CENTERS AND INSTITUTES

SYSTEMWIDE

Audit Report 13-37
February 3, 2014

Members, Committee on Audit

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BOARD OF TRUSTEES
THE CALIFORNIA STATE UNIVERSITY
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ABBREVIATIONS

CI  Centers and Institutes
CO  Chancellor’s Office
CSU  California State University
EO  Executive Order
GC  Government Code
ICSUAM  Integrated California State University Administrative Manual
OAAS  Office of Audit and Advisory Services
EXECUTIVE SUMMARY

As a result of a systemwide risk assessment conducted by the Office of Audit and Advisory Services (OAAS) during the last quarter of 2012, the Board of Trustees, at its January 2013 meeting, directed that Centers and Institutes (CI) be reviewed. The OAAS has never reviewed CI as a stand-alone audit.

We visited six campuses from April 15, 2013, through August 9, 2013, and audited the procedures in effect at that time. Campus-specific findings and recommendations have been discussed and reported individually.

In our opinion, except for the effect of the weaknesses described below, the fiscal, operational, and administrative controls for CI activities as of August 9, 2013, taken as a whole, were sufficient to meet the objectives stated in the “Purpose” section of this report. Areas of concern include: policies and procedures relating to operational and fiscal activities of centers and institutes.

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.

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.

SYSTEMWIDE OVERSIGHT [5]

Systemwide responsibility for centers and institutes had not been clearly defined.

POLICIES AND PROCEDURES [5]

Systemwide policy for centers and institutes needed improvement. Specifically, Executive Order 751, Centers, Institutes and Similar Organizations on Campuses of the California State University, had not been reviewed and updated since July 5, 2000. In addition, systemwide policies and procedures relating to contracting activities in centers and institutes needed improvement. For example, there was minimal systemwide policy addressing requirements for instances when campuses provide services to other entities, such as fee-for-service or consulting work.
INTRODUCTION

BACKGROUND

Centers, institutes, and similar organizations (CI) are entities that are affiliated with California State University (CSU) campuses and offer non-credit instruction, information, or other services beyond the campus community.

Campuses may create CI to facilitate the conduct and dissemination of research, build links with industry and the community, foster interdisciplinary efforts and cooperation among departments and across colleges, perform public service, or develop opportunities for students to practice their academic disciplines. CI are required by systemwide policy to be under the programmatic oversight of an academic unit at the campus and are subject to approval by the campus president.

At the CSU, CI are governed at the campus level. Each campus makes its own policy decisions on how CI shall be approved, reviewed, monitored, and discontinued. Each year, campuses provide the chancellor’s office with a list of approved CI, which is posted to the CSU website. As of March 1, 2013, there were 585 CI in the CSU system that had been reported.

At the chancellor’s office, the research initiatives and partnerships department, under Academic Affairs, provides primary direction for CI. At the campus level, CI administration generally falls under the purview of the provost in academic affairs; however, this varies by campus, and administration also sometimes falls under areas such as the academic senate, president’s office, associate vice president of research, or auxiliary organizations.

Executive Order (EO) 729, Centers, Institutes, and Similar Organizations on Campuses of the CSU, dated February 14, 2000, establishes principles for the development of campus policies and procedures to govern CI on the CSU campuses. In July 2000, EO 729 was superseded by EO 751.

Other CSU policies address areas related to CI. For CI that are research-related, Integrated California State University Administrative Manual (ICSUAM) §11000 addresses sponsored programs issues, such as allowable costs, effort reporting, and financial conflicts of interest. In addition, ICSUAM §3000 addresses accounting and financial controls, and ICSUAM §13680.00 addresses the appropriate placement of receipts collected by various campus activities and programs.

Technical letters related to CI include coded memorandum Academic Affairs 2013-05, Report on Centers, Institutes, and Similar Entities, dated February 5, 2013, the annual memo from Academic Affairs requesting that campuses update and report the listing of approved CI to the chancellor’s office, and coded memorandum Human Resources 2013-02, 2013 Annual Conflict of Interest Filing, dated February 28, 2013, the annual memo from Human Resources updating the list of campus designated positions and requiring designated employees to file conflict-of-interest statements. The CSU also has a Conflict of Interest Handbook, last updated in February 2013, which is maintained by the Office of General Counsel.
PURPOSE

Our overall audit objective was to ascertain whether existing campus policies and procedures related to CI are comprehensive and compliant with CSU policy and to determine the adequacy of controls over the administration and fiscal processes of campus CI to ensure compliance with Trustee policy, Office of the Chancellor directives, and campus procedures.

Within the overall audit objective, specific goals included determining whether:

- Administration of CI is well defined and includes clear lines of organizational authority and responsibility and documented delegations of authority.
- CI have been timely and properly reported to the chancellor’s office.
- Campus policies and procedures relating to CI are current and comprehensive, and distribution procedures are effective.
- CI administration incorporates a defined mission and stated goals and objectives to measure center effectiveness.
- CI are established, operated, reviewed, monitored, and discontinued in accordance with CSU and campus policy.
- Conflicts of interest are properly disclosed, reviewed, and managed.
- Budget and financial planning processes for CI are adequate and effective.
- Placement and administration of CI funds is appropriate and properly authorized in accordance with state and CSU regulations.
- CI funds are deposited in a timely manner, accountability is maintained, and segregation of duties is adequate for receipt of funds.
- CI contracts are properly authorized and processed in accordance with CSU and campus policy.
- CI expenditures are appropriate, allowable, authorized, and processed in accordance with CSU and campus policy, as well as relevant governmental regulations.
- CI appropriately reimburse the campus for services and resources used.
SCOPE AND METHODOLOGY

The proposed scope of the audit as presented in Attachment A, Audit Agenda Item 2 of the January 22 and 23, 2013, meeting of the Committee on Audit stated that Centers and Institutes (CI) includes a review of campus entities that offer non-credit instruction, information, or other services beyond the campus community to public or private agencies or individuals. Proposed audit scope would include, but was not limited to, review of campus policies and procedures for establishing, operating, monitoring, reviewing, and discontinuing CI; fiscal administration and controls; potential conflicts of interest; and campus processes for reporting entity activities to the chancellor’s office.

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 whether fiscal, operational, and administrative controls are in place and operative. This review emphasized, but was not limited to, compliance with Board of Trustee policies and Office of the Chancellor and campus policies, letters, and directives. The audit focused on procedures in effect from July 1, 2010, through August 9, 2013.

We focused primarily on the internal administrative, compliance, and operational controls over CI activities. Specifically, we reviewed and tested:

- Campus administration of CI, including clear reporting lines and defined responsibilities and current policies and procedures for center establishment, review, monitoring, and discontinuance.
- Governing documents and approvals for existing CI.
- Periodic CI evaluations and other campus monitoring activities.
- Conflict-of-interest policies and required conflict-of-interest filings.
- Center fiscal controls, including budgeting and planning, cash handling, contracting, and expenditure processing.
- Center reimbursements to the campus for services and resources used.

During the course of the audit, we visited six campuses: East Bay, Los Angeles, Northridge, San Bernardino, San Luis Obispo, and San Marcos. We interviewed campus personnel and audited procedures in effect at the time of the audit.
OBSERVATIONS, RECOMMENDATIONS,
AND MANAGEMENT RESPONSES

SYSTEMWIDE OVERSIGHT

Systemwide responsibility for centers and institutes had not been clearly defined.

We found that although certain oversight activities for centers and institutes resided in the division of Academic Affairs at the chancellor’s office (CO), no specific systemwide owner with responsibility for maintaining applicable policies and procedures and providing coordination and guidance for campus issues had been identified.

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, administrative controls are the methods through which reasonable assurance can be given that measures adopted by state agency heads to safeguard assets and promote operational efficiency are being followed.

The assistant vice chancellor for research initiatives and partnerships and the associate vice chancellor for academic affairs stated that the CO role in overseeing campus centers and institutes may not have been clearly defined because the main systemwide policy governing centers and institutes, Executive Order 751, delegated primary responsibility for centers and institutes to the campuses.

The lack of defined systemwide responsibility for centers and institutes increases the risk of misunderstandings related to the performance of duties and functions, inconsistent treatment and handling of issues, and noncompliance with state and CSU requirements.

Recommendation 1

We recommend that the CO clearly define systemwide responsibility for centers and institutes.

Management Response

We concur. A task force will be formed to review and recommend changes, if any, to systemwide policy for centers and institutes. Recommended changes, if any, will clearly define systemwide responsibility for centers and institutes.

This recommendation will be completed by September 2014.

POLICIES AND PROCEDURES

CENTER AND INSTITUTE POLICIES

Systemwide policy for centers and institutes needed improvement.
We noted the following regarding the current systemwide policy for oversight of centers and institutes, Executive Order (EO) 751, *Centers, Institutes, and Similar Organizations on Campuses of the California State University*:

- EO 751 had not been updated since July 5, 2000.
- The wording defining which centers and institutes campuses were required to recognize and report to the CO was vague and needed clarification. For example, it was unclear whether grant-funded centers with limited terms of operations or centers that operate as clinics were reportable centers. In addition, due to the unclear definition, campuses were inconsistent in their recognition and reporting of centers. For example, some campuses reported childcare centers, American Language Institute programs, and OSHER Lifelong Learning Institute programs, while others did not.
- It was unclear whether it was acceptable for the campus president to delegate his/her oversight responsibility and authority for centers and institutes.
- The policy required centers to report to an academic unit. However, in some cases, it may be appropriate for centers to report to another administrative unit, such as student affairs.
- Requirements for the campus review of centers and institutes were unclear and did not provide information about the required frequency and content of reviews. In addition, the policy did not address the purpose for center annual reports, which were being used at all six campuses that we visited.
- The policy did not reference the Integrated California State Administrative Manual (ICSUAM) §13680.0, *Placement and Control of Receipts for Campus Activities and Programs*, which requires that the president or his/her designee determine who has proprietorship over centers and institutes, and that campus policies and procedures include guidance addressing ownership of centers and institutes.
- The policy did not address whether campus policies should discuss cost recovery and the use of campus resources by centers and institutes.
- The policy did not address whether campus policies should consider conflict-of-interest reporting requirements for center directors.

EO 751, *Centers, Institutes, and Similar Organizations on Campuses of the California State University*, dated July 5, 2000, is the most current systemwide policy addressing centers and institutes.

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, administrative controls are the methods
through which reasonable assurance can be given that measures adopted by state agency heads to safeguard assets and promote operational efficiency are being followed.

The assistant vice chancellor for research initiatives and partnerships and the associate vice chancellor for academic affairs stated that no records exist in Academic Affairs regarding the need to revise EO 751, and therefore it may be that no revisions to EO 751 had been undertaken in the past because there was no perceived need to do so.

Written policies and procedures that are not comprehensive increase the risk of inadequate administration and oversight of centers and institutes, inconsistent recognition and reporting of these entities, and improper use of CSU resources.

Recommendation 2

We recommend that the CO review, update, and/or clarify the existing centers and institutes policy to address the issues identified above.

Management Response

We concur. A task force will be formed to review and recommend changes, if any, to systemwide policy for centers and institutes. Recommended changes, if any, will clearly define systemwide responsibility for centers and institutes.

This recommendation will be completed by September 2014.

CONTRACTING POLICIES

Systemwide policies and procedures relating to contracting activities in centers and institutes needed improvement.

We noted that:

- There was minimal systemwide policy addressing requirements for instances when campuses provide services to other entities, such as fee-for-service or consulting work. This could include requirements about agreements and contracts, proper approvals, and risk management issues.

- There was no systemwide policy addressing requirements for non-purchase contracts, such as partnerships, alliances, or collaborative agreements. This could include requirements such as proper approvals and risk management issues.

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, administrative controls are the methods through which reasonable assurance can be given that measures adopted by state agency heads to safeguard assets and promote operational efficiency are being followed.
The director of contracts and procurement stated that in the past, policy related to contracting issues and approvals had been focused on contracts tied to the authority granted by Education Code 89036(a)(2), which discusses the acquisition of services, facilities, materials, goods, supplies, or equipment, rather than contracts that were not related to the expenditure of funds.

The lack of written policies and procedures to address requirements for contracts that do not involve the purchase of goods and services increases the risk of misunderstandings of business terms, responsibilities, and liabilities, increases the risk of unauthorized or invalid contracts, and exposes the university to financial and legal liability.

**Recommendation 3**

We recommend that the CO:

a. Review and update existing systemwide policies, or implement new policies, to address requirements for instances when campuses provide services to other entities.

b. Create and implement systemwide policy to address requirements for non-purchase contracts such as partnerships, alliances, or collaborative agreements.

**Management Response**

We concur. The CO will review and update existing systemwide policies, if necessary, regarding requirements for instances when campuses provide services to other entities and for non-purchase contracts.

This recommendation will be completed by September 2014.
## APPENDIX A: PERSONNEL CONTACTED

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Office of the Chancellor</strong></td>
<td></td>
</tr>
<tr>
<td>Benjamin F. Quillian</td>
<td>Executive Vice Chancellor and Chief Financial Officer (At time of review)</td>
</tr>
<tr>
<td>Sally Roush</td>
<td>Interim Vice Chancellor for Business and Finance (At time of review)</td>
</tr>
<tr>
<td>Ephraim P. Smith</td>
<td>Executive Vice Chancellor and Chief Academic Officer</td>
</tr>
<tr>
<td>Ana Aguirre</td>
<td>Staff Associate, Research Initiatives and Partnerships</td>
</tr>
<tr>
<td>George Ashkar</td>
<td>Assistant Vice Chancellor and Controller, Financial Services</td>
</tr>
<tr>
<td>Sue DeRosa</td>
<td>Director, Sponsored Programs Administration</td>
</tr>
<tr>
<td>Kristina Randig</td>
<td>Associate Director, Management and Accounting</td>
</tr>
<tr>
<td>Michael Redmond</td>
<td>Acting Assistant Vice Chancellor, Headquarters Building Security and Strategic Initiatives</td>
</tr>
<tr>
<td>Tom Roberts</td>
<td>Director, Contracts and Procurement</td>
</tr>
<tr>
<td>James Till</td>
<td>Assistant Vice Chancellor, Research Initiatives and Partnerships</td>
</tr>
<tr>
<td>Ron Vogel</td>
<td>Associate Vice Chancellor, Academic Affairs</td>
</tr>
<tr>
<td>Lily Wang</td>
<td>Director, Management and Accounting Practices Office</td>
</tr>
<tr>
<td><strong>California State University, East Bay</strong></td>
<td></td>
</tr>
<tr>
<td>Leroy M. Morishita</td>
<td>President</td>
</tr>
<tr>
<td>Philip Bollinger</td>
<td>Accounting Technician II, Cashier’s Office</td>
</tr>
<tr>
<td>Stephanie Couch</td>
<td>Director, Center for STEM Education</td>
</tr>
<tr>
<td>Linda Dobb</td>
<td>Associate Provost, Academic Affairs</td>
</tr>
<tr>
<td>Maggie Graney</td>
<td>Director, Compliance and Internal Control</td>
</tr>
<tr>
<td>Janet Logan</td>
<td>Director, Community Counseling Center</td>
</tr>
<tr>
<td>Nancy Mangold</td>
<td>Director, China America Business Education Center</td>
</tr>
<tr>
<td>Julia Olkin</td>
<td>Director, Center for Math Education and Research</td>
</tr>
<tr>
<td>Efren Padilla</td>
<td>Director, Center for Filipino Studies</td>
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<tr>
<td>Sherry Pickering</td>
<td>Director, Fiscal Services</td>
</tr>
<tr>
<td>Glen Taylor</td>
<td>Director, High Impact Research and Engagement Center</td>
</tr>
<tr>
<td>Brad Wells</td>
<td>Vice President, Administration and Finance</td>
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<tr>
<td>Sean Williams</td>
<td>Director, Research and Sponsored Programs</td>
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<tr>
<td><strong>California State University, Los Angeles</strong></td>
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<tr>
<td>William A. Covino</td>
<td>President</td>
</tr>
<tr>
<td>James M. Rosser</td>
<td>President (At time of review)</td>
</tr>
<tr>
<td>Lily Baba</td>
<td>Administrative Analyst, Pat Brown Institute</td>
</tr>
<tr>
<td>Benjamin Bateman</td>
<td>Director, Center for the Study of Genders and Sexualities</td>
</tr>
<tr>
<td>Lisa Chavez</td>
<td>Vice President, Administration and Finance/Chief Financial Officer</td>
</tr>
<tr>
<td>Karin Elliot-Brown</td>
<td>Associate Dean, Graduate Studies and Research</td>
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<tr>
<td>Larry Fritz</td>
<td>Dean, Graduate Studies and Research</td>
</tr>
<tr>
<td>Tanya Ho</td>
<td>University Internal Auditor</td>
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<tr>
<td>Taffany Lim</td>
<td>Associate Director, Pat Brown Institute</td>
</tr>
<tr>
<td>Tommy Luong</td>
<td>Fiscal Officer, College of Arts and Letters</td>
</tr>
<tr>
<td>Peter McAllister</td>
<td>Dean, College of Arts and Letters</td>
</tr>
<tr>
<td>Salvador Rodriguez</td>
<td>Senior Internal Auditor</td>
</tr>
<tr>
<td>Alma Sahagun</td>
<td>Executive Director, University Auxiliary Services, Inc.</td>
</tr>
</tbody>
</table>
APPENDIX A: PERSONNEL CONTACTED

California State University, Los Angeles (cont.)
Luz Solis  Program Management Specialist, College of Health and Human Services
Raphael Sonenshein  Executive Director, Pat Brown Institute
Beatrice Yorker  Dean, College of Health and Human Services

California State University, Northridge
Dianne F. Harrison  President
Richard Barrett  Manager of Academic Resources, College of Engineering and Computer Science
Carol Bennett  Center Coordinator, Center for Achievement Through Adapted Physical Activity
Shira Brown  Director, Women’s Resource Center
Nazaret Dermendjian  Chair, Department of Civil Engineering and Construction Management
Colin Donahue  Vice President of Administration and Finance
Hamid Johari  Department Chair, Mechanical Engineering
Larissa Lopez  Accounting Specialist, Center for Achievement Through Adapted Physical Activity
Nathan Lopez  Administrative Support, Marilyn Magaram Center
Howard Lutwak  Director of Internal Audit
Abhijit Mukherjee  Director, Energy Resource Center
Michael Neubauer  Vice Provost (Currently)
Becky O’Brien  Client Coordinator, Center for Achievement Through Adapted Physical Activity
Scott Pérez  Director, Research and Sponsored Projects
S.K. Ramesh  Dean, College of Engineering and Computer Science
Cynthia Rawitch  Vice Provost (At time of review)
Louis Rubino  Interim Executive Director, Marilyn Magaram Center
Diane Stephens  Associate Vice President, Academic Resources and Planning
Stella Theodoulou  Dean, Social and Behavioral Sciences
Elizabeth Whirledge  Manager of Academic Resources, Humanities
Renate Wigfall  Manager of Academic Resources, College of Health and Human Development
Edith Winterhalter  Director of Academic Budget Management, Academic Resources and Planning, College of Humanities

California State University, San Bernardino
Tomás D. Morales  President
Deletta Anderson  Director, Accounting
Dayna Brown  Confidential Administrative Support, Office of the Vice President for Administration and Finance
Monica Brule  Assistant Director, Inland Empire Center for Entrepreneurship (IECE)
Debbie Burns  Assistant Vice President, Auxiliary and Business Services and Risk Management
Carolyn Eggleston  Director, Center for the Study of Correctional Education
Davida Fischman  Director, Center for Enhancement of Mathematics Education (CEME)
Robert Gardner  Vice President, Administration and Finance
APPENDIX A: PERSONNEL CONTACTED

California State University, San Bernardino (cont.)
Genee Grimmett Business Manager, CEME
Kathy Hansen Director, Procurement and Support Services
Lisa Iannolo Director, Auxiliary Financial Services
Shannon Kelley Manager, Accounts Payable
Christina Massey Administrative Analyst/Specialist, Faculty Senate Office
Vincent McCoy Director, Small Business Development Center, IECE
Chris Naticchia Chair, Educational Policy and Resources Committee
Cara Pham Administrative Support Coordinator, Risk Management
Michelle Skiljan Director, Women’s Business Center, IECE
Michael Stull Director, IECE
Jeffrey Thompson Associate Provost for Academic Research
Diane Trujillo Director, Sponsored Programs Administration
Jodie Ullman Chair, Faculty Senate
Sarah Winter Assistant Director, CEME
Mike Zachary Internal Auditor, Administration and Finance

California Polytechnic State University, San Luis Obispo
Jeffrey D. Armstrong President
Bradford Anderson Interim Vice Provost for Research and Industry Relations
Marc Benadiba Director, Payroll and Accounts Payable
Kathleen Enz Finken Provost
Jessica Frazier Coordinator, California Center for Construction Education
Karen Hampshire Finance Manager, Irrigation Training and Research Center
Lawrence Kelley Senior Vice President, Administration and Finance (At time of review)
Starr Lee Associate Executive Director, Administration
Lorlie Leetham Assistant Vice President, Fiscal Services and Auxiliary Reporting
Dave Marshall Assistant Director, Internal Control and GAAP
Melissa Mullen Sponsored Programs Manager, Cal Poly Corporation
Gayle Nakano Grant Analyst, Cal Poly Corporation
Coral Norris Program/Budget Analyst, Irrigation Training and Research Center
Stan Nosek Interim Vice President, Administration and Finance
Joanna Snyder Director, Collaborative-Agent Design Research Center
Stuart Styles Director, Irrigation Training and Research Center
Dean Wendt Interim Dean of Research and Director, Center for Coastal Marine Sciences
Dru Zachmeyer Director, Contracts and Procurement

California State University, San Marcos
Karen S. Haynes President
Bonnie Bade Faculty Director, National Latino Research Center (NLRC)
Candace Bebee Internal Control Coordinator, Finance and Administrative Services (FAS)
Diana Cumming Manager, University Financial Operations
Deborah Davis Manager, Auxiliary Financial Operations
Becky Eberwein Administrative Assistant, Office of Graduate Studies and Research
California State University, San Marcos (cont.)
Merryl Goldberg  Director, Center ARTES (Arts, Research, Teachers, Education, Schools)
Gerardo Gonzalez  Associate Vice President for Research and Dean of Graduate Studies
Linda Hawk  Vice President, FAS
Neal Hoss  Vice President, University Advancement and Board Executive Director, California State University, San Marcos Foundation
Grant Hubbard  Director, Sponsored Projects, University Auxiliary and Research Services Corporation (UARSC)
Dora Knoblock  Executive Director, UARSC
Bella Newberg  Director, Procurement, Contracts and Support Services
Arcela Nunez-Alvarez  Research Director, NLRC
Graham Oberem  Provost and Vice President for Academic Affairs
Rajnandini Pillai  Director, Center for Leadership Innovation and Mentorship Building
Joely Proudfit  Director, California Indian Culture and Sovereignty Center
Katy Rees  Associate Vice President of Administration, FAS
Greg Svatora  Director, Business Development and Finance, UARSC
Dan Zorn  Independent Contractor, Fiscal Services
MEMORANDUM

DATE: April 11, 2014
TO: Larry Mandel
   Vice Chancellor and Chief Audit Officer
FROM: Sally Roush
       Interim Vice Chancellor
SUBJECT: Audit Report # 13-37 Centers and Institutes System-wide

In response to the "Incomplete Draft" report dated February 3, 2014, we are providing the enclosed management response.

Should you have any questions, please feel free to contact me.

SFR: mpr

Attachment

c: Ephraim P. Smith, Executive Vice Chancellor and Chief Academic Officer
   Ron Vogel, Associate Vice Chancellor, Academic Affairs
   James Till, Assistant Vice Chancellor, Research Initiatives and Partnerships
   George Ashkar, Assistant Vice Chancellor and Controller, Financial Services
   Tom Roberts, Director Contracts and Procurement
   Sue DeRosa, Director, Sponsored Programs Administration
   Michael Redmond, Acting Assistant Vice Chancellor, Headquarters Budget, Security, and Strategic Initiatives
CENTERS AND INSTITUTES

SYSTEMWIDE

Audit Report 13-37

SYSTEMWIDE OVERSIGHT

Recommendation 1

We recommend that the CO clearly define systemwide responsibility for centers and institutes.

Management Response

We concur. A task force will be formed to review and recommend changes, if any, to systemwide policy for centers and institutes. Recommended changes, if any, will clearly define systemwide responsibility for centers and institutes.

This recommendation will be completed by September 2014.

POLICIES AND PROCEDURES

CENTER AND INSTITUTE POLICIES

Recommendation 2

We recommend that the CO review, update, and/or clarify the existing centers and institutes policy to address the issues identified above.

Management Response

We concur. See response for Recommendation 1 above.

This recommendation will be completed by September 2014.

CONTRACTING POLICIES

Recommendation 3

We recommend that the CO:

a. Review and update existing systemwide policies, or implement new policies, to address requirements for instances when campuses provide services to other entities.

b. Create and implement systemwide policy to address requirements for non-purchase contracts such as partnerships, alliances, or collaborative agreements.
Management Response

We concur. The CO will review and update existing systemwide policies, if necessary, regarding requirements for instances when campuses provide services to other entities and for non-purchase contracts.

This recommendation will be completed by September 2014.
May 1, 2014

MEMORANDUM

TO: Mr. Larry Mandel
   Vice Chancellor and Chief Audit Officer

FROM: Timothy P. White
       Chancellor

SUBJECT: Draft Final Report 13-37 on Centers and Institutes, Systemwide

In response to your memorandum of May 1, 2014, I accept the response as submitted with the draft final report on Centers and Institutes, Systemwide.

TPW/amd