

ADMISSIONS

**CALIFORNIA STATE UNIVERSITY,
SAN BERNARDINO**

**Report Number 04-15
December 8, 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
CMS	Common Management System
CSU	California State University
GC	Government Code
FERPA	Family Educational Rights and Privacy Act
SAM	State Administrative Manual
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 California State University, San Bernardino campus from June 14, 2004, through July 26, 2004, and audited the procedures in effect at that time.

In our opinion, existing policies and procedures for the administration of the admissions function were, for the most part, effective; however, the controls that ensure compliance with relevant governmental regulations and California State University student record privacy and security policies 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 [6]

Documentation was not consistently maintained to support students denied admission and students admitted on an exception basis. A review of files for students denied admission and students admitted on an exception basis disclosed that fully completed and properly approved admission denial and exception documentation was not consistently maintained.

APPLICATION FEE AND WAIVER CONTROLS [7]

The campus application fee receipt processing and fee waiver procedures were not adequate. The same employee opened mail containing applications and fees, maintained the check log, entered application data into the student information system, and prepared and delivered deposits to the bursar's office. In addition, the department supervisor did not perform an adequate review of fee deposit processing; and application fee checks and money orders received without substantiating admission documentation were not immediately endorsed, deposited, and recorded in a suspense account pending investigation. Finally, the campus did not consistently retain supporting fee waiver documentation.

STUDENT RECORD PRIVACY AND SECURITY [9]

Procedures for granting employees online access to confidential student information were not in compliance with chancellor's office directives. The campus president or vice president of administration and finance had not approved all employees with access to student confidential information. In addition, access authorization forms and confidentiality statements were not consistently completed.

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.

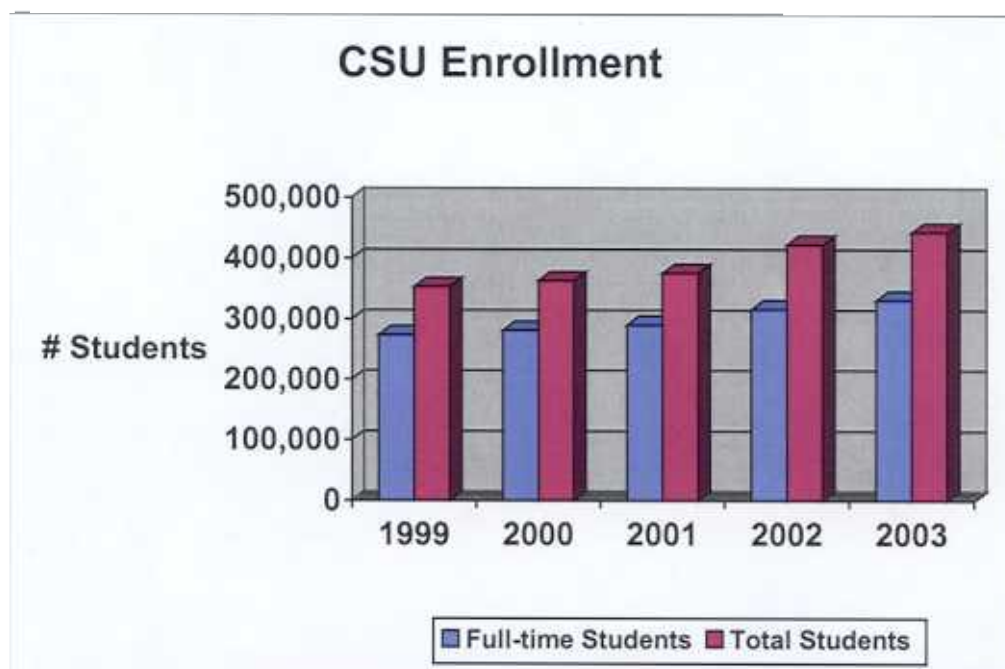
In 1985, the CSU Board of Trustees (BOT) adopted mission statements in response to guidelines suggested in the *Western Association of Schools and Colleges' Handbook of Accreditation*. These mission statements are supported by specific goals; aligned with the intent of the *Donahoe Act*; and are in concert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

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- ▶ 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.

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- ▶ 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 impaction 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.

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- ▶ 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

Documentation was not consistently maintained to support students admitted on an exception basis and students denied admission to the campus.

Our review of files for 20 students admitted on an exception basis and 30 students denied admission disclosed that:

- ▶ The decision to admit students on an exception basis was not adequately supported in 12 instances.
- ▶ Exception authorizations were absent in ten instances.
- ▶ Admission exception verbal authorizations were granted in ten instances.
- ▶ The decision to deny admission was not adequately supported in four instances.

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. 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 admissions and student recruitment stated that the merger of the admissions office with the student recruitment office, staff turnover, and current staffing levels had led to inconsistency in documentation standards.

Failure to consistently and adequately document the evaluation of students admitted on an exception basis and those denied admission increases the risk that admission criteria might be inconsistently applied and admission decisions successfully challenged.

Recommendation 1

We recommend that the campus establish and implement procedures and controls to ensure that adequate documentation exists to support admission exceptions and denials.

Campus Response

The campus concurs with the recommendation. Procedures have been established and implemented for documenting and maintaining decisions for all students admitted on an exception basis, as well as those denied admission to the university. Projected completion: January 31, 2005.

APPLICATION FEE AND WAIVER CONTROLS

APPLICATION FEE RECEIPT CONTROLS

The campus application fee receipt processing and security procedures were not sufficient.

We found that:

- ▶ The same employee opened mail containing applications and fees, maintained the check log, entered application data into the student information system, prepared deposits, and delivered deposits to the bursar's office.
- ▶ The department supervisor did not perform an adequate review of the fee deposit. The review was limited to comparing the batched total amount of the checks to the amount on the deposit form. In addition, there was not a signed and dated acknowledgment that a review was performed.
- ▶ 72 checks and money orders dated between April and July 2004 totaling \$3,960 were stored in a locked desk drawer. The checks and money orders were not restrictively endorsed upon receipt.

State Administrative Manual (SAM) §8080.1 states that a key element in a system of internal control is separation of duties. No one person will receive remittances, deposit the remittances, and input receipt information. SAM §8032.3 states that the person supervising the person depositing cash will verify that receipts have been deposited intact and in accordance with SAM §8032.1. SAM §8023 states that all checks, money orders, and warrants received for deposit will be restrictively endorsed for deposit as soon as possible after receipt, but no later than the end of the working day.

GC §13403 states that the element of a satisfactory system of internal accounting and administrative control shall include a plane of organization that provides segregation of duties appropriate for proper safeguarding of state agency assets and a system of authorization and recordkeeping procedures adequate to provide effective accounting control over assets.

The director of admissions and student recruitment stated that current staffing levels did not permit an optimal level of separation of function. She also stated that the supervisor was unaware of the need to examine supporting documentation when reviewing deposits, and she was also unaware that the review needed to be signed and dated. The director of admissions and student recruitment further stated that uncashed checks, which were stored in the department, represented applications with errors, checks that did not reference the applicant, and checks received without an application. She also stated that these checks remained in the department until the issues were resolved. Finally, the director of admissions and student recruitment stated that the department was unaware of the need to endorse checks and money orders by the end of the workday.

Inadequate application fee controls and security procedures increase the risk that receipts will be lost, mishandled, or misappropriated.

Recommendation 2

We recommend that the campus:

- a. Properly segregate application fee processing responsibilities.
- b. Implement a more thorough fee deposit review that includes the supervisor's signature and review date.
- c. Establish and implement procedures to ensure that all questionable application fee checks and money orders are restrictively endorsed on the day they are received, deposited, and promptly investigated.

Campus Response

The campus concurs with the recommendation. A process has been developed and implemented to ensure (1) segregation of fee receipt processing responsibilities, (2) adequate supervisory review and approval of fee deposit processing, and (3) immediate endorsement and prompt deposit of application fee checks and money orders. Projected completion: January 31, 2005.

APPLICATION FEE WAIVER DOCUMENTATION

The admissions and student recruitment department did not consistently retain hard-copy fee waiver documentation prepared by the student.

Our review of 25 applicants that received a fee waiver disclosed that, in 14 instances, the admissions and student recruitment department did not retain the fee waiver application documentation. The fee waiver application certifies the veracity of the information the student provided to the university and attests to the student's citizenship status.

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.

The director of admissions and student recruitment stated that the records office instructed admission evaluators to destroy the forms, since the information had been entered into the student information system and the records office space was limited.

Failure to retain fee waiver support documentation places the campus in a weak position in the event the waiver decision is appealed or the system information is questioned.

Recommendation 3

We recommend that the campus retain manually prepared student fee waiver applications for a reasonable amount of time.

Campus Response

The campus concurs with the recommendation. Staff in the offices of admissions and student recruitment, and records, registration, and evaluations have been directed to maintain the application fee waiver form in students' files for a minimum of two years. Projected completion: January 31, 2005.

STUDENT RECORD PRIVACY AND SECURITY

Administrative security procedures for online access to student information were not adequate.

Our review of 25 employees with access to online student information disclosed that 16 employees did not have a properly completed and signed access approval document and confidentiality agreement on file in the campus human resources department.

A memorandum from the chancellor of the California State University (CSU) to CSU presidents dated March 28, 2003, states that no CSU employee will be granted access to confidential information in the CSU without review and written approval by the campus president or vice president of administration, and that employees who currently have access must undergo the review and written approval process in order to continue their access capability. The reapproval process must be completed immediately or access will be revoked. In addition, employees approved for security access must sign a confidentiality agreement. The access approval document and confidentiality agreement must be kept on file in the campus human resources department.

The vice president of administration and finance stated that the campus is aware of the requirement and is in the process of complying with it; however, given the size of the effort involved in reviewing all employees with information access, the campus decided to focus on new Common Management System (CMS) users before addressing those who had previously been given access to CMS and other campus information systems.

Failure to maintain adequate administrative security controls over access to student information compromises student confidentiality and privacy rights.

A similar issue related to access to confidential information was recently reported in an audit of Human Resources. We recommended that all employees with access to confidential information have signed an authorization form/confidentiality agreement approved by the campus president or vice president of administration and finance. Implementation of this recommendation would include student information.

APPENDIX A: PERSONNEL CONTACTED

<u>Name</u>	<u>Title</u>
Albert K. Karnig	President
Mary Chouinard	Associate Director of Records, Registration and Evaluations
David DeMauro	Vice President for Administration and Finance
Lorraine Frost	Director, Administrative Computing Services
Marylou Garcia	Admissions Coordinator
Julie Keller	Bursar Supervisor
Vanessa Kragenbrink	Executive Assistant to the Vice President, Information Resources and Technology
Robert McGowan	Associate Vice President, Enrollment Management
Elsa Ochoa-Fernandez	Director, International Student Services
Cynthia Olivo	Associate Director, Admissions and Student Recruitment
Linda Pella-Hartley	Aide to the Vice President, Administration and Finance
Sheryl Pytlak	Director, Accounting
Cheryl Quiroz	Admission Processor
Frank Rincon	Vice President, Student Affairs
Olivia Rosas	Director, Admissions and Student Recruitment
William Takehara	Assistant Vice President, Financial Operations
Dale West	Director, Human Resources

State of California

California State University, San Bernardino
5500 University Parkway
San Bernardino, California 92407-2397

MEMORANDUM

DATE : January 19, 2005

TO : Larry Mandel
University Auditor
The California State University

FROM : David DeMauro, Vice President
for Administration and Finance

SUBJECT: **Campus Update Report**
Admissions Audit Report No. 04-15
California State University, San Bernardino

RECEIVED
UNIVERSITY AUDITOR

JAN 21 2005

THE CALIFORNIA STATE
UNIVERSITY

Enclosed are responses to recommendations set forth in the *Admissions Audit Report No. 04-15*. Also enclosed is the diskette containing the audit report and campus responses.

Documentation to support the closure of the recommendations will be forwarded to your office by January 31, 2005.

c: Albert K. Karnig, President
Robert McGowan, Associate Vice President, Enrollment Services
Sheryl Pytlak, Director, Accounting Services
Frank Rincón, Vice President for Student Affairs
Olivia Rosas, Director, Admissions and Student Recruitment
William Takehara, Associate Vice President for Financial Operations

Enclosure

ADMISSIONS

CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO

Report Number 04-15

ADMISSIONS MANAGEMENT AND CONTROL

Recommendation 1

We recommend that the campus establish and implement procedures and controls to ensure that adequate documentation exists to support admission exceptions and denials.

Campus Response

The campus concurs with the recommendation. Procedures have been established and implemented for documenting and maintaining decisions for all students admitted on an exception basis, as well as those denied admission to the University.

Projected completion: January 31, 2005

APPLICATION FEE AND WAIVER CONTROLS

APPLICATION FEE RECEIPT CONTROLS

Recommendation 2

We recommend that the campus:

- a. Properly segregate application fee processing responsibilities.
- b. Implement a more thorough fee deposit review that includes the supervisor's signature and review date.
- c. Establish and implement procedures to ensure that all questionable application fee checks and money orders are restrictively endorsed on the day they are received, deposited, and promptly investigated.

Campus Response

The campus concurs with the recommendation. A process has been developed and implemented to ensure (1) segregation of fee receipt processing responsibilities, (2) adequate supervisory review and approval of fee deposit processing, and (3) immediate endorsement and prompt deposit of application fee checks and money orders.

Projected completion: January 31, 2005

APPLICATION FEE WAIVER DOCUMENTATION

Recommendation 3

We recommend that the campus retain manually prepared student fee waiver applications for a reasonable amount of time.

Campus Response

The campus concurs with the recommendation. Staff in the offices of Admissions and Student Recruitment, and Records, Registration and Evaluations, have been directed to maintain the application fee waiver form in students' files for a minimum of two years.

Projected completion: January 31, 2005

THE CALIFORNIA STATE UNIVERSITY
OFFICE OF THE CHANCELLOR



BAKERSFIELD

February 3, 2005

CHANNEL ISLANDS

CHICO

DOMINGUEZ HILLS

MEMORANDUM

FRESNO

TO: Mr. Larry Mandel
University Auditor

FULLERTON

HAYWARD

FROM: Charles B. Reed
Chancellor

HUMBOLDT

SUBJECT: Draft Final Report Number 04-15 on *Admissions*,
California State University, San Bernardino

LONG BEACH

LOS ANGELES

MARITIME ACADEMY

In response to your memorandum of February 3, 2005, I accept the response as submitted with the draft final report on *Admissions*, California State University, San Bernardino.

MONTEREY BAY

NORTHRIDGE

POMONA

CBR/aml

SACRAMENTO

Enclosure

SAN BERNARDINO

cc: Mr. David DeMauro, Vice President for Administration and Finance
Dr. Albert K. Karnig, President

SAN DIEGO

SAN FRANCISCO

SAN JOSE

SAN LUIS OBISPO

SAN MARCOS

SONOMA

STANISLAUS