INTERNATIONAL PROGRAMS

CALIFORNIA STATE UNIVERSITY,
NORTHRIDGE

Audit Report 12-55
March 6, 2013

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ABBREVIATIONS

AA  Academic Affairs
BOT  Board of Trustees
CE  Continuing Education
CO  Chancellor’s Office
CSU  California State University
CSUN  California State University, Northridge
EE  Extended Education
EO  Executive Order
GC  Government Code
GRIP  Office of Graduate Studies, Research and International Students
IESC  International and Exchange Student Center
IRA  Instructionally Related Activities
MOU  Memorandum of Understanding
OUA  Office of the University Auditor
SAM  State Administrative Manual
EXECUTIVE SUMMARY

As a result of a systemwide risk assessment conducted by the Office of the University Auditor (OUA) during the last quarter of 2011, the Board of Trustees, at its January 2012 meeting, directed that International Programs be reviewed. The OUA had previously reviewed Off-Campus Activities in 2009.

We visited the California State University, Northridge campus from October 1, 2012, through November 9, 2012, 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 international programs activities as of November 9, 2012, taken as a whole, were sufficient to meet the objectives stated in the “Purpose” section of this report. Areas of concern include: general environment, study-abroad and exchange programs, and fiscal administration and 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.

GENERAL ENVIRONMENT [7]

Roles and responsibilities for administering campus-sponsored student trips abroad had not been clearly communicated at the campus, nor had they been documented in campus policies.

STUDY-ABROAD AND EXCHANGE PROGRAMS [8]

Study-abroad programs were not always approved by the president or designee with a written delegation of authority. This is a repeat finding from the prior Off-Campus Activities audit. In addition, agreements for international exchange programs needed improvement. Specifically, international exchange program agreements did not clearly indicate tuition terms, nor did they define how comparable expenses were either met or waived by each party. Also, international exchange program agreements were not approved by purchasing and contract administration, a repeat finding from the prior Off-Campus Activities audit. Further, administration of international exchange programs needed improvement. Specifically, the campus had not developed policies that defined acceptable value-received reciprocity measurements, such as the equivalence between various term or session lengths and the period of time within which a balance would be achieved, and the exchange value-received reciprocity was not always in balance, a repeat finding from the prior Off-Campus Activities audit. In addition, the campus did not always maintain evidence showing that students participating in exchange programs met all California State University (CSU) requirements. For example, one student file contained no documentation, and therefore it could not be determined whether the campus had obtained the CSU Release of Liability, Promise Not to Sue, Assumption of Risk, and Agreement to Pay Claims forms, or whether the student had provided
emergency contact information. Also, the campus did not always maintain evidence showing that students participating in exchange, study-abroad, and international field trip programs had attended a formal pre-departure orientation, a repeat finding from the prior Off-Campus Activities audit. Finally, administration of third-party providers for study-abroad programs needed improvement. Specifically, the campus offered at least one study-abroad program through a third-party provider, despite a campus policy that prohibited the use of third-party providers for study-abroad programs. In addition, the campus did not have procedures for the review and approval of third-party study-abroad program providers and had not developed a list of approved third-party providers that clearly stated the criteria used for approval.

FISCAL ADMINISTRATION AND CONTROLS [15]

The campus used instructionally related activity (IRA) funds for an unapproved purpose. Specifically, the campus used IRA funds for an overseas instructional program to purchase pediatric wheelchairs for distribution at a charity in the host country, an expenditure that was not in the original trust application approved by the president. In addition, the proposed program budget change had not been submitted or approved by the campus.
INTRODUCTION

BACKGROUND

The Academic Council on International Programs, created by the Board of Trustees on July 9, 1969, as part of the Policy for the California State Colleges International Programs, promotes campus participation in international program policy development and ensures regular communication between campuses and the Office of International Programs at the chancellor’s office (CO). The council is composed of one faculty representative appointed by each of the 23 campuses in a procedure established by the local academic senate and four student members who each serve a one-year term.

California State University (CSU) policies that address the creation and proper administration of campus-based international programs include Executive Order (EO) 744, State Funded Campus Based Study Abroad Programs, and EO 745, Self-Support Campus Based Study Abroad Programs, dated June 7, 2000. Both EOs delegate authority to the campus presidents to establish study-abroad programs and provide broad curricula guidelines, and EO 745 makes the distinction that credit-bearing self-support programs are those that rely exclusively on non-state general funds and are administered by continuing education (CE) or extended education (EE).

Student exchange programs are authorized in EO 605, Delegation of Authority to Approve International Student Exchanges, Tuition Waivers for International Students, and Tuition Waivers for Nonresident U.S. Graduate Students, dated July 21, 1993. This policy outlines the campus presidents’ authority to initiate agreements with foreign institutions and allows the president to waive the tuition of the incoming foreign students if the agreement dictates that comparable expenses are waived or met by the foreign entity entering into the agreement. Coded memorandum Academic Affairs (AA) 2011-01, Campus Compliance with Study Abroad Programs, dated January 11, 2011, clarifies the campus responsibility to define the terms under which equivalence is maintained and directs campuses to maintain records documenting the reciprocity.

Access to Excellence, the strategic plan adopted by the CSU system in 2008, pledges to increase student access and success, meet state needs for economic and civic development, and sustain institutional excellence. As part of the plan, the CSU commits to enhancing opportunities for global awareness by building strong and effective international programs and supporting faculty work that internationalizes the curricula.

The accompanying Access to Excellence Accountability Plan includes broad commitments to support, encourage, and promote study-abroad programs and partnerships with international universities. It also sets forth plans to provide a clear policy framework governing international programs and the creation of international partnerships, as well as appropriate indicators and metrics to gauge the progress of the system and the individual campuses toward the globalization goal.

Other CSU policies address the risks involved with student and other participant travel. EO 1041, California State University Student Travel Policy, dated May 29, 2009; EO 1069, Risk Management and Public Safety, dated March 1, 2012; and EO 1051, CSU Use of Approved Waiver of Liability, dated September 1, 2010, include, among other things, guidelines for the selection of air or ground carriers for student travel, requirements for student travel-related insurance, and provisions for notifying participants of risks and obtaining waivers of liability.
Third-party providers also offer study-abroad opportunities to CSU students. The CO addresses proper due diligence in the selection of these vendors and examples of acceptable and unacceptable practices for individuals involved in that selection process in EO 1022, *Study Abroad through Non-CSU Providers*, dated September 24, 2007, and an accompanying coded memorandum, AA-2007-25, *Third Party Program Provider Study Abroad and Administrative Safeguards*, dated September 24, 2007. Additionally, institutions that issue forms allowing foreign students (both matriculating in the university and non-matriculating in CE or EE courses) to obtain the appropriate visas are subject to Department of Homeland Security, Immigration and Customs Enforcement, or Department of State regulations.

In 2010, the Office of the University Auditor conducted an audit of *Off-Campus Activities* at nine campuses and issued a systemwide report. The report noted issues related to participant documentation, execution and maintenance of program agreements, exchange reciprocity, and student travel. Several of the recommendations from the resulting systemwide report were incorporated into AA 2011-01 and EO 1051, *CSU Use of Approved Waiver of Liability*, dated September 1, 2010.
INTRODUCTION

PURPOSE

Our overall audit objective was to ascertain the effectiveness of existing policies and procedures related to international programs 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 audit objective, specific goals included determining whether:

- Accountability for international programs has been clearly defined and documented, including delineation of roles and responsibilities, formulation of appropriate policies and procedures, and measurement of outcomes.

- The campus has established an adequate system for mitigating the risks in campus-based international programs.

- Study-abroad and exchange programs offered to students are selected, monitored, and administered according to CSU guidelines.

- Agreements with third-party providers of study-abroad and exchange programs and international student recruiters are investigated, reviewed, and approved according to CSU standards.

- Non-matriculating programs offered to international students meet regulatory and CSU requirements for scope, suitability, admissions, and administration.

- The campus is meeting the certification, programmatic, and record-keeping requirements of the Student and Exchange Visitor Program, Department of Homeland Security, and Department of State as a qualified institution for international students.

- Fiscal administration of international programs is in accordance with regulatory and CSU guidelines.

- Systems and applications administered by departments in charge of international programs are adequately controlled and secured, and access rights are granted on a need-to-know basis.
SCOPE AND METHODOLOGY

The proposed scope of the audit as presented in Action Item, Agenda Item 2 of the January 24 and 25, 2012, meeting of the Committee on Audit stated that International Programs includes a review of CSU students abroad and international students and visitors attending the CSU. Proposed audit scope would include, but was not limited to, review of program approvals, fiscal administration, and controls; risk management processes; curriculum and credit transfers; utilization of third-party providers; compliance with U.S. Department of State and other regulatory international travel requirements; and processes used to recruit international students, verify student credentials, and provide support on campus.

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 accounting and administrative controls are in place and operative. This review emphasized, but was not limited to, compliance with state and federal laws, Board of Trustee policies, and Office of the Chancellor policies, letters, and directives. The audit focused on procedures in effect from January 1, 2010, through June 1, 2012.

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

- The development and maintenance of policies and procedures adequate to ensure compliance with CSU and regulatory requirements.
- Due diligence processes for study-abroad or exchange programs offered to students, both those established by the campus staff and those offered via third-party vendors.
- Methods by which the campus reviews student records to ensure that all required documentation, including emergency contacts and medical insurance, are obtained by and retained on the campus.
- Campus processes ensuring that outgoing study-abroad students and incoming foreign students participating in international programs are provided with crucial and required information at appropriate intervals.
- Procedures to ensure that the campus shows evidence of proper processing of foreign student visa form requirements.
- Budgets and financial records of self-support programs.
OBSERVATIONS, RECOMMENDATIONS, AND CAMPUS RESPONSES

GENERAL ENVIRONMENT

Roles and responsibilities for administering campus-sponsored student trips abroad had not been clearly communicated at the campus, nor had they been documented in campus policies.

State Administrative Manual (SAM) §20050, Internal Control, states that the elements of a satisfactory system of internal accounting and administrative controls shall include an established system of practices to be followed in performance of duties and a system of authorization and recordkeeping procedures adequate to provide effective accounting control.

Government Code (GC) §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. Further, administrative controls are the methods through which reasonable assurance can be given that measures adopted by state agency heads to safeguard assets and promote operational efficiency are being followed.

The vice provost stated her belief that the organizational structure of the campus promoted effective safeguards while avoiding centralized control procedures. She further stated that because the campus was unaware that some of the overseas trips met the conditions under which they should be routed through the approval and monitoring process, the campus had not complied with the existing policies. The international programs coordinator stated that some faculty coordinators, who were responsible for providing outreach and information to faculty leaders, had not always followed Office of Graduate Studies, Research and International Students (GRIP) requirements.

Failure to clearly define roles and responsibilities for all campus international programs increases the risk of misunderstandings related to the performance of duties and functions and potential legal liabilities.

Recommendation 1

We recommend that the campus clearly communicate the roles and responsibilities for administering campus-sponsored student trips abroad, and document them in campus policies.

Campus Response

We concur. Campus policies are being developed that will communicate the roles and responsibilities for administering campus-sponsored student trips abroad.

Expected completion date: June 30, 2013
STUDY-ABROAD AND EXCHANGE PROGRAMS

STUDY-ABROAD AGREEMENTS

Study-abroad programs were not always approved by the president or designee with a written delegation of authority. This is a repeat finding from the prior Off-Campus Activities audit.

We reviewed four study-abroad programs offered through the campus and the Tseng College of Extended Learning, and we found that:

- For a spring study-abroad trip to Ecuador, the campus had not maintained a written agreement or memorandum of understanding (MOU) approved by the president or designee.
- For a summer study-abroad trip to Russia, the program agreement was signed by the faculty leader, without the president’s written delegation of authority.

Executive Order (EO) 744, State-Funded Campus-Based Study Abroad Programs, dated June 7, 2000, states that the president of the campus or his/her designee may initiate state-funded campus-based study-abroad programs.

EO 745, Self-Support Campus-Based Study Abroad Programs, dated June 7, 2000, states that the president of the campus or his/her designee may initiate self-supporting campus-based study-abroad programs.

Coded memorandum Academic Affairs (AA) 2011-1, Campus Compliance with Study Abroad Policy, dated January 11, 2011, states that written delegation of authority should be on file if someone other than the president is approving these programs.

The vice provost stated that the campus was unaware that some of its study-abroad programs met the conditions under which they should be routed through the approval process, and therefore it had not complied with policies.

Failure to obtain proper authorization for study-abroad programs increases the risk of misunderstandings and potential legal liabilities.

Recommendation 2

We recommend that the campus obtain approval for all study-abroad programs from the president or designee with a written delegation of authority.

Campus Response

We concur. All international agreements will be signed by the president. (Note: Subsequent to the audit field work, EO 1081 was published, which no longer allows delegation of authority in this circumstance.) The policies noted in the response to Recommendation 1 will include this requirement.
Expected completion date: June 30, 2013

EXCHANGE PROGRAM AGREEMENTS

Agreements for international exchange programs needed improvement.

We reviewed five international exchange program agreements and found that:

- Three renewal agreements did not clearly indicate tuition terms, nor did they define how comparable expenses were either met or waived by each party.

- Three renewal agreements were not approved by purchasing and contract administration. This is a repeat finding from the prior Off-Campus Activities audit.

California State University, Northridge (CSUN) Policy 200-02, Contract Approval for Campus Organizations, states that all proposed contractual agreements that would bind the campus must be reviewed by purchasing and contract administration prior to execution. This review is required regardless of monetary consideration.

CSUN GRIP Policies and Procedures for Developing, Executing and Evaluating Memorandums of Understanding for Campus-Based International and Student Exchange Programs states that MOUs should include appropriate indemnification language and should address reciprocity. It further states that once reviewed by the IEC, an MOU must be forwarded to purchasing and contracting administration for review and approval.

EO 605, Delegation of Authority to Approve International Exchanges, Tuition Waivers for International Students, and Tuition Waivers for Nonresident U.S. Graduate Students, dated July 21, 1993, gives the campus president authority to waive non-resident tuition for exchange students as long as, among other requirements, the agreements provide that comparable expenses are met or waived.

The international programs coordinator stated that after the previous audit, the campus decided not to update existing contracts until the next scheduled review. She further stated that her office was unable to follow up on all MOU addendums/implementation agreements due to limited resources and the distributed nature of the international programs creation process.

Failure to obtain appropriate agreements for exchange programs affects student safety and exposes the university to liability due to misunderstandings of risks and responsibilities.

Recommendation 3

We recommend that the campus ensure that international exchange program agreements:

a. Clearly indicate the tuition terms or define how comparable expenses are either met or waived by each party.
b. Are approved by purchasing and contract administration.

**Campus Response**

We concur. Administrative processes being developed for international exchange agreements will ensure that tuition/expenses are clearly defined at the time the agreement is made. All such agreements will be approved by purchasing and contract administration.

Expected completion date: June 30, 2013

**EXCHANGE RECIPROCITY**

Administration of international exchange programs needed improvement.

We reviewed five international exchange programs and found that:

- The campus had not developed policies that defined acceptable value-received reciprocity measurements, such as the equivalence between various term or session lengths and the period of time within which a balance would be achieved.

- For two programs, the exchange value-received reciprocity was out-of-balance. This is a repeat finding from the prior Off-Campus Activities audit.

EO 605, *Delegation of Authority to Approve International Exchanges, Tuition Waivers for International Students, and Tuition Waivers for Nonresident U.S. Graduate Students*, dated July 21, 1993, states that campuses may participate in exchange agreements with foreign institutes provided that the agreement indicates that comparable expenses are met or waived by the foreign institution.

Coded memorandum AA 2011-1, *Campus Compliance with Study Abroad Policy*, dated January 11, 2011, states that campuses should maintain documentation and perform regular reviews of exchange reciprocity balances. It further encourages campuses to develop policies that define the equivalence between various term or session lengths and the period of time within which a balance will be achieved.

The vice provost stated that the campus was unaware of the requirement to develop a policy defining specific reciprocity balances and the manner in which they would be monitored.

Failure to adequately document the value received under exchange agreements exposes the campus and CSU to criticisms of fiscal improprieties.

**Recommendation 4**

We recommend that the campus:

a. Develop policies that define acceptable value-received reciprocity measurements for international exchange programs.
b. Ensure that exchange value-received reciprocity balance is maintained.

**Campus Response**

We concur. Policies defining value-received reciprocity measurements and balance are being revised.

Expected completion date: June 30, 2013

**STUDENT RECORDS**

The campus did not maintain evidence showing that students participating in exchange programs had met all CSU requirements.

We reviewed four exchange programs, and we found that documentation was incomplete in two of the five exchange student files. Specifically:

- One student file contained no documentation, and therefore we could not determine whether the campus had obtained the CSU Release of Liability, Promise Not to Sue, Assumption of Risk, and Agreement to Pay Claims forms, or whether the student had provided emergency contact information.

- One student file did not show evidence that the student had provided emergency contact information.

EO 1041, *California State Student Travel Policy*, dated July 1, 2009, states that students participating in CSU-sponsored air travel shall be required to purchase life and personal injury insurance in amounts stipulated by the chancellor. It further states that all students participating in CSU-affiliated travel shall be required to acknowledge that they have been informed of the risks of travel and to sign a statement that they have been informed of and undertake such travel voluntarily with full knowledge of such risks, and release and hold harmless the state of California, the CSU, and the campus, among others.

EO 998, *Study Abroad Programs*, dated January 25, 2007, states that students are required to carry medical insurance that will be valid in the host country(ies). The policy further states that all CSU study-abroad programs must include a pre-departure orientation about the destination, including health, safety, security, legal exposures or political restrictions, financial information, and CSU or campus policies for study abroad.

EO 1051, *California State University Use of Approved Waiver of Liability*, dated September 1, 2010, in order to provide uniform and consistent application of risk control on all campuses in the CSU system, provides a standard waiver for use in all campus planned or sponsored events. This document is the CSU Release of Liability, Promise Not to Sue, Assumption of Risk, and Agreement to Pay Claims.

Coded memorandum AA 2011-1, *Campus Compliance with Study Abroad Policy*, dated January 11, 2011, states that maintenance of adequate documentation about the program and the participants
includes student emergency contact information. It further states that the documents should be retained for three years.

CSUN Guideline for Faculty Coordinators for Campus-Based MOU Exchange Student/Study Abroad Programs – Pre-departure Orientation for Outgoing Students states that it is the responsibility of the faculty coordinators to ensure that the appropriate forms are obtained from students, and to forward the forms to the International and Exchange Student Center (IESC).

The vice provost stated her belief that the distributed organizational structure of the campus promoted effective safeguards while avoiding centralized control procedures. The international programs coordinator stated that faculty coordinators did not always follow recordkeeping procedures required by the GRIP office.

Failure to maintain evidence that study-abroad students provided student trip and medical insurance, emergency contact information, and appropriate liability waivers increases the risk to the health and safety of campus participants and increases potential legal liabilities.

**Recommendation 5**

We recommend that the campus maintain evidence showing that students participating in exchange programs have met all CSU requirements.

**Campus Response**

We concur. Files containing evidence that all CSU requirements are met for students participating in exchange programs will be maintained by the IESC.

Expected completion date: June 30, 2013

**PRE-DEPARTURE ORIENTATIONS**

The campus did not always maintain evidence showing that students participating in exchange, study-abroad, and international field trip programs had attended a formal pre-departure orientation.

We reviewed four exchange, four study-abroad, and four international field trip programs and found that the campus did not maintain evidence of attendance at a pre-departure orientation for nine of fifteen students reviewed. This is a repeat finding from the prior Off-Campus Activities audit.

EO 998, Study Abroad Programs, dated January 25, 2007, states that all CSU study-abroad programs must include a pre-departure orientation about the destination including health, safety, security, legal exposures or political restrictions, financial information, and CSU or campus policies for study abroad.

CSUN International Academic Field Trip Travel states that leaders are required to conduct and mandate student attendance at an orientation meeting that covers several topics relevant to international travel.
CSUN Guideline for Faculty Coordinators for Campus-Based MOU Exchange Student/Study Abroad Programs – Pre-departure Orientation for Outgoing Students states that it is the responsibility of the assigned faculty coordinators to verify that pre-departure orientations were conducted by faculty program leaders, to document attendance on a specific form, and to send the forms to the IESC.

The vice provost stated her belief that the distributed organizational structure of the campus promotes effective safeguards while avoiding centralized control procedures, although she confirmed that the processes were not always evident. The international programs coordinator stated that the faculty coordinators who were responsible for verifying that orientations took place had no authority to enforce the requirements, as they were volunteers. She further stated that although the faculty coordinators sometimes conducted orientations on behalf of the faculty program leaders, the leaders were ultimately accountable for the orientations, and her office did not have adequate resources to ensure the orientations were being conducted.

Failure to maintain evidence that students participating in exchange, study-abroad, and international field trip programs have attended a pre-departure orientation increases the risk to the health and safety of campus participants and increases potential legal liabilities.

Recommendation 6

We recommend that the campus maintain evidence showing that students participating in exchange, study-abroad, and international field trips have attended a formal pre-departure orientation.

Campus Response

We concur. Records of formal pre-departure orientation programming will be maintained by the campus unit sponsoring the exchange, study-abroad, or international field trip. Such evidence is kept in the program/trip file in the unit’s main office.

Expected completion date: June 30, 2013

STUDY-ABROAD THIRD-PARTY PROVIDERS

Administration of third-party providers for study-abroad programs needed improvement. We found that the campus:

- Offered at least one study-abroad program through a third-party provider, despite a campus policy that prohibited the use of third-party providers for study-abroad programs.
- Did not have procedures for the review and approval of third-party study-abroad program providers.
- Had not developed a list of approved third-party providers that clearly stated the criteria used for approval.
EO 1022, *Study Abroad Through Non-CSU Program Providers*, dated September 24, 2007, states that the campus should have a process for approving study-abroad program providers and deciding whether to enter into an agreement with a program provider. It further states that before the campus enters into an agreement, it should consider the academic and curricular offerings; the student support services; the health, safety, and security preparedness undertaken by the program provider; and the cost to the student.

Coded memorandum AA 2007-25, *Third-Party Program Provider Study Abroad and Administrative Safeguards*, dated September 26, 2007, advises campuses to maintain a list of approved third-party-provided study-abroad programs that clearly states all criteria used in deciding to include those programs on the approved list. It further states that the criteria should include program offerings, student support services, program destination and curricular focus, and risk management issues.

*CSUN Policies and Procedures for Developing, Executing and Evaluating Memorandums of Understanding for Campus-Based International and Student Exchange Programs* states that third-party providers should not be engaged for study-abroad programs.

The vice provost stated that although the campus had a formal policy prohibiting the use of third-party providers, management had defined third-party provider more narrowly, and therefore was unaware that some agreements on the campus would fall under the more detailed policy requirements of the executive order.

Failure to conduct appropriate due diligence on third-party study-abroad program providers increases the risk to the health and safety of campus participants and the risk of potential legal liabilities.

**Recommendation 7**

We recommend that the campus:

a. Clearly define third-party providers in campus policy.

b. Develop procedures for the review and approval of third-party study-abroad program providers.

c. Develop a list of approved third-party program providers that clearly states the criteria used for approval.

**Campus Response**

We concur. The Tseng College of Extended Learning is developing policies and criteria that define third-party providers. Under this policy, any third-party provider must be approved—in each use—by the university president. Tseng College will develop and maintain a list of approved third-party providers. All information relative to third-party providers will be posted on the International Programs website.

Expected completion date: June 30, 2013
FISCAL ADMINISTRATION AND CONTROLS

The campus used instructionally related activity (IRA) funds for an unapproved purpose.

Specifically, we found that the campus used IRA funds for an overseas instructional program to purchase pediatric wheelchairs for distribution at a charity in the host country, an expenditure that was not in the original trust application approved by the president. In addition, the proposed program budget change had not been submitted or approved by the campus.

CSUN Fiscal Responsibility states that the campus will exercise fiscal responsibility over funds appropriated to and/or deposited with the campus, which includes ensuring that funds are expended for the purposes intended and that internal controls are exercised to protect campus funds from misuse.

EO 1000, Delegation of Fiscal Authority and Responsibility, dated July 1, 2007, states that the campus president is delegated responsibility to ensure that accounting processes are established to maintain appropriate records of financial transactions and balances, in accordance with CSU policies, standards and definitions.

State University Administrative Manual §3726.14 states that instructionally related activities are defined as activities and laboratory experiences that are, in the judgment of the campus president, integrally related to formal instructional offerings.

The vice provost stated that the failure to submit a revision to the IRA application was due to oversight on the part of the faculty leaders.

Failure to expend IRA funds in accordance with approved budgets increases reputation and financial risk for the campus and the system.

Recommendation 8

We recommend that the campus ensure that IRA funds are used only for approved purposes, and that proposed budget changes are submitted and approved.

Campus Response

We concur. The Operating Policies and Procedures of the Instructionally Related Activities Advisory Board (revised in May 2012) include the requirements that all budget requests must have the endorsement of the sponsoring instructional department and college and budget amendments must be approved by the chair of the board and the president’s representative.

Campus procedures regarding disbursements of IRA funds are being revised to ensure that the funds are only used for approved purposes.

Expected completion date: June 30, 2013
# Appendix A:
## Personnel Contacted

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
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<tbody>
<tr>
<td>Dianne F. Harrison</td>
<td>President</td>
</tr>
<tr>
<td>Elizabeth Adams</td>
<td>Senior Director of Undergraduate Studies</td>
</tr>
<tr>
<td>Kamiran Badrkhan</td>
<td>Deputy Dean of International Programs, Tseng College of Extended Learning</td>
</tr>
<tr>
<td>Cathy Costin</td>
<td>Anthropology Department Chair</td>
</tr>
<tr>
<td>Deborah Flugum</td>
<td>Manager, Purchasing and Contract Administration</td>
</tr>
<tr>
<td>David Gray</td>
<td>Professor of Biology</td>
</tr>
<tr>
<td>Marta Lopez</td>
<td>Assistant Director for International Programs</td>
</tr>
<tr>
<td>Howard Lutwak</td>
<td>Director of Internal Audit</td>
</tr>
<tr>
<td>Thomas McCarron</td>
<td>Vice President for Administration and Finance</td>
</tr>
<tr>
<td>Jody Myers</td>
<td>Professor of Religious Studies</td>
</tr>
<tr>
<td>Thomas Piernik</td>
<td>Director of Student Development and International Programs</td>
</tr>
<tr>
<td>Cynthia Rawitch</td>
<td>Vice Provost</td>
</tr>
<tr>
<td>Shelley Ruelas</td>
<td>Associate Vice President for Student Life</td>
</tr>
<tr>
<td>Justine Zhixin Su</td>
<td>Coordinator of International Programs</td>
</tr>
<tr>
<td>Nate Thomas</td>
<td>Professor of Film Production</td>
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<tr>
<td>Jody Van Leuven</td>
<td>Risk Manager</td>
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<tr>
<td>William Watkins</td>
<td>Vice President for Student Affairs</td>
</tr>
<tr>
<td>Elizabeth Whirledge</td>
<td>Manager of Academic Resources</td>
</tr>
<tr>
<td>Lih Wu</td>
<td>Executive Director of Business Operations and Finance, Tseng College of Extended Learning</td>
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April 26, 2013

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

Subject: Revised Campus Response to Recommendations of Audit Report Number 12-55,
International Programs at California State University, Northridge

Dear Larry:

Enclosed please find the California State University, Northridge (CSUN) revised response to the recommendations of the audit, as requested in the April 23, 2013 email from Ann Hough.

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

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

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

Sincerely,

[Signature]

Tom McCarron
Vice President Administration and Finance and CFO

Enclosures

cc: Dr. Dianne F. Harrison, President
    Howard Lutwak, Director, Internal Audit
INTERNATIONAL PROGRAMS
CALIFORNIA STATE UNIVERSITY,
NORTHRIDGE
Audit Report 12-55

GENERAL ENVIRONMENT

Recommendation 1

We recommend that the campus clearly communicate the roles and responsibilities for administering campus-sponsored student trips abroad, and document them in campus policies.

Campus Response

We concur. Campus policies are being developed which will communicate the roles and responsibilities for administering campus-s Sponsored student trips abroad.

Expected completion date: June 30, 2013

STUDY-ABROAD AND EXCHANGE PROGRAMS

STUDY-ABROAD AGREEMENTS

Recommendation 2

We recommend that the campus obtain approval for all study-abroad programs from the president or designee with a written delegation of authority.

Campus Response

We concur. All international agreements will be signed by the president. (Note: Subsequent to the audit field work, Executive Order 1081 was published which no longer allows delegation of authority in this circumstance.) The policies noted in the response to Recommendation 1 will include this requirement.

Expected completion date: June 30, 2013

EXCHANGE PROGRAM AGREEMENTS

Recommendation 3

We recommend that the campus ensure that international exchange program agreements:
a. Clearly indicate the tuition terms or define how comparable expenses are either met or waived by each party.

b. Are approved by purchasing and contract administration.

Campus Response

We concur. Administrative processes being developed for international exchange agreements will insure that tuition/expenses are clearly defined at the time the agreement is made. All such agreements will be approved by purchasing and contract administration.

Expected completion date: June 30, 2013

EXCHANGE RECIPROCITY

Recommendation 4

We recommend that the campus:

a. Develop policies that define acceptable value-received reciprocity measurements for international exchange programs.

b. Ensure that exchange value-received reciprocity balance is maintained.

Campus Response

We concur. Policies defining value-received reciprocity measurements and balance are being revised.

Expected completion date: June 30, 2013

STUDENT RECORDS

Recommendation 5

We recommend that the campus maintain evidence showing that students participating in exchange programs have met all CSU requirements.

Campus Response

We concur. Files containing evidence that all CSU requirements are met for students participating in exchange programs will be maintained by the IESC.

Expected completion date: June 30, 2013

PRE-DEPARTURE ORIENTATIONS

Recommendation 6

We recommend that the campus maintain evidence showing that students participating in exchange, study-abroad, and international field trips have attended a formal pre-departure orientation.

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Campus Response

We concur. Records of formal pre-departure orientation programming will be maintained by the campus unit sponsoring the exchange, study abroad or international field trip. Such evidence is kept in the program/trip file in the unit’s main office.

Expected completion date: June 30, 2013

STUDY-ABROAD THIRD-PARTY PROVIDERS

Recommendation 7

We recommend that the campus:

a. Clearly define third-party providers in campus policy.

b. Develop procedures for the review and approval of third-party study-abroad program providers.

c. Develop a list of approved third-party program providers that clearly states the criteria used for approval.

Campus Response

We concur. The Tseng College of Extended Learning is developing policies and criteria that define third party providers. Under this policy, any third-party provider must be approved—in each use—by the university president. Tseng College will develop and maintain a list of approved third-party providers. All information relative to third-party providers will be posted on the International Programs website.

Expected completion date: June 30, 2013

FISCAL ADMINISTRATION AND CONTROLS

Recommendation 8

We recommend that the campus ensure that IRA funds are used only for approved purposes, and that proposed budget changes are submitted and approved.

Campus Response

We concur. The Operating Policies and Procedures of the Instructionally Related Activities Advisory Board (revised in May 2012) include the requirements that all budget requests must have the endorsement of the sponsoring instructional department and college, and budget amendments must be approved by the chair of the board and the president’s representative. Campus procedures regarding disbursements of IRA funds are being revised to ensure that the funds are only used for approved purposes.

Expected completion date: June 30, 2013
May 13, 2013

MEMORANDUM

TO: Mr. Larry Mandel
University Auditor

FROM: Timothy P. White
Chancellor

SUBJECT: Draft Final Report 12-55 on International Programs, California State University, Northridge

In response to your memorandum of May 13, 2013, I accept the response as submitted with the draft final report on International Programs, California State University, Northridge.

TPW/amd