September 27, 2016

Dr. Horace Mitchell, President
California State University, Bakersfield
9001 Stockdale Highway
Bakersfield, CA 93311

Dear Dr. Mitchell:

Subject: Audit Report 15-66, Student Activities, California State University, Bakersfield

We have completed an audit of Student Activities as part of our 2015 Audit Plan, and the final report is attached for your reference. The audit was conducted in accordance with the Institute of Internal Auditors’ International Standards for the Professional Practice of Internal Auditing.

I have reviewed the management response and have concluded that it appropriately addresses our recommendations. The management response has been incorporated into the final audit report, which has been posted to the Office of Audit and Advisory Services’ website. We will follow-up on the implementation of corrective actions outlined in the response and determine whether additional action is required.

Any observations not included in this report were discussed with your staff at the informal exit conference and may be subject to follow-up.

I wish to express my appreciation for the cooperation extended by the campus personnel over the course of this review.

Sincerely,

Larry Mandel
Vice Chancellor and Chief Audit Officer

cc: Timothy P. White, Chancellor
STUDENT ACTIVITIES

California State University,
Bakersfield

Audit Report 15-66
July 28, 2016
EXECUTIVE SUMMARY

OBJECTIVE

The objectives of the audit were to ascertain the effectiveness of operational, financial, and administrative controls related to student organization activities and to ensure compliance with relevant governmental regulations, Trustee policy, Office of the Chancellor (CO) directives, and campus procedures.

CONCLUSION

Based upon the results of the work performed within the scope of the audit, except for the effect of the observations described below, the operational, financial, and administrative controls as of June 3, 2016, taken as a whole, were sufficient to meet the objectives of this audit.

We found that the campus did not always comply with approval requirements for on- and off-campus student activities. We also found that the process to ensure proper insurance coverage for sports clubs needed improvement. Additionally, alcohol training was not provided to all of the required student organization members and did not include all required elements of the alcohol, tobacco, and other drug prevention (ATOD) program. Further, the campus did not have consistent policies and procedures that addressed approval of disbursements made from student organization funds held in accounts at Associated Students, Inc. (ASI).

Specific observations, recommendations, and management responses are detailed in the remainder of this report.
OBSERVATIONS, RECOMMENDATIONS, AND RESPONSES

1. STUDENT ORGANIZATION ACTIVITY ADMINISTRATION

OBSERVATION

Campus administration of on- and off-campus student organization activities, including travel, needed improvement.

We reviewed a sample of student activities using the current procedures and found that:

- Required approval from the university police department and/or safety and risk management had not been obtained for 13 of the 18 student organization on-campus activities we reviewed.

- Release-of-liability forms were not on file for three of the four student organization off-campus activities we reviewed.

- Travel documents, such as travel authorizations, release-of-liability forms and approved facility-use application forms were unavailable for all four students we reviewed who attended the 2015 California State University (CSU) ATOD Conference, an off-campus university-sponsored event. This is consistent with observations noted in an auxiliary audit conducted in 2014.

Our discussions with management indicated that campus policies and procedures had not been updated to reflect the current accepted practices for approval, risk management, and scheduling of activities or the processes incorporated into 25Live, an event-management system.

Clearly documented policies and procedures enhance communication between faculty, staff, and students regarding their roles and responsibilities relating to student activities and reduce exposure to legal liabilities and reputational risk in the event of an incident.

RECOMMENDATION

We recommend that the campus update policies and procedures for on- and off-campus activities and advisor expectations to reflect current accepted practices, and communicate the revisions to the appropriate personnel.

MANAGEMENT RESPONSE

We concur. The campus’ policy will be updated to reflect current accepted practices for approval, risk management, and scheduling of student on- and off-campus activities, and the processes will be incorporated into 25Live. The campus will be re-educated regarding travel policies (i.e., travel authorizations, forms, etc.). Both the revision of the student on- and off-campus activities and the re-education regarding the campus travel policy will occur by January 28, 2017.
As of August 10, 2016, the chartering process has been updated to include a release of liability acknowledgement for all chartered student organizations’/clubs’ off-campus events. As part of the club officer registration, the clubs are acknowledging that they are releasing liability from the university and all of its employees for off-campus events.

2. ALCOHOL, TOBACCO, AND OTHER DRUG PREVENTION PROGRAM

OBSERVATION

The campus was not in compliance with systemwide policy regarding the provision of ATOD information.

Executive Order (EO) 1068, Student Activities, requires that campuses provide orientation programs for student organization advisors and student officers that outline policies, expectations, and information on alcohol use/abuse.

We found that although the campus conducted chartering orientations for student organizations that outlined alcohol policies and expectations, these orientations did not include information on alcohol use/abuse. Additionally, campus policies required that only two student organization members attend the chartering orientation, rather than all student officers, as required in systemwide policy.

Full compliance with ATOD training requirements provides assurance that student organization advisors and student officers will be informed about resources and preferred actions regarding drug and alcohol abuse.

RECOMMENDATION

We recommend that the campus provide orientation programs for all student organization advisors and student officers that outline policies, expectations, and information on alcohol use/abuse.

MANAGEMENT RESPONSE

We concur. Campus policy regarding ATOD orientation programming has been updated and requires all officers and advisors to complete it. The policy was updated as of July 1, 2016. The campus has updated its policy to be inclusive of all of the required elements of the ATOD program. ATOD training will be provided to all student organization advisors and officers. These individuals will be informed about resources and preferred actions regarding drug and alcohol abuse.

3. SPORTS CLUBS INSURANCE

OBSERVATION

The process to obtain required insurance coverage for sports clubs needed improvement.
Although the campus student organization recognition procedures had a process to identify initial insurance coverage needs, this process occurred during summer months and did not include a re-evaluation of participation levels for coverage after the beginning of the academic year. One of the two sports clubs we reviewed did not have the required insurance.

Ensuring that sports clubs carry adequate insurance limits campus exposure to legal and financial liabilities.

RECOMMENDATION

We recommend that the campus establish policies and procedures within the club recognition/renewal process to ensure that sports clubs carry the required liability and secondary medical insurance for all participants and coaches, including non-students and volunteers.

MANAGEMENT RESPONSE

We concur. The procedures for obtaining insurance for sports clubs will be established by September 1, 2016.

4. DISBURSEMENT AUTHORIZATION

OBSERVATION

The campus did not have consistent policies and procedures that addressed approval of disbursements made from student organization funds held in accounts at ASI.

Specifically, the campus student organization policies addressing disbursement requests were inconsistent with requirements of ASI as the banking entity, both in the number of approvals and the individuals authorized to sign. The ASI trust agreement required three signatures, one of which had to be the director of student union and organizational governance (SUOG). However, the campus student organization policies indicated that expenditures required only two approval signatures, from the advisor and the director of SUOG.

We reviewed 20 student organization disbursements for compliance with the ASI trust agreement requirements, and we found that 15 were processed without the three required signatures.

Consistent policies regarding disbursement authorizations decreases the risk of errors and miscommunications and ensures that student organizations continue to function in support of the mission of the university.

RECOMMENDATION

We recommend that the campus re-evaluate the level of approval required for student organization disbursements and update policies and procedures accordingly.
MANAGEMENT RESPONSE

We concur. Currently, the campus approval policy for student organization disbursement requires two signatures, one from the director of student union and organizational governance and one from the student organization. At the time of the audit, the ASI trust agreement was not reflective of this policy. The campus will revise the ASI trust agreement to be reflective of this policy. The director of student union and organizational governance will revise the trust agreement by September 30, 2016.
GENERAL INFORMATION

BACKGROUND

The CSU’s 23 campuses offer a variety of student organizations and activities to provide students with opportunities for personal growth and development of life skills. These organizations range from traditional fraternities, sororities, and service clubs to sports clubs and other special-interest and affinity groups focusing on issues such as sustainability and environmental awareness, social issues, military service, and performance arts.

Campuses are required to have a formal student-organization recognition process that records the purpose and objectives of each organization and confirms compliance with systemwide policies regarding open membership and training, as well as prohibitions on discrimination and hazing. In addition, student leaders are held to standards that provide assurance of appropriate leadership. Campuses are further directed to provide training to student leaders and advisors on the CSU Alcohol Policies and Prevention Program and advise student organizations about the CSU Student Conduct Code.

Student organizations and activities are subject to CSU policies regarding prohibitions on discrimination, harassment, and retaliation; sexual misconduct; dating and domestic violence and stalking in both the student and employee arenas; and student conduct. In addition, campuses are required to implement alcohol- and substance-abuse prevention and awareness programs in accordance with the CSU Alcohol Policies and Prevention Program adopted by the Board of Trustees (BOT) in July 2001.

At California State University, Bakersfield (CSUB), there are more than 90 student organizations. General oversight over student organizations, including fraternities and sororities, is provided by SUOG within Student Affairs. SUOG handles student recognition and administration, while ASI handles student organization banking.

SCOPE

We visited the CSUB campus from May 2, 2016, through June 3, 2016. Our audit and evaluation included the audit tests we considered necessary in determining whether operational, financial, and administrative controls are in place and operative at CSUB. In order to capture the entirety of the two academic years, the audit focused on procedures in effect from July 1, 2014, through June 3, 2016.

Specifically, we reviewed and tested:

- Organizational roles and responsibilities for oversight of student organizations and activities, including required program evaluations.
- Processes to formally charter and/or recognize student organizations.
- Processes to ensure that advisors and student leadership meet minimum qualifications and receive appropriate orientation and training.
- Processes to ensure compliance with requirements regarding alcohol usage and substance-abuse prevention and awareness programs.
• Administration and oversight of student activities and events occurring both on- and off-campus.
• Processes to ensure compliance with student travel policies.
• Measures to ensure the security of systems utilized to administer student organizations and activities, when applicable.
• Measures to ensure that student organizations receive training and comply with cash-handling policies.

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.

Our testing and methodology was designed to provide a review of key operational, financial, and administrative controls, which included detailed testing on a limited number of student organizations to ensure that each met the campus recognition standards and that the organizations’ activities were conducted and managed in accordance with campus and systemwide policies.

CRITERIA

Our audit was based upon standards as set forth in federal and state regulations; BOT policies; CO policies, letters, and directives; campus procedures; and other sound administrative practices. This audit was conducted in conformance with the Institute of Internal Auditors’ *International Standards for the Professional Practice of Internal Auditing*.

This review emphasized, but was not limited to, compliance with:

• BOT Resolution, Educational Policy 07-01-03, *Alcohol Policies and Prevention Programs*
• EO 1041, *Student Travel*
• EO 1068, *Student Activities*
• EO 1097, *Systemwide Policy Prohibiting Discrimination, Harassment and Retaliation, Sexual Misconduct, Dating and Domestic Violence, and Stalking against Students and Systemwide Procedure for Addressing Such Complaints by Students*
• Coded Memorandum Academic Affairs (AA) 2012-05, *Minimum Qualifications for Student Office Holders*
• AA 2014-11, *Establishment of University Sponsored Organizations as a Category for Student Organizations Affiliated with Scholastic Honor Societies*
• Integrated California State University Administrative Manual (ICSUAM) §8000, *Information Security*
• *Compilation of Policies and Procedures for CSU Auxiliary Organizations*
• California Code of Regulations (CCR) Title 5, §41500, *Nondiscrimination in Student Organizations – Withholding of Recognition*
• CCR Title 5, §41503, *Filing Requisites*
• Government Code §13402 and §13403
• CSU Travel Procedures and Regulations, dated December 12, 2014
• CSUB Runner Source: Policies and Procedures for Student Organizations
• CSUB Scheduling University Facilities for Non-Instructional Events
• CSUB Scheduling University Off-Campus Events
• CSUB New Travel Policy Changes
• CSUB Travel Memo 2015

AUDIT TEAM

Senior Director: Michelle Schlack
Audit Manager: Ann Hough
Senior Auditor: Carolyn Phu