INTERNATIONAL PROGRAMS

CALIFORNIA STATE UNIVERSITY,
SAN BERNARDINO

Audit Report 12-57
February 18, 2013

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ABBREVIATIONS

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<td>AA</td>
<td>Academic Affairs</td>
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<td>CE</td>
<td>Continuing Education</td>
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<td>CEL</td>
<td>College of Extended Learning</td>
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<td>CISP</td>
<td>Center for International Studies and Programs</td>
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<td>CO</td>
<td>Chancellor’s Office</td>
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<td>CSU</td>
<td>California State University</td>
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<td>EE</td>
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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, San Bernardino campus from September 17, 2012, through October 19, 2012, and audited the procedures in effect at that time.

Our study and evaluation revealed certain conditions that, in our opinion, would result in significant errors and irregularities if not corrected. Specifically, the campus did not maintain adequate internal control over the following areas: governance of campuswide international programs, administration of a campus-sponsored overseas center, a foreign degree program, 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, due to the effect of the weaknesses described above, the operational and administrative controls for international programs in effect as of October 19, 2012, taken as a whole, were not 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 [7]

Campus policies addressing the administration of international programs needed improvement. For example, campus policies and procedures did not require a routine review of existing campus policies to ensure that they were current and relevant, nor did they include systemwide policy requirements regarding student travel on study-abroad, exchange, and other overseas instructional programs. Also, the risk management policy was outdated. In addition, governance over international programs needed improvement. Specifically, the campus could not fully account for all of its study-abroad, exchange, and other overseas instructional programs and did not maintain adequate oversight of individual colleges’ international programs. Also, a strategic plan for international programs was in draft form and had not been implemented on the campus, and the campus had not established a charter for a committee with oversight of campuswide international programs. Finally, the campus did not have procedures for responding to emergencies that involved California State University, San Bernardino (CSUSB) students studying abroad.
EXECUTIVE SUMMARY

PROGRAMS FOR INTERNATIONAL STUDENTS [11]

Administration of a foreign-degree program needed improvement. Specifically, the campus had not established formal policies and procedures for the evaluation, review, and approval of out-of-state and out-of-country instructional programs with respect to academic, contractual, faculty, fiscal, legal, and logistical arrangements and commitments; and it had not obtained a letter of appointment issued by the campus president or designee that officially designated a director for the program. Also, agreements establishing instructional and degree programs in Korea needed improvement, as certain documents had expired and/or were improperly authorized and did not include the required minimum insurance or hold harmless provisions.

STUDY-ABROAD AND EXCHANGE PROGRAMS [15]

Study-abroad programs were not always properly approved by the president or designee. In addition, administration of exchange programs needed improvement, as the campus had not developed policies defining acceptable value-received reciprocity measurements, and reciprocity was not always in balance. In addition, exchange program agreements were not always properly executed. Further, the campus had not developed procedures for the review and approval of third-party study-abroad program providers or a list of approved third-party program providers that clearly stated the criteria used for approval. Additionally, the campus did not ensure that funds received from third-party study-abroad providers were used for purposes deemed acceptable under California State University (CSU) guidelines. Finally, the campus did not always maintain evidence showing that students participating in study-abroad programs met CSU requirements, such as attending pre-departure orientations, completing the CSU Release of Liability form, and providing proof of medical insurance.

FISCAL ADMINISTRATION AND CONTROLS [22]

Authorization of study-abroad expenditures needed improvement. For example, certain expenditures were approved by individuals who were not listed as authorized signers on the account agreements, and the campus did not maintain adequate supporting documentation and approvals for one account established to manage a study-abroad program. Further, student travel insurance premiums for study-abroad trips were paid for with state funds.
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.
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

POLICIES AND PROCEDURES

Campus policies addressing the administration of international programs needed improvement.

Specifically, we found that:

- The Risk Management Policy was last updated in 1999 and referenced an executive order that had been superseded twice since that date.

- The campus policy and procedure, University-Wide Policies and Practices – Process for the Review and Approval, did not require a routine review of existing campus policies to ensure that they were current and relevant.

- Campus policies did not include California State University (CSU) policy requirements regarding student travel on study-abroad, exchange, and other overseas instructional programs. Such requirements include, but are not limited to, student notification of travel risks, release of liability requirements, pre-departure orientations, student records retention practices, and provisions for obtaining travel and health insurance.

- Campus policies did not include specific instructions related to the development and administration of agreements with foreign institutions.

- Campus policies did not include controls over cash receipts from students. One college was collecting student contributions to study-abroad trips rather than processing the payments through the bursar’s office.

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. It further states that 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 president for administration and finance stated that turnover at the management level and recent resource constraints contributed to delays in updates to campus policies and procedures, including a review of the manner in which policies are created and monitored. The associate provost
for academic and international programs stated that efforts to formalize and codify policies related to international programs was delayed due to rapid growth and changes in the nature of the programs and in management, but that the process had been under way for a number of months. The assistant vice president for auxiliary and business services and risk management stated that turnover at the management level contributed to a delay in clarifying risk management policies, but that she and her staff had been actively identifying and addressing these areas.

Failure to maintain updated policies and procedures for the administration of international programs increases the risk of misunderstandings and potential legal liabilities.

**Recommendation 1**

We recommend that the campus:

a. Review and update the Risk Management Policy to include current executive orders.

b. Review and update University-Wide Policies and Practices – Process for the Review and Approval to include a routine review of existing campus policies to ensure they are current and relevant.

c. Review and update campus policies and procedures to include CSU policy requirements regarding student travel on study-abroad, exchange, and other overseas instructional programs; specific instructions related to the development and administration of agreements with foreign institutions; and controls over cash receipts from students.

**Campus Response**

We concur. Campus implementation plans include the following:

a. The campus is currently reviewing and updating the Risk Management Policy to include current executive orders.

    Implementation date: May 31, 2013

b. The campus will review and update the policy titled University-Wide Policies and Practices – Process for the Review and Approval to include a routine and periodic review of existing campus policies to ensure they are current and relevant.

    Implementation date: May 31, 2013

c. The campus will review and update campus policies and procedures such that:

    - A Guideline for Study Abroad and Exchange Programs has been developed and will be authorized after the formal review and approval process. It includes CSU policy requirements regarding student travel on study-abroad, exchange, and other overseas instructional programs.
Implementation date: June 30, 2013

- The procedure on the development and implementation of agreements with foreign institutions, with specific instructions related to the development and administration of agreements with foreign institutions, is in operation and formally displayed on the website.

Implementation date: Completed

- A Guideline for Study Abroad and Exchange Programs has been developed and will be authorized after the formal review and approval process. It includes procedures and controls over cash receipts from students.

Implementation date: June 30, 2013

GOVERNANCE

Governance over international programs needed improvement.

We reviewed the organizational structure and supporting documentation related to governance of international programs and found that:

- The campus could not fully account for all of its study-abroad, exchange, and other overseas instructional programs and did not maintain adequate oversight of individual colleges’ international programs.

- The Strategic Plan for Internationalizing California State University San Bernardino was in draft form and had not been implemented on the campus.

- The campus had not established a charter defining the authority, responsibilities, and membership requirements of the Council for International Affairs.

- Representatives from critical decision-making areas such as risk management, finance, and contracting and procurement did not regularly attend Council for International Affairs meetings.

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.

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. It further states that 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 associate provost for academic and international programs stated that changes in management and ongoing synergy and efficiency efforts contributed to the oversight of some of the management monitoring functions.

Failure to effectively govern campuswide international programs increases the risk of misunderstandings related to the performance of duties and functions, inconsistencies in complying with CSU requirements, and inconsistent treatment and handling of issues.

**Recommendation 2**

We recommend that the campus:

a. Develop a method to fully account for all of its study-abroad, exchange, and other overseas instructional programs and maintain adequate oversight of individual colleges’ international programs.

b. Finalize and implement the Strategic Plan for Internationalizing California State University San Bernardino.

c. Establish a charter defining the authority, responsibilities, and membership requirements of the Council for International Affairs.

d. Ensure that representatives from critical decision-making areas such as risk management, finance, and contracting and procurement regularly attend Council for International Affairs meetings.

**Campus Response**

We concur. Campus implementation plans include the following:

a. A Guideline for Study Abroad and Exchange Programs has been developed and will be authorized after the formal review and approval process. It includes methods to fully account for all of its study-abroad, exchange, and other overseas instructional programs and maintain adequate oversight of individual colleges’ international programs.

   Implementation date: June 30, 2013

b. The Council for International Affairs is developing a strategic plan for internationalizing the campus for recommendation to the Academic Affairs council for finalization and implementation.

   Implementation date: June 30, 2013

c. The charter for the Council for International Affairs has been established. It defines the authority, responsibilities, and membership requirements of the council.

   Implementation date: Completed
d. The Council for International Affairs now includes representatives from critical decision-making areas such as risk management, finance, and contracting and procurement with specific instructions that members regularly attend or send a representative to the meetings. Attendance records are maintained.

Implementation date: Completed

STUDY-ABROAD EMERGENCY PROCEDURES

The campus did not have procedures for responding to emergencies that involved California State University, San Bernardino (CSUSB) students studying abroad.

Executive Order (EO) 998, Study Abroad Programs, dated January 25, 2007, states that all 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 associate provost for academic programs stated that emergency procedures for students studying abroad was an area that had been identified as a gap due to resource and time constraints, but a draft policy would be ready for administrative council review in the near future.

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 3

We recommend that the campus develop procedures for responding to emergencies that involve CSUSB students studying abroad.

Campus Response

We concur. A Guideline for Study Abroad and Exchange Programs has been developed and will be authorized after the formal review and approval process. It includes procedures for responding to emergencies that involve CSUSB students studying abroad.

Implementation date: June 30, 2013

PROGRAMS FOR INTERNATIONAL STUDENTS

FOREIGN DEGREE PROGRAMS

Administration of a campus foreign degree program needed improvement.

We reviewed the Teachers of English to Speakers of Other Languages (TESOL) master’s degree in education program offered in collaboration with KORUS at the CSUSB Korea Center, and we found that the campus:
Had not established formal policies and procedures for the evaluation, review, and approval of out-of-state and out-of-country instructional programs with respect to academic, contractual, faculty, fiscal, legal, and logistical arrangements and commitments.

Had not obtained a letter of appointment issued by the campus president or designee that officially designated a director for the program.

EO 795, *Procedures Governing Self-Supporting Programs Outside the State of California, Conducted Through the Education Revenue Fund or Local Trust Accounts*, dated November 12, 2001, states that out-of-state and out-of-country programs are campus-based, self-supporting instructional activities of the CSU that provide instruction outside of California, either site-bound or transmitted electronically. It further states that the campus president is responsible for establishing procedures for the evaluation, review, and approval with respect to academic, contractual, faculty, fiscal, legal, and logistical arrangements and commitments for academic programs offered in other states or territories, or in other nations. In addition, the EO states that out-of-state and out-of-country programs shall have a director assigned by means of a letter of appointment issued by the campus president or a designee.

The dean of CEL stated that the campus did not consider any of the programs at the center subject to the executive order, and therefore did not follow its requirements entirely, although most of the risk considerations had been addressed.

Inconsistent authorization and administration of out-of-country instructional programs increases the risk of misunderstandings and potential legal liabilities.

**Recommendation 4**

We recommend that the campus:

a. Establish required policies and procedures for the evaluation, review, and approval of out-of-state and out-of-country instructional programs with respect to academic, contractual, faculty, fiscal, legal, and logistical arrangements and commitments.

b. Obtain a letter of appointment issued by the campus president or designee that officially designates a director for the TESOL master’s degree in education program.

**Campus Response**

We concur. Campus implementation plans include the following:

a. A policy for Foreign Degree Programs will be written that establishes required policies and procedures for the evaluation, review, and approval of out-of-state and out-of-country instructional programs with respect to academic, contractual, faculty, fiscal, legal, and logistical arrangements and commitments.

Implementation date: June 30, 2013
b. A letter of appointment issued by the campus president will be written that officially designates a director for the TESOL master’s degree in education program.

Implementation date: April 1, 2013

INTERNATIONAL AGREEMENTS

Agreements establishing instructional and degree programs in Korea needed improvement.

We reviewed five agreements between the campus, KORUS, and Chung-Ang University in South Korea, and we found that:

- The agreement between CEL and KORUS establishing the CSUSB Korea Center, and the corresponding agreement establishing the TESOL master’s degree in education program, expired in October 2012 and had not been renewed.

- A representative of KORUS inappropriately signed an agreement between the campus and Chung-Ang University as an authorizing party of CSUSB and as the president of the CSUSB Korea Center, although there is no document that gave the individual that title.

- An agreement between the campus and Chung-Ang University was signed by an individual who was not on the campus delegation of authority for contract authorization.

- None of the agreements with KORUS included required minimum insurance requirements or hold harmless provisions, and there was no evidence that a risk assessment had been conducted to establish exceptions to the standard requirements.

Integrated California State University Administrative Manual (ICSUAM) §5233, Risk Allocation and Performance Assurance, dated April 20, 2004, states that contracts should be formed to ensure the fair and reasonable allocation of risk and to assure satisfactory performance by the contractor. It further states that the requirements for successful contract performance should be clearly defined within the contract documents.

EO 775, Acquisition of Personal Property and Services, dated June 6, 2001, delegates the authority to acquire personal property and services to the campus president or designees.

EO 849, California State University Insurance Requirements, dated February 5, 2003, states that contracts should be subject to minimum insurance limits and hold harmless provisions unless a specific risk identification and evaluation process is conducted that would indicate exceptions to the standard requirements.

The dean of CEL stated that negotiations were under way for a new agreement with KORUS at the time the existing agreement expired. She further stated her belief that the original agreement to establish the CSUSB Korea Center, signed by the campus president, allowed the individual who signed the recruiting agreement as the president of the CSUSB Korea Center to use that title. In addition, she stated that the agreement with Chung-Ang University was valid because it was also
signed by other people who were listed on the campus delegation of authority for contract authorization. She also stated that the new campus contract negotiation process included a risk assessment that included discussions of insurance provisions, and that the insurance provisions were revised as part of that negotiation process.

Failure to maintain current and properly authorized contracts increases the risk of misunderstandings and potential legal liabilities.

**Recommendation 5**

We recommend that the campus:

a. Review the terms of the expired agreement between CEL and KORUS establishing the CSUSB Korea Center and the corresponding agreement establishing the TESOL master’s degree in education program, and renew the agreements if the relationships are to be maintained.

b. Ensure that future agreements are signed only by the appropriate individuals and that those who sign agreements use only their proper titles.

c. Ensure that future agreements are signed by only those individuals included in the campus delegation of authority for contract authorization.

d. Ensure that future contracts include the required minimum insurance requirements and hold harmless provisions, or show evidence that a risk assessment has been conducted establishing exceptions to the standard requirements.

**Campus Response**

We concur. Campus implementation plans include the following:

a. The campus will review the terms of the expired agreement between CEL and KORUS establishing the CSUSB Korea Center and the corresponding agreement establishing the TESOL master’s degree in education program, and renew the agreements if the relationships are to be maintained.

   Implementation date: June 30, 2013

b. The associate provost for academic and international programs issued a directive to the dean of the College of Extended Learning and the faculty director of the Center for International Studies and Programs (CISP) that all future agreements are to be signed only by the appropriate individuals and that those who sign agreements use only their proper titles. Additionally, the Procedures for Drafting MOUs/Agreements ensures that this process is in place, and is now posted on the CISP website.

   Implementation date: Completed
c. The associate provost for academic and international programs issued a directive to the dean of the College of Extended Learning and the faculty director of CISP that all future agreements are to be signed by only those individuals included in the campus delegation of authority for contract authorization. Additionally, the Procedures for Drafting MOUs/Agreements ensures that this process is in place, and is now posted on the CISP website.

Implementation date: Completed

d. A review process for international agreements has been implemented wherein procurement is responsible for approving insurance and indemnification provisions and/or a risk assessment is conducted by risk management.

Implementation date: Completed

STUDY-ABROAD AND EXCHANGE PROGRAMS

STUDY-ABROAD PROGRAM APPROVAL

Study-abroad programs were not always properly approved by the president or designee.

We reviewed six study-abroad programs and found that:

- One program agreement was signed by the president several months after the program had ended.
- Three programs were not supported by an agreement or memorandum of understanding signed by the president, nor was there any evidence of presidential review and approval.
- The memorandum of understanding for one program, a collaboration with another CSU campus, was not approved by the CSUSB president or designee.

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.

Coded memorandum Academic Affairs (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.

The associate provost for academic and international programs stated that the lack of centralized and accessible policies, procedures, and guidelines contributed to inconsistencies in international program creation and approval.

Lack of proper authorization for study-abroad programs increases the risk of decreased accountability and potential legal liabilities.
Recommendation 6

We recommend that the campus ensure that all study-abroad programs are properly approved by the president or designee.

Campus Response

We concur. A Guideline for Study Abroad and Exchange Programs has been developed and will be authorized after the formal review and approval process. It includes a process that ensures all study-abroad programs are properly approved by the president.

Implementation date: June 30, 2013

EXCHANGE RECIPROCITY

Administration of exchange programs needed improvement.

We reviewed five exchange programs and found that:

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

- For three programs, the exchange value-received reciprocity was out of balance.

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, 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 the 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 within which a balance will be achieved.

The associate provost for academic and international programs stated that students have not demonstrated significant interest in exchange programs, and therefore the campus has found it difficult to maintain a balance in reciprocity over time when the partner institution has applicants wishing to attend CSUSB.

Failure to develop value-received reciprocity measurements for exchange programs and maintain exchange value-received reciprocity balance exposes the campus and CSU to criticisms of fiscal improprieties.
**Recommendation 7**

We recommend that the campus:

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

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

**Campus Response**

We concur. Campus implementation plans include the following:

a. The campus will develop an Exchange Reciprocity Policy that defines acceptable value-received reciprocity measurements for exchange programs.

   Implementation date: June 30, 2013

b. The campus will develop an Exchange Reciprocity Policy that ensures that exchange value-received reciprocity balance is maintained.

   Implementation date: June 30, 2013

**EXCHANGE PROGRAM AGREEMENTS**

Exchange program agreements were not properly executed.

We reviewed five exchange program agreements and found that:

- One agreement had not been signed by the president.
- One agreement did not address the requirement that comparable expenses were to be met or waived by the foreign institution.
- One agreement did not have an expiration date.

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, states that campus presidents or their designees have the authority to initiate exchange agreements with foreign institutions, and that exchange agreements shall indicate 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 the maximum duration of an agreement related to study-abroad and exchange programs shall be five years.
The associate provost for academic and international programs stated that the lack of centralized and accessible policies, procedures, and guidelines contributed to inconsistencies in the creation of exchange programs and the related agreements.

The absence of appropriate provisions and authorizations for exchange program agreements increases the risk of misunderstandings and potential legal liabilities.

**Recommendation 8**

We recommend that the campus ensure that exchange program agreements are properly executed.

**Campus Response**

We concur. The procedure on the development and implementation of agreements with foreign institutions, with specific instructions to ensure that exchange program agreements are properly executed, is in operation and will be formally displayed on the website.

Implementation date: Completed

**STUDY-ABROAD THIRD-PARTY PROVIDERS**

Administration of third-party providers for study-abroad programs needed improvement.

We found that the campus had not developed:

- Procedures for the review and approval of third-party study-abroad program providers. Neither of the two programs we reviewed had been subject to the required due diligence.

- A list of approved third-party program 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.

The associate provost for academic and international programs stated that the campus was unaware of the broad interpretation of EO 1022, and therefore did not know that some of its study-abroad programs had elements that fell under the definition of third-party provider. She further stated that
because of this, the campus did not initiate the required policy because it did not think the policy was applicable to the campus model for international programs.

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 9**

We recommend that the campus develop:

a. Procedures for the review and approval of third-party study-abroad program providers.

b. A list of approved third-party program providers that clearly states the criteria used for approval.

**Campus Response**

We concur. Campus implementation plans include the following:

a. A Guideline for Study Abroad and Exchange Programs has been developed and will be authorized after the formal review and approval process. It includes the procedures for the review and approval of third-party study-abroad program providers.

   Implementation date: June 30, 2013

b. A Guideline for Study Abroad and Exchange Programs has been developed and will be authorized after the formal review and approval process. It includes the procedures for the review and approval of third-party study-abroad program providers, including the establishment of a list of approved third-party program providers, and clearly states the criteria used for approval.

   Implementation date: June 30, 2013

**BUSINESS PRACTICES WITH THIRD-PARTY PROVIDERS**

The campus did not ensure that funds received from third-party study-abroad providers were used for purposes deemed acceptable under CSU guidelines.

We found that one provider was refunding program fees to the sponsoring college at the end of its summer session. The program's faculty leader had maintained correspondence indicating the college’s intent to use the refunded program fees to establish a distinct trust account for student scholarships, but could not provide evidence that the funds had been placed in a trust account from which scholarships were distributed.

Coded Memorandum AA 2007-25, *Third-Party Program Provider Study Abroad and Administrative Safeguards*, dated September 26, 2007, states that the campus may not solicit any program provider for financial or other benefits or services to the campus or its personnel, although use of funds for the award of scholarships is listed as an acceptable practice.
The associate provost for academic and international programs stated that the funds were supposed to be deposited in an account that would isolate and distribute scholarships for the trips, but due to miscommunication, the funds were posted into another trust account. She further stated that the campus routinely provides scholarship funds to students for these particular programs.

Failure to provide evidence that third-party provider refunds are used for purposes that are deemed acceptable under CSU guidelines increases the risk that CSU and student interests are not adequately considered and increases reputation and financial risk for the system.

**Recommendation 10**

We recommend that the campus ensure that funds received from third-party study-abroad providers are used for purposes deemed acceptable under CSU guidelines.

**Campus Response**

We concur. A Guideline for Study Abroad and Exchange Programs has been developed and will be authorized after the formal review and approval process. It includes the procedures for business practices with third-party study-abroad program providers, including processes for funds received from third-party study-abroad providers, and the proper uses of the funds for purposes deemed acceptable under CSU guidelines.

Implementation date: June 30, 2013

**STUDY-ABROAD PROGRAM DOCUMENTATION**

The campus did not always maintain evidence showing that students participating in study-abroad programs met CSU requirements.

We reviewed one study-abroad program offered to CSUSB students by another CSU campus, and we found that neither campus had maintained evidence showing that participating CSUSB students had met CSU requirements. Such requirements included, but were not limited to, attendance at pre-departure orientations, proof of medical insurance, and completion of the CSU Release of Liability, Promise Not to Sue, Assumption of Risk, and Agreement to Pay Claims form.

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.

Coded memorandum AA 2011-1, *Campus Compliance with Study Abroad Policy*, dated January 11, 2011, states that campuses shall maintain adequate documentation for student participants in study abroad programs, including basic student information, proof of required medical and/or flight insurance and required liability releases. It further states that the documentation shall be retained for three years.

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 campuses must maintain all agreements and other documentation for all study-abroad and exchange programs.

The associate provost for academic and international programs stated that evidence showing that students participating in study-abroad programs had met CSU requirements was not maintained due to miscommunication about the roles and responsibilities of the parties at the two CSU campuses participating in this particular trip.

Failure to ensure that students meet campus-sponsored foreign travel requirements exposes the university to liability due to misunderstandings of risks and responsibilities and increases the risk of inadequate response to emergencies abroad before and after CSU-affiliated programs.

**Recommendation 11**

We recommend that the campus maintain evidence showing that students participating in study-abroad programs have met CSU requirements.

**Campus Response**

We concur. A Guideline for Study Abroad and Exchange Programs has been developed and will be authorized after the formal review and approval process. It includes the process to maintain evidence showing that students participating in study-abroad programs have met CSU requirements.

Implementation date: June 30, 2013
FISCAL ADMINISTRATION AND CONTROLS

TRUST FUND TRANSACTION AUTHORIZATION

Authorization of study-abroad expenditures needed improvement.

We reviewed five trust accounts established for study-abroad programs and found that:

- Five of 22 expenditures reviewed were approved by individuals who were not listed as authorized signers on the account agreements.

- The campus did not maintain adequate supporting documentation and approvals for an account that was opened by the CSUSB Philanthropic Foundation to manage one summer study-abroad program.

SAM §19400.1, Trust and Agency Funds – Non-Treasury – Documentation, states that each trust account shall be supported by documentation as to the type of trust, donor or source of trust moneys, purpose of the trust, and persons authorized to withdraw or expend funds. It further states that the documentation will be retained until the trust is dissolved.

The vice president for administration and finance stated that the various accounting exceptions were due to human error and oversight.

Failure to ensure proper authorization for trust fund disbursements increases the risk of financial loss and potential improprieties.

**Recommendation 12**

We recommend that the campus:

a. Ensure that trust account expenditures are approved only by those individuals listed as authorized signers on the account agreements.

b. Ensure that adequate supporting documentation and approvals are maintained for all study-abroad-program financial transactions.

**Campus Response**

We concur. Campus implementation plans include the following:

a. We are currently reviewing all study-abroad trust fund fact sheets and are updating them with the approvals of the provost and the assistant vice president for Academic Affairs. Guidance regarding review of proper approvals for expenditures will be provided to the appropriate staff.

Implementation date: March 31, 2013
b. Campus and auxiliary accounting will ensure that all study-abroad programs have a Trust Fund Fact Sheet or its equivalent in the case of travel using auxiliary funds. This form will include source and use of funds along with the appropriate approval signatures. Guidance to ensure that adequate supporting documentation and approvals are maintained for all study-abroad program financial transactions will be provided to the appropriate staff.

Implementation date: June 30, 2013

**SUBSIDIZATION OF STUDENT TRAVEL INSURANCE PREMIUMS**

Student travel insurance premiums for study-abroad trips were paid for with state funds.

We found that for all study-abroad trips, student names were included on the faculty-leader request for travel insurance coverage and that the campus paid for the student premiums out of the operating fund rather than collecting the premiums from the students.

ICSUAM 1301.701, *Hospitality, Payment or Reimbursement of Expenses*, dated December 15, 2011, states that operating fund monies may not be used to pay for gifts.

The assistant vice president for auxiliary and business services and risk management stated that the campus was unaware that the practice could be interpreted as paying for gifts with state funds.

Using state funds to subsidize student expenses exposes the campus and CSU to criticisms of fiscal improprieties.

**Recommendation 13**

We recommend that the campus cease paying for student travel insurance premiums with state funds.

**Campus Response**

We concur. State funds have not been used to pay student travel insurance premiums effective October 1, 2012. A risk management procedure has been implemented to manage the department charge-back process for student travel insurance premiums.

Implementation date: Completed
## APPENDIX A:
### PERSONNEL CONTACTED

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tomás D. Morales</td>
<td>President</td>
</tr>
<tr>
<td>Paul Amaya</td>
<td>Director of the Center for International Studies and Programs</td>
</tr>
<tr>
<td>Dayna Brown</td>
<td>Confidential Administrative Support</td>
</tr>
<tr>
<td>Deborah Burns</td>
<td>Assistant Vice President for Auxiliary and Business Services and Risk Management</td>
</tr>
<tr>
<td>Deirdre Caruthers</td>
<td>Director of the College of Extended Learning</td>
</tr>
<tr>
<td>Rueyling Chuang</td>
<td>Faculty Director of the Center for International Studies and Programs</td>
</tr>
<tr>
<td>Matias Farre</td>
<td>Assistant Director of Accounting</td>
</tr>
<tr>
<td>Robert Gardner</td>
<td>Vice President for Administration and Finance</td>
</tr>
<tr>
<td>Kathy Hansen</td>
<td>Director of Procurement</td>
</tr>
<tr>
<td>Tatiana Karmanova</td>
<td>Dean of the College of Extended Learning</td>
</tr>
<tr>
<td>Shannon Kelley</td>
<td>Accounts Payable Manager</td>
</tr>
<tr>
<td>Marco Lagos</td>
<td>Coordinator and Immigration Specialist</td>
</tr>
<tr>
<td>Davina Lindsey</td>
<td>General Accounting Manager</td>
</tr>
<tr>
<td>Stacia McCambridge</td>
<td>Program Administrator</td>
</tr>
<tr>
<td>Elanor Perry</td>
<td>Immigration Specialist</td>
</tr>
<tr>
<td>Cara Pham</td>
<td>Administrative Support Coordinator</td>
</tr>
<tr>
<td>Arlene Reed</td>
<td>Director of Admissions</td>
</tr>
<tr>
<td>Joyce Woolsey</td>
<td>Office Manager, College of Extended Learning</td>
</tr>
<tr>
<td>Michael Zachary</td>
<td>Internal Auditor</td>
</tr>
<tr>
<td>Jenny Zorn</td>
<td>Associate Provost for Academic and International Programs</td>
</tr>
</tbody>
</table>
MEMORANDUM

DATE: March 18, 2013

TO: Larry Mandel
University Auditor
The California State University

FROM: Bob Gardner, Vice President
for Administration and Finance

SUBJECT: Campus Response to
International Programs Audit – Report No. 12-57
California State University, San Bernardino

Enclosed is the campus response to CSUSB’s International Programs Audit – Report No. 12-57.

Please contact me with any questions you may have. Thank you.

c: Tomás Morales

Enclosure
INTERNATIONAL PROGRAMS

CALIFORNIA STATE UNIVERSITY,
SAN BERNARDINO

Audit Report 12-57

GENERAL ENVIRONMENT

POLICIES AND PROCEDURES

Recommendation 1

We recommend that the campus:

a. Review and update the Risk Management Policy to include current executive orders.

b. Review and update University-Wide Policies and Practices – Process for the Review and Approval to include a routine review of existing campus policies to ensure they are current and relevant.

c. Review and update campus policies and procedures to include CSU policy requirements regarding student travel on study-abroad, exchange, and other overseas instructional programs; specific instructions related to the development and administration of agreements with foreign institutions; and controls over cash receipts from students.

Campus Response

We concur. Campus implementation plans include the following:

a. The campus is currently reviewing and updating the Risk Management Policy to include current executive orders.

   Implementation Date: May 31, 2013

b. The campus will review and update the policy titled “University-Wide Policies and Practices – Process for the Review and Approval” to include a routine and periodic review of existing campus policies to ensure they are current and relevant.

   Implementation Date: May 31, 2013

c. The campus will review and update campus policies and procedures such that:

   • A Guideline for Study Abroad and Exchange Programs has been developed and will be authorized after the formal review and approval process. It includes CSU policy requirements regarding student travel on study-abroad, exchange, and other overseas instructional programs.
Implementation Date: June 30, 2013

- The procedure on the development and implementation of agreements with foreign institutions, with specific instructions related to the development and administration of agreements with foreign institutions is in operation and formally displayed on the website.

Implementation Date: Completed

- A Guideline for Study Abroad and Exchange Programs has been developed and will be authorized after the formal review and approval process. It includes procedures and controls over cash receipts from students.

Implementation Date: June 30, 2013

**GOVERNANCE**

**Recommendation 2**

We recommend that the campus:

a. Develop a method to fully account for all of its study-abroad, exchange, and other overseas instructional programs and maintain adequate oversight of individual colleges’ international programs.

b. Finalize and implement the Strategic Plan for Internationalizing California State University San Bernardino.

c. Establish a charter defining the authority, responsibilities, and membership requirements of the Council for International Affairs.

d. Ensure that representatives from critical decision-making areas such as risk management, finance, and contracting and procurement regularly attend Council for International Affairs meetings.

**Campus Response**

We concur. Campus implementation plans include the following:

a. A Guideline for Study Abroad and Exchange Programs has been developed and will be authorized after the formal review and approval process. It includes methods to fully account for all of its study-abroad, exchange, and other overseas instructional programs and maintain adequate oversight of individual colleges’ international programs.

Implementation Date: June 30, 2013

b. The Council for International Affairs is developing a Strategic Plan for internationalizing the campus for recommendation to the Academic Affairs Council for finalization and implementation.

Implementation Date: June 30, 2013
c. The charter for the Council for International Affairs has been established. It defines the authority, responsibilities, and membership requirements of the Council.

   Implementation Date: Completed

d. The Council for International Affairs now includes representatives from critical decision-making areas such as risk management, finance, and contracting and procurement with specific instructions that members regularly attend or send a representative to the meetings. Attendance records are maintained.

   Implementation Date: Completed

STUDY-ABROAD EMERGENCY PROCEDURES

Recommendation 3

We recommend that the campus develop procedures for responding to emergencies that involve CSUSB students studying abroad.

Campus Response

We concur. A Guideline for Study Abroad and Exchange Programs has been developed and will be authorized after the formal review and approval process. It includes procedures for responding to emergencies that involve CSUSB students studying abroad.

   Implementation Date: June 30, 2013

PROGRAMS FOR INTERNATIONAL STUDENTS

FOREIGN DEGREE PROGRAMS

Recommendation 4

We recommend that the campus:

a. Establish required policies and procedures for the evaluation, review, and approval of out-of-state and out-of-country instructional programs with respect to academic, contractual, faculty, fiscal, legal, and logistical arrangements and commitments.

b. Obtain a letter of appointment issued by the campus President or designee that officially designates a director for the TESOL master’s degree in education program.

Campus Response

We concur. Campus implementation plans include the following:

a. A policy for Foreign Degree Programs will be written that establishes required policies and procedures for the evaluation, review, and approval of out-of-state and out-of-country
instructional programs with respect to academic, contractual, faculty, fiscal, legal, and logistical arrangements and commitments.

Implementation Date: June 30, 2013

b. A letter of appointment issued by the campus President will be written that officially designates a director for the TESOL master’s degree in education program.

Implementation Date: April 1, 2013

INTERNATIONAL AGREEMENTS

Recommendation 5

We recommend that the campus:

a. Review the terms of the expired agreement between CEL and KORUS establishing the CSUSB Korea Center and the corresponding agreement establishing the TESOL master’s degree in education program, and renew the agreements if the relationships are to be maintained.

b. Ensure that future agreements are signed only by the appropriate individuals and that those who sign agreements use only their proper titles.

c. Ensure that future agreements are signed by only those individuals included in the campus delegation of authority for contract authorization.

d. Ensure that future contracts include the required minimum insurance requirements and hold harmless provisions, or show evidence that a risk assessment has been conducted establishing exceptions to the standard requirements.

Campus Response

We concur. Campus implementation plans include the following:

a. The campus will review the terms of the expired agreement between CEL and KORUS establishing the CSUSB Korea Center and the corresponding agreement establishing the TESOL master’s degree in education program, and renew the agreements if the relationships are to be maintained.

Implementation Date: June 30, 2013

b. The Associate Provost for Academic and International Programs issued a directive to the Dean of the College of Extended Learning and the Faculty Director of the Center for International Studies and Programs (CISP) that all future agreements are to be signed only by the appropriate individuals and that those who sign agreements use only their proper titles. Additionally the Procedures for Drafting MOUs/Agreements ensures that this process is in place, and is now posted on the CISP website.

Implementation Date: Completed
c. The Associate Provost for Academic and International Programs issued a directive to the Dean of the College of Extended Learning and the Faculty Director of the Center for International Studies and Programs that all future agreements are to be signed by only those individuals included in the campus delegation of authority for contract authorization. Additionally the Procedures for Drafting MOUs/Agreements ensures that this process is in place, and is now posted on the CISP website.

Implementation Date: Completed

d. A review process for international agreements has been implemented wherein Procurement is responsible for approving insurance and indemnification provisions and/or a risk assessment is conducted by Risk Management.

Implementation Date: Completed

STUDY-ABROAD AND EXCHANGE PROGRAMS

STUDY-ABROAD PROGRAM APPROVAL

Recommendation 6

We recommend that the campus ensure that all study-abroad programs are properly approved by the President or designee.

Campus Response

We concur. A Guideline for Study Abroad and Exchange Programs has been developed and will be authorized after the formal review and approval process. It includes a process that ensures all study-abroad programs are properly approved by the President or designee.

Implementation Date: June 30, 2013

EXCHANGE RECIPROCITY

Recommendation 7

We recommend that the campus:

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

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

Campus Response

We concur. Campus implementation plans include the following:

a. The campus will develop an Exchange Reciprocity Policy that defines acceptable value-received reciprocity measurements for exchange programs.
b. The campus will develop an Exchange Reciprocity Policy that ensures that exchange value-received reciprocity balance is maintained.

Implementation Date: June 30, 2013

EXCHANGE PROGRAM AGREEMENTS

Recommendation 8

We recommend that the campus ensure that exchange program agreements are properly executed.

Campus Response

We concur. The procedure on the development and implementation of agreements with foreign institutions, with specific instructions to ensure that exchange program agreements are properly executed is in operation and will be formally displayed on the website.

Implementation Date: Completed

STUDY-ABROAD THIRD-PARTY PROVIDERS

Recommendation 9

We recommend that the campus develop:

a. Procedures for the review and approval of third-party study-abroad program providers.
b. A list of approved third-party program providers that clearly states the criteria used for approval.

Campus Response

We concur. Campus implementation plans include the following:

a. A Guideline for Study Abroad and Exchange Programs has been developed and will be authorized after the formal review and approval process. It includes the procedures for the review and approval of third-party study-abroad program providers.

Implementation Date: June 30, 2013

b. A Guideline for Study Abroad and Exchange Programs has been developed and will be authorized after the formal review and approval process. It includes the procedures for the review and approval of third-party study-abroad program providers, including the establishment of a list of approved third-party program providers, and clearly states the criteria used for approval.

Implementation Date: June 30, 2013
BUSINESS PRACTICES WITH THIRD-PARTY PROVIDERS

Recommendation 10

We recommend that the campus ensure that funds received from third-party study-abroad providers are used for purposes deemed acceptable under CSU guidelines.

Campus Response

We concur. A Guideline for Study Abroad and Exchange Programs has been developed and will be authorized after the formal review and approval process. It includes the procedures for business practices with third-party study-abroad program providers including processes for funds received from third-party study-abroad providers and the proper uses of the funds for purposes deemed acceptable under CSU guidelines.

Implementation Date: June 30, 2013

STUDY-ABROAD PROGRAM DOCUMENTATION

Recommendation 11

We recommend that the campus maintain evidence showing that students participating in study-abroad programs have met CSU requirements.

Campus Response

We concur. A Guideline for Study Abroad and Exchange Programs has been developed and will be authorized after the formal review and approval process. It includes the process to maintain evidence showing that students participating in study-abroad programs have met CSU requirements.

Implementation Date: June 30, 2013

FISCAL ADMINISTRATION AND CONTROLS

TRUST FUND TRANSACTION AUTHORIZATION

Recommendation 12

We recommend that the campus:

a. Ensure that trust account expenditures are approved only by those individuals listed as authorized signers on the account agreements.

b. Ensure that adequate supporting documentation and approvals are maintained for all study-abroad-program financial transactions.

Campus Response

We concur. Campus implementation plans include the following:
a. We are currently reviewing all study abroad trust fund fact sheets and are updating them with the approvals of the Provost and the assistant vice president for Academic Affairs. Guidance regarding review of proper approvals for expenditures will be provided to the appropriate staff.

   Implementation Date: March 31, 2013

b. Campus and Auxiliary Accounting will ensure that all Study Abroad programs have a Trust Fund Fact Sheet or its equivalent in the case of travel using Auxiliary funds. This form will include source and use of funds along with the appropriate approval signatures. Guidance to ensure that adequate supporting documentation and approvals are maintained for all study abroad program financial transactions will be provided to the appropriate staff.

   Implementation Date: June 30, 2013

**SUBSIDIZATION OF STUDENT TRAVEL INSURANCE PREMIUMS**

**Recommendation 13**

We recommend that the campus cease paying for student travel insurance premiums with state funds.

**Campus Response**

We concur. State funds have not been used to pay student travel insurance premiums effective October 1, 2012. A Risk Management procedure has been implemented to manage the department charge-back process for student travel insurance premiums.

Implementation Date: Completed
April 17, 2013

MEMORANDUM

TO: Mr. Larry Mandel
University Auditor

FROM: Timothy P. White
Chancellor

SUBJECT: Draft Final Report 12-57 on International Programs,
California State University, San Bernardino

In response to your memorandum of April 17, 2013, I accept the response as
submitted with the draft final report on International Programs, California
State University, San Bernardino.

TPW/amd