session, and Extension Programs*, dated August 6, 1981, states that all general extension program bulletins should contain a non-discrimination statement as required by federal regulations. All applications and registration forms should contain contact information for the disabled student services office.

Because registration forms are part of the program catalog, information regarding services for disabled students is typically included within extension program catalogs rather than on the registration forms.

The CEU dean stated that the required disclosures were inadvertently left out of the catalogs. However, the required statements were included in the main CEU catalogs.

Failure to include the disclosures increases the risk of non-compliance with federal regulations and hinders disabled students in obtaining required assistance.

Recommendation 11

We recommend that the campus ensure that a non-discrimination statement and information regarding the disabled students services office are included in all CEU catalogs.

Campus Response

The CEU has consistently included non-discrimination statements and information regarding the disabled students services office in its semi-annual Bulletin (catalog) that is the principal means of communication to our constituent population.

From this date forward, any newly published program brochures or bulletins containing registration information shall include appropriate non-discrimination statements and information regarding the disabled students services office.

Status: Implemented 02/01/99

APPENDIX A: PERSONNEL CONTACTED

<u>Name</u>	<u>Title</u>
Bob Suzuki	President
Genie Apodaca	Director of Human Resources, Cal Poly Foundation
Oliver Boyd-Barrett	Associate Dean, CEU
Brenda Briggs	Chief Financial Officer, Cal Poly Foundation
Fyle Cabagnet	Controller, University Financial Services
Naomi Caldwell	Manager, Payroll Services
Edith Castro	Graduate Program Assistant, CEU
Nancy Condosta	Administrative Operations Analyst, Institutional Research and Planning
Alice Cuenco	Assistant Director, University Financial Services
Kathleen Fariss	Program Manager, Center for Advanced Computer Technology
Steven Frieze	Interim Director, Institutional Research and Planning
Van Garner	Dean, CEU
Lev Gonick	Dean, Instructional Technology and Academic Computing
Faye Hatman	Manager, Budget Services
Lawrence Harty	Executive Assistant to the Dean, CEU
Darwin Labordo	Director, University Financial Services
Julie Montgomery	Public Affairs Coordinator, CEU
Rosanne Nickels	Assistant Program Manager, Center for Advanced Computer Technology
Kimberly Patterson	Administrative Assistant, CEU
JoAnn Piergallini	Registrar, CEU
Jane Self	Senior Payroll Coordinator, Payroll Services
G. Paul Storey	Executive Director, Cal Poly Foundation
Pam Stuart	Accountant, CEU
Letty Vasquez	Program Manager, Project LEP-UPLINK