

**HUMAN RESOURCES**

**SYSTEMWIDE**

**Report Number 04-24**

**May 11, 2005**

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## **ABBREVIATIONS**

CMS	Common Management Systems
CO	Chancellor's Office
CSU	California State University
EC	Education Code
FML	Family Medical Leave
FPPC	Fair Political Practices Commission
GC	Government Code
HEERA	Higher Education Employee Relations Act
HIPAA	Health Insurance Portability and Accountability Act
HR	Human Resources
IRCA	Immigration Reform and Control Act
ISNS	Information Systems and Network Services
MPP	Management Personnel Plan
PIMS	Personnel/Payroll Management Information System
UHR	University Human Resources

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## **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 *Human Resources* be reviewed.

We visited seven campuses and the chancellor's office (CO) from March 15, 2004, through November 5, 2004, and audited the procedures in effect at that time. Campus and chancellor's office specific findings and recommendations have been discussed and reported individually.

In our opinion, the human resources function at the seven campuses visited and the CO provided reasonable assurance that the California State University (CSU) was in compliance with applicable regulations and CSU policy. We also noted that via the human resources department, the chancellor's office provided appropriate oversight and support to the campuses for human resources activities. However, our review determined that additional support and policy guidance was needed in the recruitment, selection, and hiring area to ensure that appointment activities were properly authorized, new employees were sufficiently qualified for recruited positions, and compliance with local policies, procedures, and/or guidelines was maintained.

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.

### **HUMAN RESOURCES ADMINISTRATION [6]**

Conflict-of-interest policies for principal investigators and consultants were outdated, incomplete, and/or non-existent. Although principal investigator conflict-of-interest policies were included in various CO coded memoranda issued in 1985 and 1986, these policies were outdated and did not include an updated Fair Political Practices Commission approval list of those non-profit organizations exempt from financial disclosure requirements. In addition, the CO added the consultant position to each campus-designated position list without clear guidelines on conflict-of-interest disclosure requirements.

### **RECRUITMENT, SELECTION, AND HIRING [7]**

The CO had not developed policies, procedures, and/or guidelines for certain aspects of the recruitment, selection, and hiring process. Specifically, policies, procedures, and/or guidelines had not been developed for performing criminal background checks of new faculty and non-public safety officer staff; verifying educational qualifications and professional references; interviewing applicants, including documenting the reasons for selection or non-selection; hiring and compensating special consultants; and using employment applications in the hiring process. In addition, written delegations of authority to sign employee appointment letters were not in place; and in varying degrees, compliance with local policies, procedures, and/or guidelines for hiring faculty and staff were not evident at six of seven campuses visited and the chancellor's office. Additionally, practices for hiring and compensating special consultants, and the administration of requirements related to professional licenses, certifications, and registration requirements needed improvement at five of the seven campuses visited, while efforts to

ensure employment eligibility was verified and/or reverified for applicable employees needed improvement at six of the seven campuses visited.

### **COMPENSATION, BENEFITS, AND EMPLOYEE PROGRAMS [13]**

Education Code provisions and CSU systemwide policies regarding the employee fee waiver and reduction program were not in alignment and/or needed to be updated. In addition, operating procedures for handling family medical leave requests were not in place at three of the seven campuses visited.

### **INFORMATION SECURITY [15]**

The protection of confidential employee information needed improvement at all seven campuses visited and the CO. Specifically, recruitment files for certain tenure-track searches and compensation and/or fee waiver information were not adequately protected; via key assignments and space assignments, the human resources office was not entirely secured to prevent accidental or unintentional disclosure of confidential employee information at two campuses and the CO; campus managers and other persons with access to confidential employee information were not provided training in this area at two of the campuses; and two campuses did not have comprehensive policies and procedures regarding the confidentiality of employee information. Additionally, one campus had not implemented a formal access approval process whereby system access was only granted upon review and written approval by the campus president or vice president of business and financial affairs, and another campus could not provide evidence that the PeopleSoft Human Resources System Access Form was approved by the campus president or vice president of administration and finance, and reapproved in accordance with systemwide directives for various employees.

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## INTRODUCTION

### **BACKGROUND**

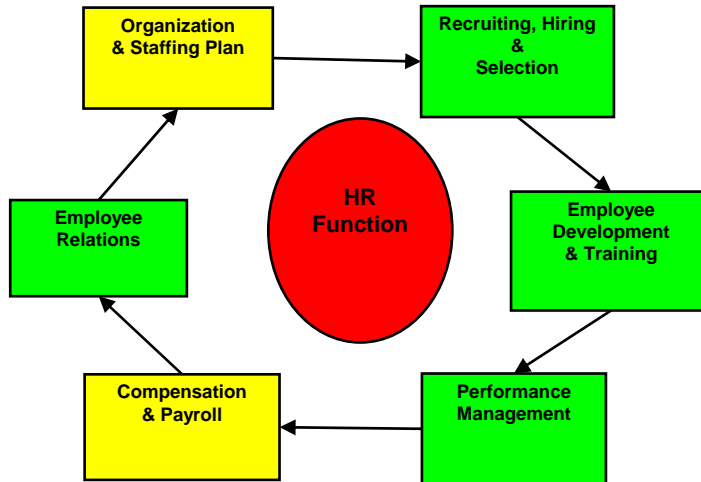
Human resources management is organizing, guiding, providing resources for, and interacting with employees. To be effective, the human resources function must be aligned with the organization's goals and objectives and administered in a manner that meets extensive legal and regulatory challenges. At the California State University (CSU), the human resources management function is a shared responsibility between the chancellor's office and the campuses to:

- ▶ Plan for the movement of people into, within, and out of employment with the university.
- ▶ Recruit and select personnel with the appropriate skills, knowledge, and abilities.
- ▶ Train and develop staff members to enhance their capabilities.
- ▶ Provide compensation and benefits that attract, motivate, and retain talented employees.
- ▶ Appraise and report employee performance to identify areas that need improvement and provide positive reinforcement for effective performance.
- ▶ Maintain effective employee relations.
- ▶ Provide for employees' safety by minimizing the risk of illness and injury in the workplace.

As a state agency and a recipient of federal funds, the CSU must perform its human resources management responsibilities within legal constraints imposed by the government. In addition to Board of Trustee policies, the university must comply with major federal and state laws that govern human resources management practices and address equality and fairness in the workplace. Such laws include, but are not limited to, Title VII of the Civil Rights Act of 1964, the Equal Pay Act of 1963, the Age Discrimination in Employment Act, the Vietnam Veteran's Readjustment Act of 1974, and the Americans with Disabilities Act of 1990. As a result of the Higher Education Employee Relations Act (HEERA) of 1979, human resources management activities must also be performed within the parameters of collective bargaining and negotiated union contracts.

Human resources management activities rely on effective information management systems for operational efficiencies and controls; however, one of the major advantages of such systems is also a potential liability. As part of their job responsibilities, employees have access to information that can be useful for decision-making; however, most of that information needs to remain private and is presently regulated by such laws as the Information Practices Act of 1977, the Health Insurance Portability and Accountability Act (HIPAA) of 1996, and the Board of Trustees' own policies for personal information management.

In fiscal year 2002/03, the CSU expended approximately \$2.8 billion (or 64 percent of total operating expenses) on salary and benefits for faculty and staff. Because of this investment, the university remains accountable for implementing a dynamic human resources function that attracts and maintains qualified personnel. For the scope of this audit, we will review components of the following human resources management activities:



## **PURPOSE**

Our overall audit objective was to ascertain the effectiveness of existing policies and procedures related to the administration of the human resources function and to determine the adequacy of controls over the related processes to ensure compliance with relevant governmental regulations, Trustee policy, Office of the Chancellor directives, and campus procedures.

Within the overall audit, specific goals included determining whether:

- ▶ Administration and management of the human resources function provide effective internal controls, clear lines of organizational authority, delegations of authority, and documented policies and procedures.
- ▶ Processes and procedures ensure timely and effective communication of CSU and campus policies and federal and state laws and regulations in the employment area.
- ▶ Employees are sufficiently apprised of acceptable business practices and expected standards of ethical and moral behavior and report conflict of interest situations.
- ▶ Recruitment, selection, hiring, and appointment activities are properly authorized, ensure employment eligibility, and comply with state and federal laws and regulations and collective bargaining agreements.
- ▶ Professional licenses, certificates, and/or registration requirements for applicable employees are properly maintained.

- ▶ Employee compensation and benefit requests are properly authorized, timely processed, and comply with applicable collective bargaining agreements as well as campus and CSU policy.
- ▶ Managers, supervisors, and other persons involved in recruiting and interviewing staff and processing employee compensation, benefits, and program requests are appropriately trained and knowledgeable of assigned human resources responsibilities, including the protection of confidential employee information.
- ▶ Confidential hard-copy and system information, such as information pertaining to recruitment, selection, and hiring activities, and compensation and benefit requests are reasonably secure.

## **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 the review would include compliance with employment laws and regulations, position classification/compensation, advertising for prospective employees, employee training, and programs for employee benefit administration. The Office of the University Auditor has not previously reviewed *Human Resources*.

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 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 and campus policies, letters, and directives. The audit review focused on procedures in effect during fiscal year 2003/04. Throughout this report, we will refer to human resources as the primary audit subject.

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

- ▶ Administrative policies, procedures, and processes.
- ▶ Communication of CSU policies and other directives.
- ▶ Conflict of interest forms and training programs.
- ▶ Recruitment, selection, and hiring activities for faculty and staff, including training processes.
- ▶ Administration of compensation, benefits, and employee programs.
- ▶ Maintenance and protection of confidential human resources information.

During the course of the audit, we visited the chancellor's office and seven campuses: Chico, Dominguez Hills, Long Beach, Monterey Bay, Sacramento, San Bernardino, and San Francisco. We interviewed campus and chancellor's office personnel and audited procedures in effect at that time.

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# **OBSERVATIONS, RECOMMENDATIONS, AND MANAGEMENT RESPONSES**

## **HUMAN RESOURCES ADMINISTRATION**

Conflict-of-interest policies for principal investigators and consultants were outdated, incomplete, and/or non-existent.

We noted that:

- ▶ Principal investigator conflict-of-interest policies were included in various chancellor's office (CO) coded memoranda issued in 1985 and 1986. However, these policies were outdated and did not include an updated Fair Political Practices Commission (FPPC) approval list of those non-profit organizations exempt from financial disclosure requirements.
- ▶ In 2003, the CO added the consultant position to each campus-designated position list without clear guidelines on conflict-of-interest disclosure requirements.

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.

A lack of current and complete policies and procedures increases the risk of misunderstandings related to the performance of duties and functions, and inconsistencies in complying with state, federal, and Board of Trustee policies.

### **Recommendation 1**

We recommend that the chancellor's office:

- a. Review and update principal investigator conflict-of-interest policies, including the FPPC approval list of those non-profit organizations exempt from financial disclosure requirements.
- b. Communicate guidelines for consultant conflict-of-interest disclosure requirements.

### **Management Response**

Human Resources agrees with this recommendation.

- a. Human Resources will distribute updated coded memorandum by July 30, 2005.
- b. The vice chancellor of human resources will send a reminder memorandum to campuses no later than July 30, 2005.

## RECRUITMENT, SELECTION, AND HIRING

### POLICIES AND PROCEDURES

The CO had not developed policies, procedures, and/or systemwide guidelines for certain aspects of the recruitment, selection, and hiring process.

Specifically, policies, procedures, and/or guidelines had not been developed for:

- ▶ Performing criminal background checks of new faculty and non-public safety officer staff.
- ▶ Verifying educational qualifications and professional references.
- ▶ Interviewing applicants, including documenting the reasons for selection or non-selection.
- ▶ Hiring and compensating special consultants.
- ▶ Using employment applications in the hiring process, which include applicant certification that information provided is true and correct and consent to perform background verification.

We also noted that current fingerprinting policies had not been updated since 1985 and were not widely known by the campuses. Additionally, we found that campuses had not always developed local policies and procedures or defined security sensitive positions for fingerprinting.

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.

A lack of current and complete policies and procedures increases the risk of misunderstandings related to the performance of duties and functions, and inconsistencies in complying with state, federal, and Board of Trustee policies.

**Subsequent to our fieldwork, the chancellor's office issued California State University (CSU) directive Human Resources (HR) 2005-10, *Background Checks*, dated March 1, 2005, which addresses the first bullet above and fingerprinting policies.**

### Recommendation 2

We recommend that the chancellor's office develop, document, and communicate policies, procedures, and/or systemwide guidelines for verifying educational qualifications and professional references; interviewing applicants, including documenting the reasons for selection or non-selection; hiring and compensating special consultants; and using employment applications in the

hiring process. Such policies, procedures, and/or guidelines should include, but not be limited to, clear instructions for establishing local campus policies and training requirements in these areas.

### **Management Response**

Human Resources agrees with this recommendation.

The vice chancellor of human resources has, subsequent to the audit, but prior to this report, communicated to the campus regarding verification of educational qualifications, interviewing applicants, and documenting of reasons for selection.

The vice chancellor of human resources will issue, no later than July 30, 2005, a memorandum clarifying the rules related to hiring and compensating special consultants.

The vice chancellor of human resources has scheduled a discussion with campus presidents in June 2005 regarding the use of employment applications.

### **DELEGATIONS OF AUTHORITY**

Written delegations of authority to sign employee appointment letters were not in place.

Via Title 5, campus presidents and the chancellor were each given the authority to appoint employees or delegate such authority to his/her designee. During our campus and CO reviews, we noted that appointment letters were signed by various individuals without the president's or chancellor's written delegation of authority. Such individuals included, but were not limited to, vice chancellors, vice presidents, associate vice presidents of human resources, and college deans.

Title 5 §42702 (d)(1) states that the president of each campus or designee shall make all appointments of academic employees.

Title 5 §42702 (f) and (i) state that the president of each campus or designee, shall make all appointments to the positions of vice presidents and deans, and administrative, non-academic, and Management Personnel Plan (MPP) employee, respectively.

Title 5 §42702 (j)(1) and (3) state that the chancellor or designee shall make all appointment of employees in the Office of the Chancellor, except for vice chancellors, and acting presidents, respectively.

Not maintaining formalized delegations of authority for signing appointment letters increases the risk of misunderstandings, unauthorized activities, and potential employment litigation.

### **Recommendation 3**

We recommend that the chancellor's office require each campus president and the chancellor to document written delegations of authority, by name, level, and/or position, to sign all employee appointment letters.

### **Management Response**

Human Resources accepts the spirit of the recommendation, but not with the recommended action.

At the June 2005 executive retreat, the vice chancellor of human resources will discuss with the chancellor and campus presidents the need to continue to include in appropriate position descriptions stated authority for signing appointment letters and, in addition, the need to review with these individuals the importance of this responsibility. We will accept any risk associated with this alternative solution.

## **FACULTY AND STAFF FILES**

In varying degrees, compliance with local policies, procedures, and/or guidelines for hiring faculty and staff was not evident at six of seven campuses visited and the CO.

During our review of tenure-track searches and the recruitment and official personnel files for represented, confidential, and MPP employees, we found that the campus and/or the CO could not always provide evidence that:

- ▶ The search committee or hiring manager verified the educational qualifications and/or professional references of applicable employees.
- ▶ The request to recruit, draft of the vacancy announcement, search committee's recruitment strategies, and description of the screening and selection process were reviewed and approved by the appropriate administrator prior to the search.
- ▶ The search committee conducted interviews with the semifinalist and/or the finalist and sent an application acknowledgement to all applicants and/or a rejection letter to applicable applicants.
- ▶ A physical examination, physical agility test, and/or a criminal background check were performed for applicable employees.
- ▶ The semifinalist and finalist completed an authorization to release employment information.

We also noted that the recruitment files could not always be located by the search committee or the files were destroyed prior to the scheduled destruction date.

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.

CSU directive HR 2003-06, *Selection of CSU Police Personnel and Police Officer Testing*, dated March 14, 2003, states that when undertaking the process to hire a sworn police officer or cadet, the university must follow the hiring process that includes, but is not limited to, a written examination (reading and writing tests) and a physical agility examination. The directive also states that the applicant must sign a waiver prior to taking the physical agility test.

Campus and CO human resources management cited various reasons for these issues, including the absence of a process to verify educational qualifications; a lack of training for search committees and hiring departments to ensure appropriate understanding of their roles and responsibilities regarding recruiting and hiring staff and related policies and procedures; and oversights.

Failure to recruit and hire faculty and staff in accordance with campus and CSU policies could result in failed searches and potential complaints of discriminatory practices.

#### **Recommendation 4**

We recommend that the chancellor's office remind the campuses and CO human resource services of the importance of complying with local policies, procedures, and/or guidelines for hiring faculty and staff.

#### **Management Response**

Human Resources accepts the recommendation.

The vice chancellor of human resources will remind the campuses of the importance of complying with local policies, procedures, and/or guidelines for hiring faculty and staff in a memorandum no later than July 30, 2005.

### **SPECIAL CONSULTANTS**

Practices for hiring and compensating special consultants needed improvement at five of the seven campuses visited.

We found the following types of weaknesses in the personnel and payroll files for various special consultants:

- ▶ Payroll documents for special consultants were not always maintained and/or were incomplete at three of the five campuses. Such documents included, but were not limited to, special consultant agreement forms and the Form I-9 of the Immigration Reform and Control Act (IRCA).
- ▶ Policies or procedures for hiring faculty and/or non-faculty special consultants had not been developed or were outdated at three of the five campuses.

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 IRCA of 1986 states that all employees, citizens, and non-citizens are required to complete Form I-9 employment eligibility verifications at the beginning of employment. It further states that the employer is responsible for ensuring completion of the entire form.

Campus management cited various reasons for these issues including shared responsibility between various campus departments for hiring and compensating special consultants, recent changes in the workflow process from the PeopleSoft implementation, and oversights.

Inadequate control over the hiring of special consultants increases the risk of non-compliance with campus policies and/or state and federal laws and regulations.

#### **Recommendation 5**

We recommend that the chancellor's office remind the campuses of the importance of developing, documenting, and communicating policies and/or procedures for hiring faculty and non-faculty special consultants, including the requirement to maintain complete hiring and payroll documents.

#### **Management Response**

Human Resources accepts the recommendation.

The vice chancellor of human resources will include in the reminder memorandum regarding special consultants prior to July 30, 2005.

### **PROFESSIONAL LICENSE, CERTIFICATION, AND REGISTRATION REQUIREMENTS**

The administration of requirements related to professional licenses, certifications, and registrations needed improvement at five of the seven campuses visited.

We noted that:

- ▶ Professional licenses, certifications, and/or registration requirements had not been verified at the time of hire and/or updated in the Personnel/Payroll Management Information System (PIMS) for various applicable employees.
- ▶ Operating procedures for the verification and reverification of the aforementioned items had not been developed by three of the five campuses.

CSU directive HR 2003-26, *MPP: Special License, Certification, and Registration Requirements*, dated December 11, 2003, states that campuses are responsible for monitoring MPP positions that require any special license, certification, and/or registration requirements and for ensuring that incumbents possess the appropriate related qualifications.

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.

Campus management cited various reasons for these issues including the use of an inaccurate computer report and a lack of defined responsibility to monitor these requirements.

Insufficient monitoring of license, certification, and/or registration requirements increases the risk of non-compliance with internal qualification and external agency requirements, and the possible retention of unqualified or unskilled personnel.

**Subsequent to our fieldwork, the chancellor's office issued CSU directive HR 2005-04, *CSU Employment: License, Certification and Registration Requirements*, dated January 13, 2005, which addresses the need to monitor all positions that require any special license, certificate and/or registration requirement to ensure incumbents possess and monitor such requirements.**

#### **Recommendation 6**

We recommend that the chancellor's office remind the campuses of the importance of developing, documenting, and communicating operating procedures for this area.

#### **Management Response**

Human Resources accepts the recommendation.

Human Resources staff will update policy to include such requirement and will issue no later than July 30, 2005.

### **EMPLOYMENT ELIGIBILITY**

Efforts to ensure employment eligibility was verified and/or reverified for applicable employees needed improvement at six of the seven campuses visited.

We found the following types of exceptions at the various campuses reviewed:

- ▶ Employment eligibility was not routinely reverified for employees subject to Form I-9 of IRCA, or such forms were not always properly completed at four campuses.

- ▶ Policies and/or procedures for verifying and/or reverifying employment eligibility were not in place at six campuses.

The IRCA of 1986 requires that an employee complete and date the Employment Eligibility Verification Form I-9 on the first day of their employment and complete Section 2 of the form, including the date of employment and alien visa expiration date, within three days of the date that employment begins.

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.

Campus management cited various reasons for these issues including a reduction of staff and shared responsibility between various campus departments for verifying and/or reverifying employment eligibility.

Failure to properly complete the employment eligibility forms or maintain effective policies can subject the campus to monetary penalties and/or other sanctions as set forth in IRCA.

### **Recommendation 7**

We recommend that the chancellor's office remind the campuses of the importance of performing the appropriate verifications of employment eligibility, properly completing related I-9 forms, and developing, documenting, and communicating policies and/or procedures in this area.

### **Management Response**

We accept the recommendation.

The vice chancellor of human resources will remind campuses via memorandum with specific citation to HR 1994-05 and its website location no later than July 30, 2005.

## **COMPENSATION, BENEFITS, AND EMPLOYEE PROGRAMS**

### **POLICIES AND PROCEDURES**

Education Code (EC) provisions and CSU systemwide policies regarding the employee fee waiver and reduction program were not in alignment and/or needed to be updated.

We reviewed EC provisions for employee fee waivers and corresponding CSU policies and noted the following:

- ▶ EC §89710 provided for the waiver or reduction of fees for employees who enrolled in work-related or career development courses offered by the CSU. However the EC did not extend this benefit to an employee's spouse, dependent child, or domestic partner. Existing CSU policies permitted an employee to transfer his or her fee waiver benefit to these persons.
- ▶ EC §89301 stated, notwithstanding any provision of law to the contrary, the student body association fee should be collected by officials of the university. However existing CSU policies reduced this fee to \$1.00 for all employees. We also noted that various collective bargaining agreements included this fee reduction for employees and/or were silent regarding the waiver of fees for eligible dependents.
- ▶ For career development courses, although CSU policies required employees to complete a career development plan, the policies were silent regarding the update of such plans on a periodic basis.

CSU technical letter HR/Benefits 2004-06, *CSU Employee Fee Waiver and Reduction Program*, dated January 30, 2004, summarizes current information regarding the CSU Fee Waiver and Reduction Program, including eligibility requirements, fees fully waived or reduced, and the requirement for a career development plan.

Executive Order 712, *Delegation of Authority and Procedures for the Administration of Fee Waivers and Reductions for Employee Training and Career Development*, dated January 1, 2000, requires an approved individual career development plan, if the career development objective requires a degree.

A lack of current and complete policies and procedures increases the risk of misunderstandings and inconsistencies in complying with state and CSU systemwide policies.

### **Recommendation 8**

We recommend that the chancellor's office:

- a. Review the EC, existing CSU policies, and/or collective bargaining agreements to ensure alignment with respect to the fee waiver program and collection of the student body association fee and update accordingly.
- b. Review and update CSU policies to require periodic updates of career development plans for applicable employees.

### **Management Response**

We accept the recommendation.

- a. Human Resources will review the EC and agreements with legal to determine if any modification is necessary and will take appropriate action no later than September 30, 2005.
- b. The vice chancellor of human resources will issue a coded memorandum with updated policy reflecting the need to provide periodic updates of career plans no later than September 30, 2005.

## **FAMILY MEDICAL LEAVE**

Operating procedures for handling family medical leave (FML) requests were not in place at three of the seven campuses visited.

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.

Campus management stated that policies and procedures for administering the FML program were not published since related information could be located on the campus website, employee bulletin boards, and in the staff handbook, and persons managing the program had been in place for a number of years.

Failure to develop, document, and communicate written operating procedures increases the risk of processing inconsistencies and possible non-compliance with campus, CSU, and state and federal laws and regulations.

### **Recommendation 9**

We recommend that the chancellor's office remind the campuses of the importance of developing, documenting, and communicating operating procedures for handling FML requests.

### **Management Response**

We accept the recommendation.

The vice chancellor of human resources will remind the campus in a memorandum no later than July 30, 2005.

## **INFORMATION SECURITY**

The protection of confidential employee information needed improvement at all seven campuses visited and the CO.

We noted the following types of exceptions in varying degrees at the campuses and the CO:

- ▶ Recruitment files for certain tenure-track searches and compensation and/or fee waiver information were not adequately protected. Specifically, in three of the campuses, the files were maintained in the program director or manager's office on a bookshelf, a storage room that also

housed the department's audiovisual equipment, unlocked file cabinets, and/or in an unlocked storage room.

- ▶ Via key assignments and space assignments, the human resources office was not entirely secured to prevent accidental or unintentional disclosure of confidential employee information at two campuses and the CO.
- ▶ Campus managers and other persons with access to confidential employee information were not provided training in this area at two of the campuses.
- ▶ Two campuses did not have comprehensive policies and procedures regarding the confidentiality of employee information.
- ▶ One campus had not implemented a formal access approval process whereby system access was only granted upon review and written approval by the campus president or vice president of business and financial affairs. Additionally, another campus could not provide evidence that the PeopleSoft HR System Access Form was approved by the campus president or vice president of administration and finance, and reapproved in accordance with systemwide directives for various employees.

CSU directive HR 2004-08, *Requirements for Protecting Confidential Employee Data*, dated March 1, 2004, states that each campus and the chancellor's office must take necessary steps to protect confidential employee personal information, which includes, but is not limited to, social security number, ethnicity, gender, home address, physical description, home telephone number, medical history, and performance evaluations. The policy also states that to protect confidential employee data, each campus and the chancellor's office must ensure that all employees with access to confidential employee information have a legitimate CSU need to have such access and that these employees must understand the responsibility they have under the Information Practices Act and Title 5 to protect sensitive employee information.

The chancellor's information security memorandum to CSU presidents dated March 28, 2003, states that no CSU employee will be granted access to confidential information contained in the CSU computer systems 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 HR department.

Campus and CO management cited various reasons for the lapses in physical security including adequate security over the area housing the filing cabinets, being unaware of the widespread key/card access, space limitations, and oversight. Campus management attributed the lack of training and comprehensive policies and procedures to other priorities and the belief that campus' protection of confidential employee information was adequate. Campus management attributed the formal access approval issues to misunderstanding the chancellor's memorandum and focusing on new Common Management Systems (CMS) users first given the size of the effort involved.

Inadequate protection of confidential employee information increases the risk of loss, theft, or unauthorized access to and disclosure of confidential employee information and potential lawsuits against the campus and the CSU.

**Recommendation 10**

We recommend that the chancellor's office remind the campuses and CO human resource services of the importance of:

- a. Protecting recruitment files for tenure-track searches and compensation and/or fee waiver information.
- b. Securing the human resources offices to prevent the accidental or unintentional disclosure of confidential employee information.
- c. Providing training to campus managers and other persons with access to confidential employee information.
- d. Developing and communicating comprehensive policies and/or procedures regarding the confidentiality of employee information.

**Management Response**

We accept the recommendation.

The vice chancellor of human resources will work with the executive vice chancellor/chief financial officer to send appropriate reminders no later than September 30, 2005.

**Recommendation 11**

We recommend that the chancellor's office:

- a. Review and evaluate existing system access security requirements whereby access to all systems is only granted upon review and written approval of the campus president or vice president of administration.
- b. Consider modifying the requirements to permit delegation of approval authority to responsible area management.
- c. Formalize the various CO system access and confidentiality memoranda and directives into an executive order.

### **Management Response**

We accept the recommendation.

Chancellor's office staff will review all existing policy statements, coded memorandum, and executive orders that address the security of electronically stored confidential or private information with the intent of creating a comprehensive executive order on the topic, which supersedes all existing communications. The executive order will define and make explicit what is meant by confidential and or private information. Chancellor's office staff will reevaluate the matter of existing system access and strengthen the language within the executive order to ensure that the campus president and vice president of administration are accountable for campus compliance with access control policies. The executive order will offer a methodology for ensuring that accountability. Concurrent with the preparation of this executive order, and subsequent to it, the CSU will be developing a comprehensive, systemwide plan for information security. Aspects of the planned executive order may be modified, changed, or superseded when the CSU Information Security Plan is complete.

The executive vice chancellor/chief financial officer and the vice chancellor of human resources have initiated the above responsive process. However, due to the need to provide opportunity to bargain regarding any mandatory subjects included in this executive order with all affected unions, we accept the current risk until the process can be completed.

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## APPENDIX A: PERSONNEL CONTACTED

### Chancellor's Office

Richard P. West	Executive Vice Chancellor and Chief Financial Officer
Pamela Chappin	Senior Manager, Human Resources
Amelia Chung	Payroll Technician
Ana Flores	Human Resources Programs/Recruitment Assistant
Bruce Gibson	Senior Director, Human Resource Services
Kristy Hawman	Senior Manager, Human Resource Services
Christine Helwick	General Counsel
Alicia Hokinson	Special Consultant, Human Resources Information Systems/PeopleSoft
Sue Kirby	Lead Payroll Technician
Cheryl Kwiatowski	Senior Director, Chancellor's Office Information Technology Department
Jackie McClain	Vice Chancellor, Human Resources
Marilyn Mischler	Associate Director, Human Resource Services
Cordelia Ontiveros	Senior Director, Human Resources
Pat Ritchie	Payroll and Data Manager
Cathy Robinson	Assistant Vice Chancellor, Human Resources
Maria Santos	Senior Director, Employee Relations and Practices
Sam Strafaci	Assistant Vice Chancellor, Human Resources
Erica Zuniga	Human Resources Programs Specialist

### California State University, Chico

Paul J. Zingg	President
Brenda Aden	Vice Provost for Human Resources
Michael Bates	Facilities Services Manager/Energy Manager
Andi Beach	Director, Payroll, Benefits, and Systems Support
Donald Chu	Professor, Department of Kinesiology
Ingrid Cordes	Director, Employment Practice and Employee Disability Programs
David Daley	Coordinator, College of Agriculture
Leslie Deniz	Chief of Police
Bradley Dodson	Coordinator, College of Agriculture
Rebecca Douglass	Process Analyst and Systems Support Trainer
Mary Ellis	Administrative Coordinator
Deborah Ferguson	Assistant to the Chief of Police
Lori Fuentes	Administrative Analyst/Specialist, College of Communication and Education
Dennis Graham	Vice President for Business and Finance
Patrice Hannemann	Director, Procurement and Contract Services
Linda Henderson	Faculty Personnel Coordinator
Amanda Jackson	Human Resources Manager
William A. B. Jones	Financial Analyst
Terence Kato	Professor, Geological and Environmental Sciences
Mark Levine	Professor, Department of Management

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APPENDIX A: PERSONNEL CONTACTED

Julie Mattoon	Administrative Support Coordinator, Geological and Environmental Sciences
Robin McCrea	Administrative Analyst/Specialist, College of Agriculture
Ginny Nielsen	Accounting Technician, Student Financial Services
Chris Serna	Administrative Analyst/Specialist, College of Business
Jakki Thomas	Director, Staff Personnel Programs
Tami Toon	Coordinator, Faculty Recruit and Staff Labor Relations
Anita Washburn	Human Resources Manager and Fee Waiver Coordinator
Doug Wilson	System Support Technical Analyst
Jeff Wright	Director, Office of Sponsored Programs

California State University, Dominguez Hills

James E. Lyons, Sr.	President
Angela Albright	Acting Dean, College of Health and Human Services
Rod Foster	Manager of Training/Classification, Human Resources Management
Tomoko Fukuda	Acting Manager, Payroll Services
Kathy Hughes	Director, Business Process Management
Thomas Landefeld	Associate Dean, College of Natural and Behavioral Sciences
Tina Lee	Assistant Director, Human Resources Management
Linda MacAllister	Director, Equity and Internal Affairs
David McCulloch	Assistant Director, Business Process Management
Allen Mori	Provost/Vice President, Academic Affairs
George Pardon	Vice President, Administration and Finance
Kent Porter	Assistant Vice President, Faculty Affairs
Mary Anne Rodriguez	Associate Vice President, Administration and Finance
Mark Seigle	Director, Human Resources Management
James T. Strong	Dean, College of Business Administration and Public Policy
Kathleen Taira	Interim Dean, College of Education
Terri Warren	Senior Administrative Analyst, Academic Affairs Personnel Services
Selase W. Williams	Dean, College of Liberal Arts

California State University, Long Beach

Robert C. Maxson	President
Thomas Angell	Director of Staff Personnel Services
Lilian Audet	Accountant
Jeffrey Barnett	Payroll Technician
Anthony Battaglia	Professor, Sociology Department
J. Berumen	Payroll Technician
Benjamin Boish	Classification and Compensation Manager
Phillip Buford	Payroll Technician
Debra Cannon-Rath	Administrative Support Coordinator
Kathleen Cohn	Associate Vice President of Academic Personnel
Maureen Ettinger	Administrative Support Coordinator
William Griffith	Vice President of Administration and Finance
Sandra Gunderson	Director of Payroll Services
Victoria Hamilton	Recruitment and Training Manager
Lizbeth Henson	Payroll Coordinator
Donna Johnson	Confidential Administrative Support Coordinator,

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APPENDIX A: PERSONNEL CONTACTED

Eileen Klink	Academic Personnel
Andrea Kolodziejczak	Department Chair, English Department
Janine Licausi	Payroll Technician
Robyn Mack	Payroll Technician
	Associate Vice President of Budget and Human Resources Management
Merrie Martino	Administrative Support Coordinator
Alan Miller	Acting Department Chair, Biology Department
Jon Monat	Professor, Management and Human Resources Management
Nikco Palmer	Personnel Services Assistant
Janet Parker	Director of Budget and Human Resources Information Systems
Jack Pearson	Chief of Police
Irena Pfeil	Budget and Human Resources Information Systems Coordinator
Michele Presby	Payroll Technician
Nesha Saucier	Office Coordinator, Staff Personnel
Jacqueline Southern	Administrative Support Coordinator
Aysu Spruill	Interim Director of Internal Auditing Services
Maryan St. Claire	Academic Personnel Web Coordinator
Susan Suetsugu	Department Office Manager
Sandy Suh	Personnel Services Manager
Karol Valdez	Operations Manager
Kimberlee Verdugo	Personnel Services Analyst
David Wagner	Analyst, University Police
Irene Wood	Academic Personnel Manager

California State University, Monterey Bay

Peter P. Smith	President
Debra Barbe	Administrative Analyst, University Police
Linda Beam	Recruitment Manager
Terry Burns	Workers Compensation Analyst, University Human Resources (UHR)
Marie Camacho	Accounts Receivable Technician, Accounting
Veronica Flores	Campus Service Center and Quality Improvement Manager
Christine Frederick	Manager, Cashiering and Student Accounting Services
Gretchen Fuentes	Director, UHR Operations
Fred Hardee	Chief of Police
Dennis Hungridge	Professional Development Manager
Dan Johnson	Vice President, Administration and Finance
Gehane Kiama	Manager, Human Resources, California State University, Monterey Bay Foundation
April Lee	Assistant to the Associate Vice President, UHR
Jay McTaggart	Lieutenant, University Police
Melissa Mercado	Academic Personnel Coordinator, UHR
Ed Munoz	Business Systems Analyst, Information Systems and Network Services (ISNS)
Roda Myers	Human Resources Information Systems Analyst, UHR
Seth Pollack	Director, Service Learning Institute
Nathan Ricks	Student Affairs Database Administrator, ISNS

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APPENDIX A: PERSONNEL CONTACTED

Barbara Roberts	Payroll Technician
Mary Roberts	Director, Academic Personnel
Wesley Scheibly	Payroll Manager, UHR
Janie Silveria	Librarian
Ronald Smith	Associate Director, ISNS
Richard Taylor	Director, Business and Support Services
Toni Uribe	Benefits Assistant, UHR
Linda Wight	Associate Vice President, UHR
Karen Williams	Recruitment Coordinator
Lynn Yee	Customer Service Specialist, Campus Service Center

California State University, Sacramento

Alexander Gonzalez	President
Barbara Alvarado	Administrative Analyst
Nicole Baldasare	Administrative Support Coordinator
Ken Barnett	Director of Public Safety
Fran Baxter-Guigli	Director, Development Operations
Anita Bird	Administrative Support Coordinator
Margaret Blair	Manager, Classification and Compensation
Roberta Ching	Director, Learning Skills Center
Joanne Davis	Manager, Disability Leaves
Stephen Garcia	Vice President of Administration
Shari Gonzalez	Administrative Support Coordinator
Leticia Guerrero	Payroll Supervisor
Lisa Hall	Director of Administrative and Customer Services
Kim Harrington	Training Coordinator
Ann Marie Henriouille	Administrative Support Coordinator
Jackie F. Kernan	Administrative Analyst/Specialist
Mae Ling Kong	Confidential Office Support
Peter Lau	Affirmative Action/Equal Employment Opportunity
Clint Lee	Business Systems Manager
Priscilla Llamas-McKaughan	Administrative Support Coordinator
Jan Lopez	Administrative Support Coordinator
Kathi McCoy	Director, Auditing Services
Lee McNiece	Administrative Support Coordinator
Teresa Mills	Payroll Manager
Sheila Orman	Associate Vice President of Human Resources, Faculty Affairs
Elizabeth Redmond	Manager, Staff Employment, Classification and Compensation
Katy Romo	Administrative Analyst/Specialist
Doni Santinello	Faculty Hiring Coordinator
Fran Sato	Associate Vice President of Human Resources, Staff Affairs
David Wagner	Vice President of Human Resources

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APPENDIX A: PERSONNEL CONTACTED

California State University, San Bernardino

Albert K. Karnig	President
Susan Berilla	Manager of Training and Development
Diana Butler	Academic Analyst/Specialist
Twillea Carthen	Manager of Recruitment and Human Resources Programs
Dottie Cartwright	Administrative Support Coordinator
Adela Cortez	Human Resources Technical Analyst
Deborah Craney	Assistant to the Associate Provost
Juan Delgado	Professor of English
David DeMauro	Vice President of Administration and Finance
Shirley Dorsey	Payroll Manager
Kathy Edmonds	Administrative Support Coordinator
Lillian Hernandez	Manager of Employee Benefits
Deidre Kobziff	Administrative Analyst/Specialist
Laurel Lilienthal	Executive Assistant to the Provost
Karen Logue	Associate Director of Human Resources
Patrick McDonald	Chief of Police
Quentin Moses	Director of Parking Services
James Mulvihill	Professor of Geography
Linda Pella-Hartley	Aide to the Vice President of Administration and Finance
Mary Schmidt	Administrative Support Coordinator
J. Paul Vicknair	Associate Provost for Academic Personnel
Dale West	Director of Human Resources

California State University, San Francisco

Robert A. Corrigan	President
Marcia Allsopp	Manager, Benefits and Professional Development
Aimee Arica	Human Resources Representative
Roger Bland	Chair, Physics and Astronomy Department
Amalia Borja	Lieutenant, Department of Public Safety
Julie Chan	Senior Payroll Specialist
Gil Herdt	Director, Human Sexuality Studies
Wanda Humphrey	Payroll Manager
Alba Jaquez	Human Resources Assistant
Susan Lea	Professor, Physics and Astronomy Department
Nettie Lewis	Employment Representative
Franz Lozano	Associate Internal Auditor
Henry McCoy	Manager, Human Resources Information Systems/Faculty Personnel
Midori McKeon	Chair, Foreign Languages and Literature Department
Leroy Morishita	Vice President of Administration and Finance
Denise Fox Needleman	Associate Vice President of Human Resources and Safety and Risk Management
Barbara Nelson	Director, Campus Support Services
Patricia Ricketts	Faculty Personnel Coordinator
Donna Ryan	Manager, Classification/Employment
Mona Sagapolutele	Program Coordinator, Human Sexuality Studies

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APPENDIX A: PERSONNEL CONTACTED

Stephanie Schwartz	Executive Assistant to the Provost and Vice President for Academic Affairs
Joseph Torres	Assistant Dean/Director, Affirmative Action and Employment Equity Programs
Jim Van Ness	Internal Auditor
Marilyn Verhey	Dean of Faculty Affairs and Professional Development
Edwin Waite	Director of Employee Relations
Kim Wible	Chief, Department of Public Safety
Sharon Zlatunich	Employment Representative



# THE CALIFORNIA STATE UNIVERSITY

BAKERSFIELD • CHANNEL ISLANDS • CHICO • DOMINGUEZ HILLS • FRESNO • FULLERTON • EAST BAY • HUMBOLDT  
 LONG BEACH • LOS ANGELES • MARITIME ACADEMY • MONTEREY BAY • NORTHRIDGE • POMONA • SACRAMENTO  
 SAN BERNARDINO • SAN DIEGO • SAN FRANCISCO • SAN JOSE • SAN LUIS OBISPO • SAN MARCOS • SONOMA • STANISLAUS

JACKIE R. MCCLAIN  
 VICE CHANCELLOR  
 HUMAN RESOURCES

RECEIVED  
 UNIVERSITY AUDITOR

JUN 16 2005

THE CALIFORNIA STATE  
 UNIVERSITY

## MEMORANDUM

June 16, 2005

To: Larry Mandel  
 University Auditor

From: Jackie R. McClain *JRM*  
 Vice Chancellor  
 Human Resources

**Supersedes Memorandum  
 dated June 13, 2005**

**(Revisions are underlined  
 and in bold text)**

Systemwide response to Audit Report 04-24

Attached is our revised response to the above captioned audit. I would like to express my appreciation to your staff for the professionalism exercised in conducting the audit in this complex area.

Attached is our revised response indicating agreement or exception with each recommendation, and outlining either acceptance of the risk or the timeline for resolution of each item.

JMcC/lpm

Mr. Richard West  
 Mr. Dennis Hordyk  
 Ms. Cathy Robinson

## HUMAN RESOURCES

### SYSTEMWIDE

Report Number 04-24

May 11, 2005

#### HUMAN RESOURCES ADMINISTRATION

##### **Recommendation 1**

We recommend that the chancellor's office:

- a. Review and update principal investigator conflict-of-interest policies, including the FPPC approval list of those non-profit organizations exempt from financial disclosure requirements.
- b. Communicate guidelines for consultant conflict-of-interest disclosure requirements.

##### **Management Response**

Human Resources agrees with this recommendation:

- a. Human Resources will distribute updated coded memorandum by July 30, 2005.
- b. Vice Chancellor McClain will send a reminder memorandum to campuses no later than July 30, 2005.

#### RECRUITMENT, SELECTION, AND HIRING

##### **POLICIES AND PROCEDURES**

##### **Recommendation 2**

We recommend that the chancellor's office develop, document, and communicate policies, procedures, and/or systemwide guidelines for verifying educational qualifications and professional references; interviewing applicants, including documenting the reasons for selection or non-selection; hiring and compensating special consultants; and using employment applications in the hiring process. Such policies, procedures, and/or guidelines should include, but not be limited to, clear instructions for establishing local campus policies and training requirements in these areas.

### **Management Response**

Human Resources agrees with this recommendation.

Vice Chancellor McClain has, subsequent to the audit, but prior to this report, communicated to the campus regarding verification of educational qualifications, interviewing applicants, and documenting of reasons for selection.

- Vice Chancellor McClain will issue, no later than July 30, 2005, a memorandum clarifying the rules related to hiring and compensating special consultants.
- Vice Chancellor McClain, has scheduled a discussion with campus Presidents in June regarding the use of employment applications.

### **DELEGATIONS OF AUTHORITY**

#### **Recommendation 3**

We recommend that the chancellor's office require each campus president and the chancellor to document written delegations of authority, by name, level, and/or position, to sign all employee appointment letters.

#### **Management Response**

Human Resources accepts the spirit of the recommendation, but not with the recommended action.

At the June 2005 executive retreat, Vice Chancellor McClain will discuss with the Chancellor and campus presidents the need to continue to include in appropriate position descriptions stated authority for signing appointment letters and, in addition, the need to review with these individuals the importance of this responsibility. We will accept any risk associated with this alternative solution.

### **FACULTY AND STAFF FILES**

#### **Recommendation 4**

We recommend that the chancellor's office remind the campuses and CO human resource services of the importance of complying with local policies, procedures, and/or guidelines for hiring faculty and staff.

#### **Management Response**

Human Resources accepts the recommendation.

Vice Chancellor McClain will remind the campuses of the importance of complying with local policies, procedures, and/or guidelines for hiring faculty and staff in a memorandum no later than July 30, 2005.

## **SPECIAL CONSULTANTS**

### **Recommendation 5**

We recommend that the chancellor's office remind the campuses of the importance of developing, documenting, and communicating policies and/or procedures for hiring faculty and non-faculty special consultants, including the requirement to maintain complete hiring and payroll documents.

### **Management Response**

Human Resources accepts the recommendation.

Vice Chancellor McClain will include in the reminder memorandum regarding special consultants prior to July 30, 2005.

## **PROFESSIONAL LICENSE, CERTIFICATION, AND REGISTRATION REQUIREMENTS**

### **Recommendation 6**

We recommend that the chancellor's office remind the campuses of the importance of developing, documenting, and communicating operating procedures for this area.

### **Management Response**

Human Resources accepts the recommendation.

Human Resources staff will update policy to include such requirement and will issue no later than July 30, 2005.

## **EMPLOYMENT ELIGIBILITY**

### **Recommendation 7**

We recommend that the chancellor's office remind the campuses of the importance of performing the appropriate verifications of employment eligibility, properly completing related I-9 forms, and developing, documenting, and communicating policies and/or procedures in this area.

### **Management Response**

We accept the recommendation.

Vice Chancellor McClain will remind campuses via memorandum with specific citation to HR 1994-05 and its website location no later than July 30, 2005.

## COMPENSATION, BENEFITS, AND EMPLOYEE PROGRAMS

### POLICIES AND PROCEDURES

#### Recommendation 8

We recommend that the chancellor's office:

- a. Review the EC, existing CSU policies, and/or collective bargaining agreements to ensure alignment with respect to the fee waiver program and collection of the student body association fee and update accordingly.
- b. Review and update CSU policies to require periodic updates of career development plans for applicable employees.

#### Management Response

We accept the recommendation.

- a. Human Resources will review the Education Code and agreements with legal to determine if any modification is necessary and will take appropriate action no later than September 30, 2005.
- b. Vice Chancellor McClain will issue a coded memorandum with updated policy reflecting the need to provide periodic updates of career plans no later than September 30, 2005.

## FAMILY MEDICAL LEAVE

#### Recommendation 9

We recommend that the chancellor's office remind the campuses of the importance of developing, documenting, and communicating operating procedures for handling FML requests.

#### Management Response

We accept the recommendation.

Vice Chancellor McClain will remind the campus in a memorandum no later than July 30, 2005.

## INFORMATION SECURITY

#### Recommendation 10

We recommend that the chancellor's office remind the campuses and CO human resource services of the importance of:

Protecting recruitment files for tenure-track searches and compensation and/or fee waiver information.

- b. Securing the human resources offices to prevent the accidental or unintentional disclosure of confidential employee information.
- c. Providing training to campus managers and other persons with access to confidential employee information.
- d. Developing and communicating comprehensive policies and/or procedures regarding the confidentiality of employee information.

**Management Response**

We accept the recommendation.

Vice Chancellor McClain will work with Executive Vice Chancellor West to send appropriate reminders no later than September 30, 2005.

**Recommendation 11**

We recommend that the chancellor's office:

- a. Review and evaluate existing system access security requirements whereby access to all systems is only granted upon review and written approval of the campus president or vice president of administration.
- b. Consider modifying the requirements to permit delegation of approval authority to responsible area management.
- c. Formalize the various CO system access and confidentiality memoranda and directives into an executive order.

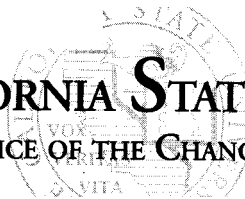
**Management Response**

We accept the recommendation.

Chancellor's Office Staff will review all existing policy statements, coded memorandum and executive orders that address the security of electronically stored confidential or private information with the intent of creating a comprehensive executive order on the topic, which supersedes all existing communications. The Executive Order will define and make explicit what is meant by confidential and or private information. Chancellor's Office staff will reevaluate the matter of existing system access and strengthen the language within the Executive Order to ensure that the campus president and vice president of administration are accountable for campus compliance with access control policies. The Executive Order will offer a methodology for ensuring that accountability. Concurrent with the preparation of this executive order, and subsequent to it, the CSU will be developing a comprehensive, systemwide plan for Information Security. Aspects of the planned Executive Order may be modified, changed or superseded when the CSU Information Security Plan is complete.

Executive Vice Chancellor West and Vice Chancellor McClain have initiated the above responsive process. However, due to the need to provide opportunity to bargain regarding any mandatory subjects included in this Executive Order with all affected unions, we accept the current risk until the process can be completed.

THE CALIFORNIA STATE UNIVERSITY  
OFFICE OF THE CHANCELLOR



BAKERSFIELD

June 24, 2005

CHANNEL ISLANDS

CHICO

**MEMORANDUM**

DOMINGUEZ HILLS

EAST BAY

FRESNO

TO: Mr. Larry Mandel  
University Auditor

FULLERTON

FROM: Charles B. Reed  
Chancellor

A handwritten signature in black ink that reads "Charles B. Reed".

HUMBOLDT

LONG BEACH

SUBJECT: Draft Final Report Number 04-24 on  
*Human Resources, Systemwide*

LOS ANGELES

MARITIME ACADEMY

MONTEREY BAY

In response to your memorandum of June 24, 2005, I accept the response as submitted with the draft final report on *Human Resources, Systemwide*.

NORTHRIDGE

POMONA

CBR/jt

SACRAMENTO

Enclosure

SAN BERNARDINO

cc: Ms. Jackie R. McClain, Vice Chancellor, Human Resources  
Mr. Richard P. West, Executive Vice Chancellor and Chief Financial Officer

SAN DIEGO

SAN FRANCISCO

SAN JOSÉ

SAN LUIS OBISPO

SAN MARCOS

SONOMA

STANISLAUS