APPENDICES

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

ABBREVIATIONS

AA  Academic Affairs
AIFS  American Institute for Foreign Study
CE  Continuing Education
CESIP  College of Extended Studies and International Programs
CO  Chancellor’s Office
CSU  California State University
CSULA  California State University, Los Angeles
EE  Extended Education
EO  Executive Order
OUA  Office of the University Auditor
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, Los Angeles (CSULA) campus from October 1, 2012, through October 29, 2012, and audited the procedures in effect at that time.

Our study and evaluation revealed certain conditions that, in our opinion, could result in significant errors and irregularities if not corrected. Specifically, the campus did not maintain adequate internal control over the following areas: emergency procedures specific to CSULA students studying abroad, study-abroad and exchange programs, and fiscal administration and controls. These conditions, along with other weaknesses, are described in the executive summary and body of this report. In our opinion, except for the effect of the weaknesses described above, the operational and administrative controls for international programs in effect as of October 29, 2012, taken as a whole, were sufficient to meet the objectives stated in the “Purpose” section of this report.

As a result of changing conditions and the degree of compliance with procedures, the effectiveness of controls changes over time. Specific limitations that may hinder the effectiveness of an otherwise adequate system of controls include, but are not limited to, resource constraints, faulty judgments, unintentional errors, circumvention by collusion, and management overrides. Establishing controls that would prevent all these limitations would not be cost-effective; moreover, an audit may not always detect these limitations.

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

GENERAL ENVIRONMENT [6]

The campus did not have procedures for responding to emergencies that involved CSULA students studying abroad.

STUDY-ABROAD AND EXCHANGE PROGRAMS [6]

The campus affiliation agreement with the American Institute for Foreign Study was not approved by the president or his/her designee, nor did it include the appropriate sunset clause. In addition, the campus did not maintain evidence showing that students participating in study-abroad programs had attended a pre-departure orientation.

FISCAL ADMINISTRATION AND CONTROLS [8]

The campus received funds from a program provider that were used for travel and program administration in a manner that was inconsistent with the restrictions set forth in Executive Order 1022 and other systemwide policies.
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.
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

The campus did not have procedures for responding to emergencies that involved California State University, Los Angeles (CSULA) students studying abroad.

Executive Order (EO) 998, *Study Abroad Programs*, dated January 25, 2007, states that all California State University (CSU) study-abroad programs must consider the health, safety, and security of students, staff, and faculty as a central feature of planning and operation.

The director of risk management and environmental health and safety stated his belief that sufficient procedures were in place at the campus to address emergencies for students studying abroad. The assistant dean of the College of Extended Studies and International Programs (CESIP) stated that current CSU requirements did not make it clear that the campus needed additional procedures beyond what was already in place.

Failure to develop emergency procedures for students studying abroad increases the risk to the health and safety of campus participants and increases potential legal liabilities.

**Recommendation 1**

We recommend that the campus develop emergency procedures specific to CSULA students studying abroad.

**Campus Response**

Emergency procedures will be established for students studying abroad. This will be completed by February 28, 2013.

STUDY-ABROAD AND EXCHANGE PROGRAMS

STUDY-ABROAD THIRD-PARTY PROVIDERS

The campus affiliation agreement with the American Institute for Foreign Study (AIFS) was not approved by the president or his/her designee, nor did it include the appropriate sunset clause.

Coded Memorandum Academic Affairs (AA) 2007-25, *Third-Party Program Provider Study Abroad and Administrative Safeguards*, dated September 26, 2007, states that approval of third-party study-abroad provider programs and agreements should be signed by the president or a designee.

EO 1022, *Study Abroad through Non-CSU Program Providers*, dated September 24, 2007, states that the president of the campus, or his/her designee, is delegated the authority to enter into affiliation agreements with study-abroad program providers.
Coded Memorandum AA 2011-1, *Campus Compliance with Study Abroad Policy*, dated January 11, 2011, states that the campus president is delegated authority to enter into agreements related to study abroad and exchange, and that if someone other than the president is to sign, a written delegation of authority should be on file. It further states that all agreements should have a “sunset” clause with a duration of no more than five years before review and renewal.

The vice president of administration and finance/chief financial officer stated her belief that the CSULA financial and services signature authorization document provided the director of procurement and contracts with authority to approve this agreement. She further stated that the failure to limit the agreement to five years or less was due to oversight.

Failure to maintain complete and properly approved affiliation agreements increases the risk of misunderstandings and potential legal liabilities.

**Recommendation 2**

We recommend that the campus obtain approval for the AIFS program from the president or his/her designee with a written delegation of authority, and revise the agreement to include the appropriate sunset clause.

**Campus Response**

The campus is in discussion with AIFS to revise the agreement to include the appropriate sunset clause, and proper delegation of authority will be obtained. This will be completed by February 28, 2013.

**PRE-DEPARTURE ORIENTATIONS**

The campus did not maintain evidence showing that students participating in study-abroad programs had attended a pre-departure orientation.

We reviewed two exchange programs and found that neither had maintained documentation of student attendance at mandatory pre-departure orientations. Additionally, one of the programs did not have orientation materials.

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.

Coded Memorandum AA-2011-1, *Campus Compliance with Study Abroad Policy*, dated January 11, 2011, states that campuses must maintain all agreements and other documentation for all study-abroad and exchange programs.
The director of the international office for CESIP stated that the lack of documentation for pre-departure orientation occurred because there were few students studying abroad under exchange agreements, and therefore the orientation process was somewhat informal.

Failure to maintain evidence that study-abroad students attended pre-departure orientation increases the risk to the health and safety of campus participants and increases potential legal liabilities.

**Recommendation 3**

We recommend that the campus maintain evidence showing that the students participating in study-abroad programs have attended a formal pre-departure orientation.

**Campus Response**

The international office has begun maintaining documentation of students who attended pre-departure study-abroad orientation.

**FISCAL ADMINISTRATION AND CONTROLS**

The campus received funds from a program provider that were used for travel and program administration in a manner that was inconsistent with the restrictions set forth in EO 1022 and other systemwide policies.

We found that:

- The campus received an affiliate grant from AIFS for two students who attended a spring and summer 2011 study-abroad program, one student who attended a fall 2011 study-abroad program, and three students who attended a spring 2012 study-abroad program. The total payment to the campus was $2,200, or $200 per student for the summer program and $400 per student for the spring and fall programs.

- The campus deposited the payments from AIFS into a University Auxiliary Services trust account and used the funds for general expenses related to study abroad, such as printing of pamphlets and promotional materials, payment of conference fees, and study-abroad related travel.

EO 1022, *Study Abroad through Non-CSU Program Providers*, dated September 24, 2007, states that in the course of cooperating with a program provider, neither a CSU campus nor any employee or agent of any CSU campus shall accept payments or other benefits in exchange for being an approved program. This includes, but is not necessarily limited to, the following: payment of conference or training registration fees, transportation, or lodging costs for an employee of the campus; fees for advertisements in official publications of the campus or international office that are designed to explain the students’ program options; or payment of site visit costs in conjunction with program oversight or program familiarization responsibilities.
Coded Memorandum AA 2007-25, *Third-Party Program Provider Study Abroad and Administrative Safeguards*, dated September 26, 2007, states that no CSU campus, and no employee, or agent of any CSU, may solicit any program provider for financial or other benefits or services to the campus or its personnel; or accept payment of such items as conference or training registration fees, printing or distribution of catalogs, handbooks, and other official university publications or materials at reduced or no cost.

The dean of CESIP stated that it seemed appropriate to accept these funds because they helped to cover administrative costs related to the program and they were used for study-abroad-related expenses.

The receipt of funds from a study-abroad provider in exchange for student participation in the program, and use of the funds for payment of expenses prohibited by CSU policy, increases reputation and financial risk for the system.

**Recommendation 4**

We recommend that the campus investigate the receipt and use of funds from AIFS and resolve the issue in accordance with established CSU policies and procedures.

**Campus Response**

The campus has conducted a review of its relationship with AIFS in light of established CSU policies and procedures. Accordingly, the campus has directed AIFS to apply “affiliate grant” funds as a credit directly to the individual students participating in the program.
### APPENDIX A: PERSONNEL CONTACTED

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
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<tbody>
<tr>
<td>James M. Rosser</td>
<td>President</td>
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<tr>
<td>Kevin Brady</td>
<td>Director, Risk Management and Environmental Health and Safety</td>
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<tr>
<td>Justin Cassity</td>
<td>Assistant Dean, College of Extended Studies</td>
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<td></td>
<td>and International Programs (CESIP)</td>
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<tr>
<td>Lisa Chavez</td>
<td>Vice President, Administration and Finance/Chief Financial Officer</td>
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<tr>
<td>Jose Galvan</td>
<td>Dean, CESIP</td>
</tr>
<tr>
<td>Tanya Ho</td>
<td>University Internal Auditor</td>
</tr>
<tr>
<td>Christopher Lam</td>
<td>Resource Manager, CESIP</td>
</tr>
<tr>
<td>Aaron Ostrom</td>
<td>Director, English Language Program, CESIP</td>
</tr>
<tr>
<td>Salvador Rodriguez</td>
<td>Senior Internal Auditor</td>
</tr>
<tr>
<td>Amy Wang</td>
<td>Director, International Office, CESIP</td>
</tr>
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December 21, 2012

Mr. Larry Mandel, University Auditor
Office of the University Auditor
Office of the Chancellor – The California State University
401 Golden Shore, 4th Floor
Long Beach, CA 90802-4210

Re: University’s Response to Recommendations Contained in Report Number 12-56, International Programs

Dear Mr. Mandel:

Attached are the University’s responses to the recommendations contained in Report Number 12-56, International Program audit.

Please contact Tanya Ho, University Internal Auditor, at (323) 343-5102, if you wish to discuss the matter contained herein.

Sincerely,

James M. Ross
President

Attachment

cc: (with attachments)
Lisa Chavez, Vice President for Administration and Chief Financial Officer
Tanya Ho, University Internal Auditor
Jill Carnahan, Administrative Compliance Officer
INTERNATIONAL PROGRAMS
CALIFORNIA STATE UNIVERSITY,
LOS ANGELES
Audit Report 12-56

GENERAL ENVIRONMENT

Recommendation 1

We recommend that the campus develop emergency procedures specific to CSULA students studying abroad.

Campus Response

Emergency procedures will be established for students studying abroad. This will be completed by February 28, 2013.

STUDY-ABROAD AND EXCHANGE PROGRAMS

STUDY-ABROAD THIRD-PARTY PROVIDERS

Recommendation 2

We recommend that the campus obtain approval for the AIFS program from the president or his/her designee with a written delegation of authority, and revise the agreement to include the appropriate sunset clause.

Campus Response

The campus is in discussion with AIFS to revise the agreement to include the appropriate sunset clause, and proper delegation of authority will be obtained. This will be completed by February 28, 2013.

PRE-DEPARTURE ORIENTATIONS

Recommendation 3

We recommend that the campus maintain evidence showing that the students participating in study-abroad programs have attended a formal pre-departure orientation.

Campus Response

The international office has begun maintaining documentation of students who attended pre-departure study-abroad orientation.
FISCAL ADMINISTRATION AND CONTROLS

Recommendation 4

We recommend that the campus investigate the receipt and use of funds from AIFS and resolve the issue in accordance with established CSU policies and procedures.

Campus Response

The campus has conducted a review of its relationship with AIFS in light of established CSU policies and procedures. Accordingly, the campus has directed AIFS to apply “affiliate grant” funds as a credit directly to the individual students participating in the program.
February 15, 2013

MEMORANDUM

TO: Mr. Larry Mandel
    University Auditor

FROM: Timothy P. White
      Chancellor

SUBJECT: Draft Final Report 12-56 on *International Programs*,
         California State University, Los Angeles

In response to your memorandum of February 15, 2013, I accept the response
as submitted with the draft final report on *International Programs*, California
State University, Los Angeles.

TPW/amd