November 2, 2015

Dr. Eduardo M. Ochoa, President  
California State University, Monterey Bay  
100 Campus Center, Administration Building  
Monterey Bay, CA 93955-8001

Dear Dr. Ochoa:

Subject: Audit Report 15-47, Admissions, California State University, Monterey Bay

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

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

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

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

Sincerely,

[Signature]

Larry Mandel  
Vice Chancellor and Chief Audit Officer

c: Timothy P. White, Chancellor
ADMISSIONS

California State University, Monterey Bay

Audit Report 15-47
September 24, 2015
EXECUTIVE SUMMARY

OBJECTIVE

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

CONCLUSION

Based upon the results of the work performed within the scope of the audit, except for the effect of the observations described below, administrative and financial controls for admissions as of August 7, 2015, taken as a whole, were sufficient to meet the objectives of this audit.

The audit did not reveal any significant internal control problems or weaknesses that would be considered pervasive in their effects on admissions operational, administrative, and financial controls. However, the review did identify opportunities for improvement in areas such as application fee controls, processing of applicants admitted on an exception basis or redirected from other California State University (CSU) campuses, campus delegation of authority for agreements, management of student records and sensitive information, and admissions data reported to the CO.

Although the objectives of this audit were met, the issues identified indicate that some attention is needed to ensure that admissions financial, operational, and administrative operations are in conformance with existing policies and to a level necessary to meet management expectations. Most issues listed below represent opportunities to improve admissions administrative and financial controls at California State University, Monterey Bay (CSUMB).

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

1. STUDENT ADMINISTRATION SYSTEMS ACCESS

OBSERVATION

Management of access to the Student Administration system needed improvement.

We reviewed 12 employees in the office of admissions with full access to sensitive admissions data in the Student Administration system, and we found that:

- Background checks were not performed for three student assistants and one stateside employee.
- Two front desk student assistants and one staff-level employee did not appear to have a job-related need for the level of access they were provided in the student information system.

Proper management of systems access decreases the campus’ exposure to improper use of personally identifiable information.

RECOMMENDATION

We recommend that the campus:

a. Conduct background checks on all employees who have full access to sensitive data contained in the Student Administration system.

b. Review systems access to sensitive data on a periodic basis to ensure that access is appropriate based on job responsibilities.

MANAGEMENT RESPONSE

We concur.

a. All employees, including current employees, who have access to sensitive data contained in the Student Administration system, will have gone through background checks by January 31, 2016.

b. Annual review of employee access to sensitive data will occur in January of each year beginning in January 2016.

2. ADMISSION EXCEPTIONS

OBSERVATION

Documentation was not always maintained for applicants admitted on an exception basis.
Applicants admitted on an exception basis do not meet CSU minimum requirements for admission but are admitted under the provisions of California Code of Regulations, Title 5.

We reviewed 11 first-time freshmen admitted on an exception basis for fiscal year (FY) 2014/15, and we found that the approved Special Admissions Review Form signed by the director of admissions could not be located for four of them.

Adequately documenting the evaluation and approval of admissions exceptions decreases the risk that exception criteria might be inconsistently applied and admission decisions questioned or challenged.

RECOMMENDATION

We recommend that the campus implement a process to ensure that documentation is maintained for each applicant admitted on an exception basis.

MANAGEMENT RESPONSE

We concur. The office of admissions has a documented admissions exception process in place. We will review the exception process by December 1, 2015, to be sure all documentation is maintained for each applicant admitted on an exception basis.

3. REDIRECTION

OBSERVATION

The campus had not defined a process to manage redirected students.

Students who are eligible to transfer under the Student Transfer Achievement Reform (STAR) Act but don’t meet supplementary screening criteria at the CSU campus of their choice are redirected to other CSU campuses that are still receiving applicants, rather than being denied. We found that CSUMB did not have a process to identify those students who were redirected from other campuses to CSUMB and code them appropriately for systemwide reporting purposes.

Inadequate procedures to identify and process redirected students from other CSU campuses increases the risk of noncompliance with the STAR Act and inaccurate reporting of admissions data.

RECOMMENDATION

We recommend that the campus:

a. Define and document a process to identify and manage redirected students, including coding these students appropriately for systemwide reporting purposes.

b. Provide training on this process to all key admissions personnel.
MANAGEMENT RESPONSE

We concur.

a. In line with the fall 2016 transfer application cycle, the process will be defined and documented by January 31, 2016.

b. Training will be provided and completed for key admissions personnel by January 31, 2016.

4. APPLICATION FEE RECONCILIATIONS

OBSERVATION

The campus did not perform a reconciliation of applications received and the corresponding fee waiver or payment status shown in the Student Administration system to payments posted in the general ledger to ensure completeness and accuracy.

The lack of policies and procedures related to the processing of application fees and fee waivers increases the risks of processing errors. In addition, the lack of fee reconciliations increases the risk that errors and irregularities will not be detected.

RECOMMENDATION

We recommend that the campus document and implement a process to reconcile applications received and the corresponding fee waiver or payment information shown in the Student Administration system to application fee payments posted to the general ledger.

MANAGEMENT RESPONSE

We concur. Student accounts receivable will document and implement the recommended reconciliation process. The implementation will be completed in January 31, 2016.

5. SYSTEMWIDE REPORTING

OBSERVATION

Admissions data reported to the CO was not always accurate.

We reviewed 30 first-time freshmen who were admitted and enrolled for FY 2014/15 and found that:

- Three students, although appropriately admitted, were incorrectly coded as to the basis for admission for systemwide reporting purposes.
• Three students, although appropriately admitted, were incorrectly coded for systemwide reporting purposes relating to their admission status as regular or exception admits.

In addition, we noted that for admitted and enrolled applicants, the campus reported the applicants’ self-reported high school grade point averages (GPA) to the CO, rather than final GPAs based on student transcripts.

Inadequate reporting of admissions data increases the risk that the data used by the CO to create systemwide reports for management, the Legislature, and other interested parties is inaccurate.

RECOMMENDATION

We recommend that the campus remind admissions personnel of the importance of correctly entering into PeopleSoft data that will be used for systemwide reporting, and provide training focusing on the areas noted above.

MANAGEMENT RESPONSE

We concur. Personnel will be reminded and trained, by January 31, 2016, of the importance of data entry accuracy of data entered in PeopleSoft that will be used for systemwide reporting.

6. STUDENT RECORDS

OBSERVATION

Information management practices concerning student records were not reviewed at least every two years, as required by CSU and campus policy.

Infrequent reviews of information management practices increase the risk of regulatory violations and negative publicity in the event of privacy violations or complaints.

RECOMMENDATION

We recommend that the campus perform a formal review of information management practices concerning student records at least every two years.

MANAGEMENT RESPONSE

We concur. With the first review completed by March 31, 2016, the vice president of student affairs and enrollment services has instructed the office of the registrar to review our information management practices concerning student records every two years.
GENERAL INFORMATION

BACKGROUND

The California Master Plan for Higher Education, originally adopted in 1960, established a framework for higher education in the state of California that differentiated the functions of the three segments – the California Community Colleges, the CSU system, and the University of California system – and established the principle that California high school graduates would have access to at least one of these segments. According to the plan, the top one-third of graduating California high school students, as determined by systemwide screening criteria such as GPA and completion of specific course subjects, would be eligible for admission to the CSU system.

In recent years, due to both a lack of state funding and an increase in student admission demand, a number of campuses have not had the capacity to accommodate all CSU-eligible students who apply. This can occur at the campus level or in a specific program or major and is designated as impaction. Campus-level impaction restricts admissions to the campus for a specific enrollment category (e.g., first-time freshmen or transfer students), based on the instructional resources and physical capacity available at the campus. Program or major impaction restricts admission to a designated discipline, division, or major. In both cases, more rigorous supplementary screening criteria are used for admissions decisions. Before declaring impaction at the campus, program, or major level, or before making significant changes to its screening criteria, a campus must provide a series of public hearings and notifications and obtain approval from the CO. As of FY 2015/16, 17 of the 23 CSU campuses were impacted at the first-time freshmen level, and 14 campuses were impacted at the upper-division transfer level.

The STAR Act, signed into legislation in 2010, focuses on admission for students who wish to transfer from a community college to the CSU. This bill created new Associate in Arts and Associate in Science degrees that can be earned at a community college and are designed to provide a clear pathway to a CSU degree. Students who have earned these degrees are eligible for admission with junior standing into the CSU system, and upon enrollment, are eligible to graduate once they complete 60 semester units in their chosen major. Students are guaranteed admission to the CSU system, but not to a specific CSU campus or major. However, they are given priority admission consideration to their local CSU campus and to a program or major that is similar to their transfer degree.

Systemwide, for the fall 2014 semester, there were approximately 785,056 duplicated applications (a number that includes applications from the same student to multiple campuses) processed for new undergraduates, which resulted in approximately 115,778 new undergraduates enrolled. Total enrollment for the CSU system in the 2014 fall semester was approximately 460,200.

At CSUMB, admissions is competitive, as the campus is impacted at the freshman level and in certain programs and majors for transfers. In addition to meeting CSU requirements, applicants must also meet program/major requirements, which are based on an eligibility index for freshmen and cumulative GPA for transfers. Applicants are ranked and admitted based on enrollment targets and capacity. CSUMB gives some preference in the impaction process to local area applicants, although admission is not guaranteed. For fall 2014, the
CSUMB campus received 14,684 first-time freshman applications and 4,108 undergraduate transfer applications, with 1,305 and 876 applicants enrolling at the campus, respectively.

SCOPE

We visited the CSUMB campus from June 22, 2015, through August 7, 2015. Our audit and evaluation included the audit tests we considered necessary in determining whether operational, administrative, and financial controls are in place and operative at CSUMB. The audit focused on procedures in effect from January 1, 2013, through August 7, 2015. Our review did not consider graduate programs, continuing and extended education, or international students.

Specifically, we reviewed and tested:

- Admission evaluations for first-time freshmen and upper-division transfer students.
- Approval and documentation of admissions exceptions.
- Processes for the notification and approval of impaction decisions.
- Residency determinations and processing of residency exceptions and fee waivers.
- Controls surrounding application fee processing and the granting of fee waivers.
- Processes to ensure that admissions data reported to the CO is current and accurate.
- Protection of application and admission records.

As a result of changing conditions and the degree of compliance with procedures, the effectiveness of controls changes over time. Specific limitations that may hinder the effectiveness of an otherwise adequate system of controls include, but are not limited to, resource constraints, faulty judgments, unintentional errors, circumvention by collusion, and management overrides. Establishing controls that would prevent all these limitations would not be cost-effective; moreover, an audit may not always detect these limitations.

Our testing and methodology was designed to provide a review of key operational and administrative controls, which included detailed testing on a limited number of transactions. Our review did not examine all aspects of the admissions process.

CRITERIA

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

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

- Executive Order (EO) 523, Modified Eligibility Indices for Admission to the CSU
- EO 563, Impacted Programs and Campuses
- EO 796, Privacy and Personal Information Management – Student Records Administration
• EO 962, Undergraduate Admissions Exceptions
• Coded Memorandum Academic Affairs (AA) 2006-30, Identification and Classification of CSU Students Not Required to Pay Non-Resident Fees
• AA 2010-10, Transfer Grade Point Averages and the Enrollment Reporting System
• AA 2010-20, CSU Local Admission Areas and Designated Service Areas for School College Relations
• AA 2011-17, Admissions Appeals Process
• AA 2012-22, Impacted Programs, 2014-15
• AA 2014-20, Admission Exception Allocations, 2014-15 and 2015-16
• Integrated California State University Administrative Manual §8000, Information Security
• California Code of Regulations, Title 5, Division 5, Chapter 1, Subchapter 3, Admission Requirements
• Education Code (EC) §66201-§66207, Donahoe Higher Education Act – Admissions
• Assembly Bill 2402, CSU Admissions Procedural Requirements, codified in EC §89030.5
• Senate Bills 1440 and 440, Student Transfer Achievement Reform Act, codified in EC §66745-§66749
• EC §68000-§68134, Uniform Student Residency Requirements
• Coded Memorandum Human Resources 2005-10, Background Checks
• Government Code §13402 and §13403
• CSUMB The Family Educational Rights and Privacy Act

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