INTERNATIONAL PROGRAMS
SAN DIEGO STATE UNIVERSITY

Audit Report 13-22
June 25, 2013

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BOARD OF TRUSTEES
THE CALIFORNIA STATE UNIVERSITY
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ABBREVIATIONS

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<th>Abbreviation</th>
<th>Full Form</th>
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<tr>
<td>AA</td>
<td>Academic Affairs</td>
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<tr>
<td>ALI</td>
<td>American Language Institute</td>
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<tr>
<td>BOT</td>
<td>Board of Trustees</td>
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<td>CES</td>
<td>College of Extended Studies</td>
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<tr>
<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>EO</td>
<td>Executive Order</td>
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<td>OUA</td>
<td>Office of the University Auditor</td>
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<td>SDSU</td>
<td>San Diego State University</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 (BOT), at its January 2012 meeting, directed that International Programs be reviewed. Based on the results of the first cycle of these reviews and the systemwide risk assessment conducted by the OUA in the last quarter of 2012, the BOT directed at its January 2013 meeting that the OUA continue these reviews. The OUA had previously reviewed portions of international programs in the Off-Campus Activities audit in 2009.

We visited the San Diego State University (SDSU) campus from March 25, 2013, through April 27, 2013, and audited the procedures in effect at that time.

In our opinion, the fiscal, operational, and administrative controls for international programs in effect as of April 27, 2013, 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.

INTERNATIONAL PROGRAMS [6]

Administration of relationships with international student recruiters needed improvement. For example, older contracts did not have sunset clauses and were not signed by an authorized individual.
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.

In December 2012, the CO issued three new executive orders (EO) that updated and augmented existing policies for the creation and proper administration of campus-based international programs.

EO 1080, International Agreements, dated December 6, 2012, establishes minimum requirements for campuses entering into agreements as a part of their international activity in state and self-support endeavors. Under the EO, only the campus president is authorized to sign an agreement in which the campus commits resources toward activities for international students, universities, or other people or entities doing business outside the United States. The EO also requires that all such agreements be reviewed and approved by the CO before the president signs them, and that international activities be managed centrally on the campus.

EO 1081, Study Abroad and Exchange Programs, dated December 6, 2012, supersedes several outdated EOs and establishes requirements for campuses to establish study-abroad and/or exchange programs as part of their international activities. EO 1081 delegates to the campus presidents the responsibility for the development, implementation, and oversight of international programs. The policy also describes the circumstances under which a campus president can waive tuition for an incoming foreign student and outlines requirements for use of non-California State University (CSU) program providers for study abroad. The policy also reiterates that all exchange and/or study-abroad agreements are subject to the review and approval requirements of EO 1080.

EO 1082, International Students, dated December 6, 2012, establishes requirements for campuses enrolling nonresident international students as part of their international activities. The policy addresses confirmation of proper visa status and the campuses’ responsibility to provide full-time course study in accordance with visa requirements; the establishment of adequate student services for international students and procedures to ensure the students obtain proper health insurance coverage; and acceptable evidence of English language competency. The policy also addresses international student recruitment, including the use of agents or other outside parties.

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
INTRODUCTION

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 international 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.

Technical letters related to international programs include coded memorandum Academic Affairs (AA) 2007-25, Third Party Program Provider Study Abroad and Administrative Safeguards, dated September 24, 2007, which clarifies prohibited and acceptable activities related to the use of study-abroad program providers; and AA-2011-01, Campus Compliance with Study Abroad Programs, dated January 11, 2011, which clarifies the campus responsibility to define the terms in which value equivalence is achieved in exchange programs with foreign universities. Additionally, institutions that issue forms allowing foreign students (both matriculating and non-matriculating) in continuing education or extended education to obtain the appropriate visas are subject to Department of Homeland Security, Immigration and Customs Enforcement, or Department of State regulations.

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

PURPOSE

Our overall audit objective was to ascertain the effectiveness of existing policies and procedures related to international programs and to determine the adequacy of controls that ensure compliance with relevant governmental regulations, Trustee policy, Office of the Chancellor directives, and campus procedures.

Within the audit objective, specific goals included determining whether:

- Accountability for international programs has been clearly defined and documented, including delineation of roles and responsibilities, formulation of appropriate policies and procedures, and measurement of outcomes.
- The campus has established an adequate system for mitigating the risks in campus-based international programs.
- Study-abroad and exchange programs offered to students are selected, monitored, and administered according to CSU guidelines.
- Agreements with third-party providers of study-abroad and exchange programs and international student recruiters are investigated, reviewed, and approved according to CSU standards.
- Non-matriculating programs offered to international students meet regulatory and CSU requirements for scope, suitability, admissions, and administration.
- The campus is meeting the certification, programmatic, and record-keeping requirements of the Student and Exchange Visitor Program, Department of Homeland Security, and Department of State as a qualified institution for international students.
- Fiscal administration of international programs is in accordance with regulatory and CSU guidelines.
- Systems and applications administered by departments in charge of international programs are adequately controlled and secured, and access rights are granted on a need-to-know basis.
SCOPE AND METHODOLOGY

The proposed scope of the audit as presented in Action Item, Agenda Item 2 of the January 22 and 23, 2013, meeting of the Committee on Audit stated that International Programs includes a review of CSU students participating in instructional programs abroad and international students and visitors attending the CSU. Proposed audit scope would include, but was not limited to, review of program administration and approvals, fiscal administration, and controls; risk management processes; 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.

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 fiscal, operational, 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 April 27, 2013.

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

INTERNATIONAL PROGRAMS

Administration of agreements with international student recruiters needed improvement.

We reviewed five agreements between international student recruiters and the American Language Institute (ALI), a program owned by the San Diego State University Research Foundation, and found that:

- Three of the agreements were signed by the ALI executive director without appropriate San Diego State University Research Foundation delegation of authority to do so.

- Two contracts, one dated in 1993 and another in 2005, were not signed by any campus official and did not contain a sunset clause.

Executive Order (EO) 775, *Acquisition of Personal Property and Services*, dated June 6, 2001, delegates the authority to acquire personal property and services to the president of each campus or a designee.

EO 1080, *International Agreements*, dated December 6, 2012, states that all agreements must have a sunset clause with duration of no more than five years before review and renewal.

Integrated California State University Administrative Manual (ICSUAM) §5102, *Delegation to the Campus Presidents*, states that if campus presidents choose to further delegate their purchasing authority, campuses must maintain documentation of such delegation.

*San Diego State University Research Foundation Contract Delegation Memorandum*, dated November 1, 2012, states that contracts and grants accepted on behalf of the university for research and educational projects may be signed by the vice president of the foundation, the vice president for business and financial affairs of the university, the executive director of the foundation, or their designees.

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, and that requirements for successful contract performance should be clearly defined with the contract documents.

The dean of the college of extended studies stated that the two contracts were older and had not been updated to include the sunset clause or an approving official signature line, both of which are included in the current contract template. He also stated that lack of signature delegation was due to oversight.

Misunderstandings and potential legal liabilities may occur if contract performance is not clearly defined and appropriate approval is not obtained.
Recommendation 1

We recommend that the campus:

a. Ensure that future agreements with international student recruiters are properly approved.
b. Update the cited contracts to include sunset clauses and proper approval.

Campus Response

a. Procedures will be strengthened to ensure that future agreements with international student recruiters are properly approved. Revised procedures will be completed by October 1, 2013.
b. The cited contracts will be revised by October 1, 2013, to include sunset clauses and proper approval.
## APPENDIX A:
PERSONNEL CONTACTED

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
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<tbody>
<tr>
<td>Elliot Hirshman</td>
<td>President</td>
</tr>
<tr>
<td>Cristina Alfaro</td>
<td>Assistant Professor, Policy Studies in Language and Cross-Cultural Education</td>
</tr>
<tr>
<td>Christopher Bronsdon</td>
<td>Interim University Controller</td>
</tr>
<tr>
<td>Valerie Carter</td>
<td>Director, Audit and Tax</td>
</tr>
<tr>
<td>Sandra Cook</td>
<td>Assistant Vice President, Academic Affairs</td>
</tr>
<tr>
<td>Negar Davis</td>
<td>Director, International Student Center (ISC)</td>
</tr>
<tr>
<td>Rebekah Fuganti</td>
<td>International Programs Coordinator, Office of International Programs (OIP)</td>
</tr>
<tr>
<td>Cathy Garcia</td>
<td>Director, Contract and Procurement Management</td>
</tr>
<tr>
<td>Jane Kalionzes</td>
<td>Associate Director, ISC</td>
</tr>
<tr>
<td>John Lantz</td>
<td>Interim Director, Nursing</td>
</tr>
<tr>
<td>Peter Larlham</td>
<td>Professor, School of Theatre, Television and Film</td>
</tr>
<tr>
<td>Lorretta Leavitt</td>
<td>Associate Vice President, Business and Financial Affairs</td>
</tr>
<tr>
<td>Sarah Maheronnaghsh</td>
<td>Bilingual Credential Advisor, Policy Studies in Language and Cross-Cultural Education</td>
</tr>
<tr>
<td>Tom McCarron</td>
<td>Vice President, Business and Financial Affairs</td>
</tr>
<tr>
<td>Kim Newcomb</td>
<td>Administrative Assistant, College of Extended Studies (CES)</td>
</tr>
<tr>
<td>William Price</td>
<td>Executive Director, American Language Institute</td>
</tr>
<tr>
<td>Francesca Ringland</td>
<td>Interim Associate Dean, CES</td>
</tr>
<tr>
<td>Sally Roush</td>
<td>Vice President, Business and Financial Affairs (At time of review)</td>
</tr>
<tr>
<td>Marti Ruel</td>
<td>Associate Vice President, Student Services</td>
</tr>
<tr>
<td>Joe Shapiro</td>
<td>Dean, CES</td>
</tr>
<tr>
<td>Alan Sweedler</td>
<td>Assistant Vice President, OIP</td>
</tr>
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</table>
July 26, 2013

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

Dear Mr. Mandel:

Attached is San Diego State University’s response to Audit Report 13-22, *International Programs*. Documentation of policy and control changes will follow under separate cover.

Should you have any questions or require additional information, please contact Valerie Carter, Audit and Tax Director, at 619-594-5901.

Sincerely,

Thomas McCarron  
Vice President and CFO, Business and Financial Affairs

Attachment

c: Elliot Hirshman, President  
   Joe Shapiro, Dean, College of Extended Studies  
   William Price, Executive Director, American Language Institute  
   Bob Wolfson, Executive Director, San Diego State Research Foundation  
   Lorretta Leavitt, Associate Vice President, Financial Operations  
   Valerie Carter, Director, Audit and Tax
INTERNATIONAL PROGRAMS

SAN DIEGO STATE UNIVERSITY

Audit Report 13-22

INTERNATIONAL PROGRAMS

Recommendation 1

We recommend that the campus:

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Campus Response

a. Procedures will be strengthened to ensure that future agreements with international student recruiters are properly approved. Revised procedures will be completed by October 1, 2013.
b. The cited contracts will be revised by October 1, 2013, to include sunset clauses and proper approval.
August 2, 2013

MEMORANDUM

TO: Mr. Larry Mandel  
   University Auditor

FROM: Timothy P. White  
       Chancellor

SUBJECT: Draft Final Report 13-22 on *International Programs*,  
          San Diego State University

In response to your memorandum of August 2, 2013, I accept the response as submitted with the draft final report on *International Programs*, San Diego State University.

TPW/amd