

ADMISSIONS

SAN JOSÉ STATE UNIVERSITY

Report Number 04-14

August 26, 2004

Members, Committee on Audit

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BOARD OF TRUSTEES

THE CALIFORNIA STATE UNIVERSITY

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ABBREVIATIONS

BOT	Board of Trustees
CFR	Code of Federal Regulations
CSU	California State University
EAC	Exception Admissions Committee
EO	Executive Order
GC	Government Code
SEVIS	Student and Exchange Visitor Information System

EXECUTIVE SUMMARY

As a result of a systemwide risk assessment conducted by the Office of the University Auditor during the last quarter of 2002, the Board of Trustees, at its January 2004 meeting, directed that *Admissions* be reviewed.

We visited the San José State University campus from March 15, 2004, through April 30, 2004, and audited the procedures in effect at that time.

In our opinion, existing policies and procedures for the administration of the admission function were, for the most part, effective; however, the controls that ensure compliance with relevant governmental regulations and campus operating standards needed to be strengthened.

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.

ADMISSIONS MANAGEMENT AND CONTROL [5]

The campus was not in full compliance with the California State University conditional admission/registration and student immunization policies. A proposed plan and procedures for conditional admission and registration had not been developed and submitted for the chancellor's approval, conditionally admitted applicants were not required to acknowledge that they understood and agreed to the admission/registration conditions, and an annual report of conditional admission/registration activity was not prepared and submitted to the chancellor's office. In addition, an effective process was not in place to ensure that students had been immunized. Proof of immunization did not exist for the 52 students reviewed. Although campus policy required a formal evaluation for students admitted on an exception basis, documentation was not consistently maintained to support the admission decisions. A review of 15 students admitted on an exception basis showed that the Exception Admission Committee chairperson had not signed the evaluation form in seven instances, evaluation forms were incomplete in three instances and missing in two instances, and in one instance, the override of a decision to deny admission was not adequately documented.

APPLICATION FEE AND WAIVER CONTROLS [8]

Application fee controls did not ensure that fees processed through the PeopleSoft student administration system were correctly recorded to the campus general ledger. A reconciliation of application fees from the PeopleSoft student administration system with those recorded to the general ledger had not been completed since October 2002.

STUDENT RECORD PRIVACY AND SECURITY [9]

Physical safeguards for the protection of confidential admission records needed improvement. Doors were not used to control public access to enrollment services operations, and lockable cabinets were not used to safeguard student records stored within the registrar and undergraduate admissions offices of enrollment services. In addition, archived admission hard-copy files were not backed up.

INTRODUCTION

BACKGROUND

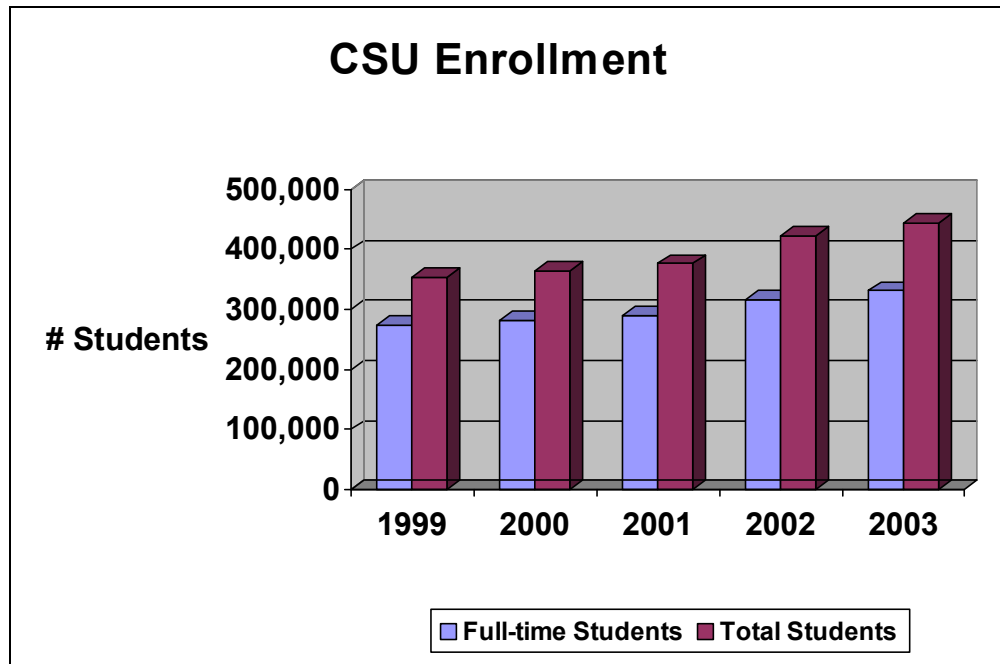
Prior to 1960, California's postsecondary education system consisted of an assortment of uncoordinated and competing colleges and universities. The California Master Plan for Higher Education, the *Donahoe Higher Education Act of 1960*, merged the state's independent community colleges and state colleges and universities into what has proven to be the largest and most prominent system of higher education in the United States. The master plan created a coordinated system that pooled a quality education with broad-based public access by assigning each segment of the state's three tier postsecondary education system (i.e., University of California, California State University, community colleges) specific missions and objectives.

It remains the intent of the *Donahoe Higher Education Act* to provide each California resident who has the capacity and motivation an opportunity to earn a higher education. In 1972, the California State Colleges was officially named the California State University and Colleges. Ten years later, the merged state universities and colleges were renamed The California State University (CSU) system. Pursuant to the California Code of Regulations, Title V, the primary function of the CSU is to provide instruction for undergraduate and graduate students in liberal arts and science, in applied fields, and in the professions, including the teaching profession. Today, the 23 campuses that make up the CSU also include two polytechnic universities and a maritime academy. The CSU offers more than 1,600 bachelor's and master's degree programs in approximately 240 subject areas. Many of these programs offered to the over 400,000 enrolled students are given in the late afternoon and evenings for working students.

In 1985, the CSU Board of Trustees (BOT) adopted mission statements in response to guidelines suggested in the *Western Association of Schools and Colleges' Handbook of Accreditation*. These mission statements are supported by specific goals; aligned with the intent of the *Donahoe Act*; and are in concert with Cornerstones, the systemwide planning framework developed and endorsed by the BOT in 1998. The mission of the CSU is to:

- ▶ Advance and extend knowledge, learning, and culture, especially throughout California.
- ▶ Provide opportunities for individuals to develop intellectually, personally, and professionally.
- ▶ Prepare significant numbers of educated, responsible people to contribute to California's schools, economy, culture, and future.
- ▶ Encourage and provide access to an excellent education to all who are prepared for and wish to participate in collegiate study.
- ▶ Offer undergraduate and graduate instruction leading to bachelor's and higher degrees in the liberal arts and sciences, the applied fields, and the professions, including the doctoral degree when authorized.
- ▶ Prepare students for an international, multicultural society.
- ▶ Provide public services that enrich the university and its communities.

The convergence of the state’s budget deficit and the increase in student admission demand (see chart below) have placed additional pressure on the system to uphold the CSU’s mission and meet systemwide objectives. In response to this challenging environment, the BOT asked the campuses to maintain the quality of instruction, while continuing to meet student educational and service goals and objectives, such as remedial education; student and school outreach and diversity; admission automation; and inter/intrasystem and vertical/horizontal admission coordination. Sustaining the CSU’s mission in today’s environment places a premium on effective communication, systemwide administrative coordination, operational consistency, and reliable internal control systems.



PURPOSE

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

- ▶ Campus admission policies and procedures are current, comprehensive, and aligned with relevant state and federal regulations, Trustee policies, and chancellor’s office directives.
- ▶ Clear lines of organizational authority and responsibility exist in the administration and management of the campus admissions and evaluations program.
- ▶ Admission evaluations are adequately documented and decisions are aligned with state regulations, chancellor’s office directives, and campus policy.

- ▶ The campus is authorized to enroll international students in the Student and Exchange Visitor Information System (SEVIS) and complies with Bureau of Citizenship and Immigration Services regulations.
- ▶ Major/program and/or campuswide impact decisions are adequately supported and properly approved.
- ▶ Eligible students not admitted to the CSU campus of their choice were appropriately redirected.
- ▶ Application fees are accurately recorded, adequately safeguarded, and properly processed; and fee waivers are appropriately granted.
- ▶ Hard-copy and electronic admission information is secured and protected against unauthorized access and in accordance with Family Educational Rights and Privacy Act (FERPA) regulations.

SCOPE AND METHODOLOGY

The proposed scope of the audit, as presented in Attachment B, Audit Item 2 of the January 27-28, 2004, meeting of the Committee on Audit, stated that *Admissions* includes outreach activities to prospective students, processing of applications for admission, and evaluations of student records. Potential impacts include admission of ineligible students; inequity in admission decisions; incorrect residency determinations; inadequate evaluations; misuse/distribution of confidential and evaluation data; and lack of control over application fees. Admissions was previously audited in 1978.

Our study and evaluation were conducted in accordance with the *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 operational and administrative controls are in place and operative. This review emphasized, but was not limited to, compliance with state laws, BOT policies, and Office of the Chancellor and campus policies, letters, and directives. The audit review focused on procedures in effect from January 2003 through January 2004. In instances when it was necessary to review annualized data, fiscal year 2003/04 was the primary period reviewed.

We focused primarily upon the internal administrative, compliance, and operational controls over admissions management. Specifically, we reviewed and tested:

- ▶ Admission and evaluation policies and procedures.
- ▶ Undergraduate and graduate application processing.
- ▶ Residency determination and evaluation of student records.
- ▶ Admissions granted on a conditional or exception basis.
- ▶ SEVIS certification and issuance of a Certificate of Eligibility (Form I-20) to international students.
- ▶ Enrollment management practices.
- ▶ Application fee processing and fee waiver granting.
- ▶ Maintenance and protection of hard-copy and electronic application and admission records.

OBSERVATIONS, RECOMMENDATIONS, AND CAMPUS RESPONSES

ADMISSIONS MANAGEMENT AND CONTROL

CONDITIONAL ADMISSIONS

The campus was not in compliance with the California State University (CSU) conditional admission and registration policy.

We noted that:

- ▶ A proposed plan and procedures for conditional admission and registration had not been developed and submitted for the chancellor's approval.
- ▶ Conditionally admitted applicants were not required to sign a statement that they understood and agreed to the admission/registration conditions.
- ▶ An annual analytical/statistical report of conditional admission and registration activity was not prepared and submitted to the chancellor's office as required.

Executive Order (EO) 336, *Conditional Admission and Registration*, dated September 17, 1980, states that campuses may grant conditional admission and registration only upon the chancellor's approval of the campus proposed plan and procedures. Applicants granted conditional admission and registration shall be informed in writing that formal admission and continued enrollment is conditional upon receipt of all admission documents and upon meeting admission standards. Campuses shall require the applicants to sign a statement that they understand and agree to these conditions before conditional admission is authorized. Further, campuses approved by the chancellor to grant conditional admission and registration are required to submit an annual report, including such data as the number of conditional admittees, the number of conditional admittees found eligible for regular admission when all records are received, the number found to be ineligible, and the number ultimately admitted as admission exceptions.

The director of graduate admissions and program evaluations stated that she was unaware of EO 336 and added that, in the future, student applications filed after the cutoff date would not be processed. The director of undergraduate admissions stated that he also was unaware of the EO and the chancellor's office had not requested or required compliance with the EO.

Failure to adhere to systemwide policy for conditional admission and registration increases the risk that qualified late applicants will not be served, admission standards will not be met, and the integrity of the admission process will not be preserved.

Recommendation 1

We recommend that the campus:

- a. Develop a proposed plan and procedures for conditional admission and registration and submit it to the chancellor for approval.
- b. Develop, document, and communicate procedures to ensure that conditionally admitted applicants sign a statement that they understand and agree to the admission/registration conditions.
- c. Establish procedures to prepare an annual analytical/statistical report of conditional admission and registration activity.

Campus Response

We concur.

- a. We will submit to the chancellor the plan and procedure for conditional admission and registration by December 15, 2004.
- b. We will implement the conditional admission and registration procedure and have it in place to begin obtaining signatures by conditional applicants by January 15, 2005.
- c. We will submit to the chancellor the procedures to prepare an annual analytical/statistical report of conditional admission and registration activity by December 15, 2004. Implementation will be in place by January 15, 2005.

EXCEPTION ADMISSIONS

Documentation was not consistently maintained to support students admitted on an exception basis.

Our review of files for 15 students admitted on an exception basis disclosed that:

- ▶ The Exception Admission Committee (EAC) chairperson had not signed the EAC Admission Evaluation Form in seven instances.
- ▶ The EAC evaluation form did not include the objective and subjective rating criteria in three instances, and the evaluation forms were missing in two instances.
- ▶ The override of the EAC decision to deny admission was not adequately supported in one instance.

Government Code (GC) §13402 and §13403 state that management is responsible for the establishment and maintenance of a system of internal administrative control, which includes documenting the system, communicating system requirements to employees, and assuring that the system is functioning as prescribed and is modified, as appropriate, for changes in conditions.

Further, a satisfactory system of internal administrative controls shall include, but not be limited to, an established system of practices to be followed in performance of duties and functions.

The director of undergraduate admissions acknowledged that all EAC evaluation forms were not formally approved prior to the student being admitted. He further stated that he did not formalize his override decisions.

Failure to consistently and adequately document the evaluation of students seeking admission on an exception basis increases the risk that exception criteria might be inconsistently applied and admission decisions questioned or challenged.

Recommendation 2

We recommend that the campus:

- a. Establish and implement controls to ensure that a properly completed and approved EAC evaluation form is prepared and maintained on file for each applicant admitted or denied admission on an exception basis.
- b. Establish and implement procedures to maintain documentation to support the override of EAC decisions to deny admission to applicants seeking admission on an exception basis.

Campus Response

We concur.

We will establish and implement the procedure to prepare and maintain EAC evaluation forms for applicants in the category “exception,” with full implementation by January 15, 2005.

STUDENT IMMUNIZATION

The campus did not have an effective process in place to ensure that students were in compliance with the CSU immunization requirements.

Proof of immunization did not exist in any of the 33 international undergraduate and graduate and 19 transfer student files reviewed.

Health and Safety Code §120390.5 states, in part, that on or after January 1, 2000, the Trustees of the CSU shall require first-time enrollees who are 18 years of age or younger to provide proof of full immunization against the hepatitis B virus prior to enrollment.

EO 803, *Immunization Requirements*, dated February 5, 2002, states that all students born after January 1, 1957, are required to present proof of measles and rubella immunization prior to their first enrollment. Campuses are required to develop appropriate forms to document immunization against measles, rubella, and hepatitis B and maintain these forms as part of student health records. The immunization forms shall include provisions for medical and religious exemptions. Further, a person

who has not been fully immunized may be admitted at the campus' discretion on the condition that, within a designated time period, the person will provide proof of full immunization.

The director of registrar services stated that the PeopleSoft immunization recordkeeping and control solution software was in the testing stage but had not been implemented. He further stated that the interim manual solution had not identified all the students who should have been placed on "hold status" awaiting immunization support.

Failure to ensure that students are properly immunized increases the risk of regulatory noncompliance and the potential for liability lawsuits, should an outbreak of these diseases occur.

Recommendation 3

We recommend that the campus develop and implement an interim manual process to identify and verify that all applicable students provide evidence of immunization until the PeopleSoft solution has been fully tested and installed.

Campus Response

We concur.

We will develop and implement an interim manual process to identify and verify that all applicable students provide evidence of immunization by January 15, 2005.

APPLICATION FEE AND WAIVER CONTROLS

Application fees processed through the PeopleSoft student administration system had not been reconciled to fees recorded to the general ledger since October 2002.

GC §13403 states that the elements of a satisfactory system of internal accounting and administrative control shall include, but not be limited to, a system of authorization and recordkeeping procedures adequate to provide effective accounting control over assets, liabilities, revenues, and expenditures, and an effective system of internal review.

The bursar stated that the campus had been dependent upon enrollment services to provide the report needed to complete the reconciliation; however, the programmer responsible for the reconciliation application had retired and no one had been able to produce the required report since the conversion to PeopleSoft.

Not preparing fee reconciliations between the student administration system and revenue posted to the general ledger increases the risk that errors and irregularities will not be detected.

Recommendation 4

We recommend that the campus establish and implement controls to reconcile application fees processed through the student administration system to revenue posted to the general ledger on a periodic basis.

Campus Response

We concur.

We will designate a person in charge and draft a detailed procedure to reconcile application fees processed through the student administration system to revenue posted to the general ledger. This reconciliation will be in place by February 28, 2005, and will be done on a monthly basis.

STUDENT RECORD PRIVACY AND SECURITY

Physical safeguards for the protection of confidential admissions records needed improvement.

We noted that:

- ▶ Lockable doors were not used to control public access to enrollment services operations.
- ▶ Lockable cabinets were not used to safeguard student records stored within the registrar and undergraduate admissions offices of enrollment services.
- ▶ Archived admission hard-copy files that were subject to water and/or fire damage had not been backed up. The archived files were maintained in a secured room equipped with an emergency sprinkler system.

Title 5 §42396.2, *Principles of Personal Information Management*, states that precautions should be taken to prevent the unauthorized access to or use of personal information retained by the CSU.

CFR §314.3, *Standards for Safeguarding Customer Information*, states, in part, that one of the objectives of the Gramm-Leach-Bliley Act is to protect against any anticipated threats or hazards to the security or integrity of nonpublic personal information.

The director of registrar services stated that, because of budget constraints, the campus had not completed the work necessary to strengthen access to hard-copy admissions files. He further stated that management had recently presented a plan to image archived hard-copy admissions files for budget approval.

Insufficient safeguards over admissions records increases the risk of unauthorized access to or loss of student personal information, which might lead to identity theft and potential liability to the CSU.

Recommendation 5

We recommend that the campus:

- a. Secure the entrance to the enrollment services operations area.
- b. Store confidential admissions hard-copy files in lockable cabinets.
- c. Back up archived confidential admission files.

Campus Response

We concur.

- a. We will secure the entrance to the enrollment area. A construction plan will be submitted to the chancellor by December 15, 2004.
- b. Confidential admissions hard copies will be stored in lockable cabinets. We will submit to the chancellor the internal memo instructing staff to comply with this procedure by November 15, 2004.
- c. Archive of confidential admission files will be backed up. We will submit to the chancellor the proposed procedure by November 15, 2004.

APPENDIX A: PERSONNEL CONTACTED

<u>Name</u>	<u>Title</u>
Don W. Kassing	Interim President
Joseph N. Crowley	Interim President (at time of review)
Marlene Anderson	Bursar
Paul Brown	Special Assistant to the Provost
Valerie Caviel	Admission Services Manager
Terri Eden	Manager, Records and Registration
Susan Hoagland	Director, Graduate Admissions and Program Evaluations
Rose Lee	Interim Vice President for Administration and Finance
John Loera	Director, Undergraduate Admissions
Zeljko Pavic	Director, Testing and Systems
Ninh Pham-Hi	Director of Internal Control
Anita Ramirez	International Evaluations Lead
Marshall Rose	Associate Vice President, Enrollment Services
Helen Stevens	Director, International Programs and Services
Victor Van Leer	Systems Support Group Manager
Frank Wada	Director, Registrar Services



San José State
UNIVERSITY

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October 20, 2004

RECEIVED
UNIVERSITY AUDITOR

OCT 20 2004

THE CALIFORNIA STATE
UNIVERSITY

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

**Campus Response to Admissions Audit 04-14
at San José State University**

Enclosed is San José State University's response to the Admissions Audit. The campus is committed to addressing the issues identified in this audit report.

Please let me know if I can provide you with additional information.

A handwritten signature in cursive script that reads "Rose L. Lee".

ROSE L. LEE
Interim Vice President for Administration and Finance

Enclosure

c: Ninh Pham-Hi, Director, Internal Control

The California State University:

Chancellor's Office

Bakersfield, Channel Islands, Chico,

Dominguez Hills, Fresno, Fullerton,

Hayward, Humboldt, Long Beach, Los

Angeles, Maritime Academy, Monterey Bay,

Northridge, Pomona, Sacramento, San

Bernardino, San Diego, San Francisco, San

Jose, San Louis Obispo, San Marcos,

Sonoma, Stanislaus

ADMISSIONS

SAN JOSÉ STATE UNIVERSITY

Report Number 04-14

August 26, 2004

ADMISSIONS MANAGEMENT AND CONTROL

CONDITIONAL ADMISSIONS

Recommendation 1

We recommend that the campus:

- a. Develop a proposed plan and procedures for conditional admission and registration and submit to the chancellor for approval.
- b. Develop, document, and communicate procedures to ensure that conditionally admitted applicants sign a statement that they understand and agree to the admission/registration conditions.
- c. Establish procedures to prepare an annual analytical/statistical report of conditional admission and registration activity.

Campus Response

We concur.

- We will submit to The Chancellor the plan and procedure for Conditional Admission and Registration, by Dec 15, 2004.
- We will implement the Conditional Admission and Registration procedure and have it in place to begin obtaining signatures by conditional applicants – By Jan 15, 2005.
- We will submit to The Chancellor the procedures to prepare an annual analytical/statistical report of conditional admission and registration activity – by Dec 15, 2004. Implementation will be in place by Jan 15, 2005.

EXCEPTION ADMISSIONS

Recommendation 2

We recommend that the campus:

- a. Establish and implement controls to ensure that a properly completed and approved EAC evaluation form is prepared and maintained on file for each applicant admitted or denied admission on an exception basis.
- b. Establish and implement procedures to maintain documentation to support the override of EAC decisions to deny admission to applicants seeking admission on an exception basis.

Campus Response

We concur.

We will establish and implement the procedure to prepare and maintain EAC evaluation forms for applicants in the category "exception" – full implementation by Jan 15, 2005.

STUDENT IMMUNIZATION

Recommendation 3

We recommend that the campus develop and implement an interim manual process to identify and verify that all applicable students provide evidence of immunization until the PeopleSoft solution has been fully tested and installed.

Campus Response

We concur.

We will develop and implement an interim manual process to identify and verify that all applicable students provide evidence of immunization – by Jan 15, 2005.

APPLICATION FEE AND WAIVER CONTROLS

Recommendation 4

We recommend that the campus establish and implement controls to reconcile application fees processed through the student administration system to revenue posted to the general ledger on a periodic basis.

Campus Response

We concur.

We will designate a person in charge, and draft a detailed procedure to reconcile application fees processed through the student administration system to revenue posted to the general ledger. This reconciliation will be in place by Feb 28, 2005, and will be done on a monthly basis.

STUDENT RECORD PRIVACY AND SECURITY

Recommendation 5

We recommend that the campus:

- a. Secure the entrance to the enrollment services operations area.
- b. Store confidential admissions hard-copy files in lockable cabinets.
- c. Back-up archived confidential admission files.

Campus Response

We concur.

- We will secure the entrance to the enrollment area. Construction plan will be submitted to The Chancellor by Dec 15, 2004.
- Confidential admissions hard copies will be stored in lockable cabinets. We will submit to the Chancellor the internal memo instructing staff to comply to this procedure by Nov 15, 2004.
- Archive of confidential admission files will be backed-up. We will submit to the Chancellor the proposed procedure by Nov 15, 2004.

THE CALIFORNIA STATE UNIVERSITY
OFFICE OF THE CHANCELLOR

BAKERSFIELD

November 10, 2004

CHANNEL ISLANDS

CHICO

DOMINGUEZ HILLS

MEMORANDUM

FRESNO

FULLERTON

TO: Mr. Larry Mandel
University Auditor

HAYWARD

FROM: Charles B. Reed
Chancellor

HUMBOLDT

LONG BEACH

SUBJECT: Draft Final Report Number 04-14 on *Admissions*,
San José State University

LOS ANGELES

MARITIME ACADEMY

MONTEREY BAY

In response to your memorandum of November 10, 2004, I accept the response
as submitted with the draft final report on *Admissions*, San José State
University.

NORTHRIDGE

POMONA

SACRAMENTO

CBR/al

SAN BERNARDINO

Enclosure

SAN DIEGO

cc: Mr. Don W. Kassing, Interim President
Ms. Rose L. Lee, Interim Vice President for Administration and Finance

SAN FRANCISCO

SAN JOSE

SAN LUIS OBISPO

SAN MARCOS

SONOMA

STANISLAUS