CENTERS AND INSTITUTES

CALIFORNIA STATE UNIVERSITY,
SAN BERNARDINO

Audit Report 13-39
October 3, 2013

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ABBREVIATIONS

CEME  Center for Enhancement of Mathematics Education
CI    Centers and Institutes
CSU   California State University
CSUSB California State University, San Bernardino
EO    Executive Order
EPRC  Educational Policy and Resources Committee
FSD   Faculty Senate Document
ICSUAM Integrated California State University Administrative Manual
IECE  Inland Empire Center for Entrepreneurship
OUA   Office of the University Auditor
SAM   State Administrative Manual
SPA   Sponsored Programs Administration
UEC   University Enterprises Corporation
VPAA  Vice President of Academic Affairs
EXECUTIVE SUMMARY

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

We visited the California State University, San Bernardino campus from May 13, 2013, through June 14, 2013, and audited the procedures in effect at that time.

In our opinion, except for the effect of the weaknesses described below, the fiscal, operational, and administrative controls for CI activities as of June 14, 2013, taken as a whole, were sufficient to meet the objectives stated in the “Purpose” section of this report. Areas of concern include: campus administration, center administrative controls, and center fiscal controls.

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.

CAMPUS ADMINISTRATION [5]

Administration of campus centers and institutes (CI) needed improvement. For example, the campus had not documented the determination by the campus president or designee as to whether the campus or an auxiliary organization should receive proprietorship over CI program funds, and the campus CI policy did not contain specific operating policies or procedures for CI, or address discontinuance of CI.

CENTER ADMINISTRATIVE CONTROLS [7]

CI proposals did not always include all elements required by campus policy. In addition, CI annual reports and periodic reviews were not adequately documented and were not always submitted in a timely manner.

CENTER FISCAL CONTROLS [10]

Hospitality forms were not always completed as required by campus policy. In addition, contracts were not always signed by individuals with documented delegation of authority. Also, University Enterprises Corporation did not have a policy for tagging and tracking sensitive equipment, and it did not track any computing equipment valued under $5,000. Further, signature authorization forms were not always updated in a timely manner.
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. At CSU San Bernardino, centers report programatically to the academic senate, and center fiscal administration is performed by either campus accounting and finance or an auxiliary, depending on where the funds are held. 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.
INTRODUCTION

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 June 14, 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.
OBSERVATIONS, RECOMMENDATIONS, AND CAMPUS RESPONSES

CAMPUS ADMINISTRATION

Administration of campus centers and institutes (CI) needed improvement.

We found that:

- The campus had not clearly identified the campus office with overall responsibility for overseeing campus CI and ensuring CI compliance with campus policies and procedures.

- The campus had not documented the determination by the campus president or designee as to whether the campus or an auxiliary organization should receive proprietorship over CI program funds, including acceptance of both the risks and rewards associated with ownership.

- The campus CI policy did not provide specific guidance in regard to ownership of component activities and program funds. Furthermore, campus policy did not contain specific operating policies or procedures for CI, nor did it make clear whether CI should operate under campus, auxiliary, or other relevant policies and procedures.

- The campus CI policy did not address discontinuance of CI, such as the handling of residual funds and property.

California State University, San Bernardino (CSUSB) Faculty Senate Document (FSD) 87-17.R4, Policy Guidelines for the Formation and Review of Institutes and Centers, revised 2011, sets forth the campus policy for the administration of centers and institutes.

Executive Order (EO) 751, Centers, Institutes, and Similar Organizations on Campuses of the California State University, dated July 5, 2000, states that each California State University (CSU) campus is to have explicit policies and procedures for establishing, operating, monitoring, reviewing, and discontinuing centers, institutes, and similar entities.

Integrated California State University Administrative Manual (ICSUAM) §13680.00, Placement and Control of Receipts for Campus Activities and Programs, dated September 29, 2011, states that only campus presidents or their designees may authorize a campus activity or program. Delegation of this authority must be documented and implemented consistent with campus policies and practices. It further states that campus policies and procedures regarding activities and programs must provide specific guidance in regard to campus centers and institutes (e.g., ownership of component activities/programs generating separate receipts must be clear, as should be restrictions on funds), workshops and conferences, instructionally related events and activities, and documentation requirements. As deemed by the president in the interest of the campus and the CSU, a determination must be made as to whether the university or an auxiliary organization will receive proprietorship over an activity or program, which includes acceptance of both risks and rewards associated with ownership.
EO 1059, *Utilization of Campus Auxiliary Organizations*, dated June 6, 2011, states that auxiliary organizations may accept or administer campus funds as an agent of the university when specifically authorized in writing by the campus president or his/her designee. Said authorizations shall be granted judiciously and only when it is advantageous to the university and supportive of the university mission. The authorization should include the rationale for making this choice and clearly articulate the advantages to the university.

State Administrative Manual (SAM) §20050 states that symptoms of control deficiencies include policy and procedural or operational manuals that are either not currently maintained or are nonexistent, and lines of organizational authority and responsibility that are not clearly articulated or are nonexistent.

The vice president of administration and finance stated that responsibility for CI oversight and compliance with campus policies had not been fully defined in existing policies and, as such, guidance regarding proprietorship over CI program funds, risks and rewards, ownership of component activities and program funds, operating policies for CI, and full description of discontinuance of CI and the related handling of funds and property had not been documented.

The lack of clear oversight for CI, including adequate policies and procedures, decreases accountability and increases the risk that centers will be noncompliant with campus and CSU policies.

**Recommendation 1**

We recommend that the campus:

a. Clearly identify the campus office with overall responsibility for overseeing campus CI and ensuring CI compliance with campus policies and procedures.

b. Document the determination by the campus president or designee as to whether the campus or an auxiliary organization should receive proprietorship over CI, including acceptance of both the risks and rewards associated with ownership.

c. Update campus CI policy to provide specific guidance in regard to ownership of component activities and program funds and specific operating policies and procedures for CI, and determine and document whether CI should operate under campus, auxiliary, or other relevant policies and procedures.

d. Update campus policy for CI to address discontinuance of CI, such as the handling of residual funds and property.

**Campus Response**

The campus concurs with this recommendation.

a. The provost has appointed the associate provost for research with overall responsibility for overseeing campus CI and ensuring CI compliance with campus policies and procedures.
b. The campus will document the determination by the campus president, or designee, as to whether the campus or an auxiliary should receive proprietorship over CI, including acceptance of both the risks and rewards associated with ownership.

Implementation date: March 31, 2014

c. The provost and associate provost for research will work with the faculty senate to update Senate Policy FSD 87-17.R4 (now renumbered as Senate Policy 105.4) to provide specific guidance in regard to ownership of component activities and program funds and specific operating policies and procedures for CI, and determine and document whether CI should operate under campus, auxiliary, or other relevant policies and procedures.

Implementation date: March 31, 2014

d. The provost and associate provost for research will work with the faculty senate to update senate policy FSD 87-17.R4 (now renumbered as Senate Policy 105.4) to address discontinuance of CI, such as the handling of residual funds and property.

Implementation date: March 31, 2014

CENTER ADMINISTRATIVE CONTROLS

CENTER ESTABLISHMENT

CI proposals did not always include all elements required by campus policy.

We reviewed proposals for five centers and found that:

- Two proposals did not include the signatures of all individuals involved in the ancillary unit or comments and feedback, recommendations, and signatures of the chairs and deans of any affected entities.

- One proposal did not contain a projected budget, with revenues and expenditures, for the first three years of operation.

CSUSB FSD 87-17.R4, Policy Guidelines for the Formation and Review of Institutes and Centers, revised 2011, requires that the proposal for formation of an ancillary unit include the proposed organizational and governance structure, including an organizational chart and signature of all individuals involved in the ancillary unit. The policy further requires consultation with any affected departments or colleges, and comments/feedback, recommendations, and signatures from the chairs and deans of these affected entities. Additionally, a projected budget for the first three years of operation with revenues and expenditures, including funding requirements from university sources, should be included in the proposal.
The educational policy and resources committee (EPRC) chair stated that CI proposals did not always include all elements required by campus policy due to minor oversight during the proposal review process.

Incomplete CI proposals increase the risk that CI may operate without meeting the academic and strategic mission of the campus and that campus resources will not be used wisely.

**Recommendation 2**

We recommend that the campus include all elements required by campus policy in CI proposals.

**Campus Response**

The campus concurs with this recommendation. The provost and associate provost for research will work with the faculty senate to ensure that all elements required by campus policy are included in CI proposals.

Implementation date: March 31, 2014

**CENTER REVIEW**

CI annual reports and periodic reviews were not adequately documented and were not always submitted in a timely manner.

We reviewed ten centers and found that:

- The annual report template did not include signature and date fields, and therefore, we were unable to determine whether they were submitted to the appropriate reporting person by the deadlines established in campus policy. Additionally, four annual reports were not submitted to the faculty senate by the deadlines established in campus policy.

- Three annual reports did not include the reporting person’s recommendations or review, and none included the methods used to review and verify the information contained in the report.

- Documentation of the EPRC’s periodic five-year reviews of centers did not include evaluation criteria and outcomes. Also, four of five EPRC review reports were not sent to the president as required by campus policy; no documentation of the fifth review could be located.

CSUSB FSD 87-17.R4, *Policy Guidelines for the Formation and Review of Institutes and Centers*, revised 2011, states that the ancillary unit will submit an annual report of activities for the previous academic year to the unit’s reporting person and provost/vice president of academic affairs (VPAA). The unit’s reporting person will forward the unit’s annual report with his/her recommendations by December 15 to the faculty senate office and provost/VPAA. The policy also states that the EPRC will evaluate the unit in meeting the goals and objectives outlined in the original approved proposal; the effective use of all internal university support; and the success of obtaining external support and the use of that support. The report of the EPRC shall be submitted, as completed, to the provost, unit
reporting person, relevant college dean, director(s), sponsored programs, executive committee, and president by April 30.

The EPRC chair stated that the annual report template had been created in an effort to streamline the annual reporting and review process, but during the creation of the template, details such as signatures and dates of the preparer and reviewer were left out. He also stated that EPRC’s periodic five-year reviews consisted solely of an evaluation of the last five annual reports because immediate oversight, which included verification of report information, was the responsibility of the reporting person. He further stated his belief that emailing results of EPRC reviews to the provost/VPAA, and not the president, was sufficient.

Inadequate documentation of reviews and untimely submission of reports decreases the opportunity to identify areas needing improvement in a timely manner.

**Recommendation 3**

We recommend that the campus:

a. Revise the annual report template to include signature and date fields, and complete and submit annual reports to the appropriate reporting person and the faculty senate by the deadlines established in campus policy.

b. Include the reporting person’s recommendations and review and the methods used to review and verify information in all annual reports.

c. Include evaluation criteria and outcomes in documentation of the EPRC’s periodic five-year reviews, and send the report to the president as required by campus policy.

**Campus Response**

The campus concurs with this recommendation.

a. The provost and associate provost for research will work with the faculty senate to revise the annual report template to include signature and date fields and ensure that annual reports are completed and submitted to the appropriate reporting person and the faculty senate by the deadlines established in the campus policy. The associate provost for research will check in January of each year to see whether annual reports have been submitted by the deadlines (December 15) established in Senate Policy FSD 87-17.R4 (now renumbered as Senate Policy 105.4).

Implementation date: March 31, 2014

b. The provost and associate provost for research will work with the faculty senate to revise the annual report template to include the reporting person’s recommendations and review and the methods used to review and verify information in all annual reports.
Implementation date: March 31, 2014

c. The provost and associate provost for research will work with the faculty senate to include evaluation criteria and outcomes in documentation of the EPRC’s periodic five-year reviews, and assure that the report is sent to the president as required by campus policy.

Implementation date: March 31, 2014

CENTER FISCAL CONTROLS

HOSPITALITY FORMS

Hospitality forms were not always completed as required by campus policy.

We reviewed supporting documentation for 18 disbursements, and we found that hospitality forms were not completed for two catering expenditures funded through discretionary sponsored program funds and gift funds.

ICSUAM §1301.00, Hospitality, Payment or Reimbursement of Expenses, last revised December 15, 2011, states that each campus and auxiliary must develop and document appropriate approval processes.

CSUSB Hospitality Policy, revised April 16, 2001, requires that a hospitality expense payment/reimbursement form must be completed whenever food or beverages are served for the purpose of extending hospitality in connection with official university and/or auxiliary business.

The auxiliary financial services director stated that hospitality forms were not used for sponsored program expenditures at the request of the sponsored programs administration (SPA) director because SPA does not identify the expenditures as hospitality expenses for budget purposes.

Inadequate documentation and approval of hospitality expenditures increases the likelihood of unauthorized or inappropriate expenditures.

Recommendation 4

We recommend that the campus either enforce the requirement for hospitality forms to be completed or revise the campus hospitality policy to reflect current practices. If sponsored program expenditures are excluded from the policy, then SPA should develop and document approval processes that are specific to sponsored program funds.

Campus Response

The campus concurs with this recommendation. The campus will revise the existing state hospitality policy to reflect current practices and will exclude sponsored programs and all other auxiliaries from the policy. University Enterprises Corporation (UEC) will continue to follow the written procedures
on meals and refreshments on sponsored projects, which was updated in June 2013. These written procedures were established to comply with federal requirements (OMB 2CFR 220).

Implementation date: Completed

**CONTRACT AUTHORIZATION**

Contracts were not always signed by individuals with documented delegation of authority.

We reviewed 18 disbursements and found that three contracts totaling $80,875 were signed by center directors without documented delegation of authority.

CSUSB Faculty Administrative Manual 950, *Administration of Sponsored Programs Activities*, dated January 5, 1998, states that as the formal recipient of university grants and contracts, the foundation has primary responsibility to provide overall fiscal management, and it is obligated to ensure that all institutional parties to the project are in full compliance with foundation, university, and governmental policies and regulations.

Title 5 §42401 and §42402 indicate that the campus president shall require that auxiliary organizations operate in conformity with policy of the Board of Trustees and the campus. One of the objectives of the auxiliary organizations is to provide fiscal procedures and management systems that allow effective coordination of the auxiliary activities with the campus in accordance with sound business practices. Sound business practice mandates that business arrangements be supported by complete and properly executed written agreements.

The auxiliary financial services director stated that auxiliary financial services had not been informed of the contracts until disbursement requests were received.

The lack of appropriate delegations of authority for contracting increases the possibility of unauthorized or invalid contracts and imposes an additional liability on the campus.

**Recommendation 5**

We recommend that the campus allow only those individuals with documented delegation of authority to sign contracts.

**Campus Response**

The campus concurs with this recommendation. The campus will allow only those individuals with documented delegation of authority to sign contracts. UEC has developed a new *Procedure for Signature Authority on a Sponsored Project*, which was adopted in May 2013 and grants signature authority to principal investigators for specific activities, such as catering and event contracts for on/off campus events.

Implementation date: Completed
SENSITIVE EQUIPMENT

UEC did not have a policy for tagging and tracking sensitive equipment, and it did not track any computing equipment valued under $5,000.

We noted that three pieces of sensitive equipment worth a total of $5,275 were not tagged or tracked.

ICSUAM §8065, Information Asset Management, effective April 19, 2010, states that campuses must maintain an inventory of information assets containing level 1 or level 2 data as defined in the CSU data classification standard. These assets must be categorized and protected throughout their entire life cycle, from origination to destruction.

EO 698, Board of Trustees Policy for The California State University Auxiliary Organizations, dated March 3, 1999, states that the review of auxiliary organizations will be used to determine appropriate separation of duties, safeguarding of assets, and reliability and integrity of information.

Title 5 §42401 and §42402 indicate that the campus president shall require that auxiliary organizations operate in conformity with policy of the Board of Trustees and the campus. One of the objectives of the auxiliary organizations is to provide fiscal procedures and management systems that allow effective coordination of the auxiliary activities with the campus in accordance with sound business practices. Sound business practice mandates a security assessment of auxiliary systems and an inventory of protected information residing on systems.

The SPA director stated that she was unaware that a policy for sensitive equipment was required.

Inadequate accountability for assets, especially those that contain personal confidential information or have access to such protected information, increases the risk of loss and inappropriate use of auxiliary resources and increases exposure to information security breaches.

Recommendation 6

We recommend that the campus, in coordination with UEC, develop and implement a policy for tagging and tracking sensitive equipment at UEC.

Campus Response

The campus concurs with this recommendation. At the September 18, 2013, meeting of the UEC Advisory Board, a new policy was approved regarding tracking of equipment, including sensitive equipment.

Implementation date: Completed

SIGNATURE AUTHORIZATION FORMS

Signature authorization forms were not always updated in a timely manner.
We reviewed signature authorization forms for nine funds, and we found that two did not reflect changes in personnel.

SAM §20050 states that one of the elements of a satisfactory system of internal accounting and administrative controls is a system of authorization and recordkeeping procedures adequate to provide effective accounting control over assets, liabilities, revenues and expenditures.

CSUSB Policy for the Administration of Grants and Contracts in Support of Sponsored Programs §3.5.2, dated October 11, 2004, states that the sponsored programs administrator is responsible for ensuring that appropriate procedures are in place to define and document approval authority and maintain proper accounting and control of all cash receipts.

The SPA director and the accounting director stated that center directors were instructed to inform the appropriate accounting department when signature cards required updates, and these two instances were due to oversight.

Inadequate maintenance of signature authorization forms increases the risk of unauthorized use of funds.

Recommendation 7

We recommend that the campus update signature authorization forms in a timely manner.

Campus Response

The campus concurs with this recommendation. The campus will update signature authorization forms in a timely manner. Our Campus Trust Fund Fact Sheet Guidelines now states, “It is the responsibility of the campus department to submit revised trust agreement documentation as needed to provide updates for file records to reflect current information.” An email will go out to the campus to remind them of this responsibility. UEC has developed a new Procedure for Signature Authority on a Sponsored Project, which was adopted in May 2013.

Implementation date: Completed
## APPENDIX A: PERSONNEL CONTACTED

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
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<tbody>
<tr>
<td>Tomás D. Morales</td>
<td>President</td>
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<tr>
<td>Deletta Anderson</td>
<td>Director, Accounting</td>
</tr>
<tr>
<td>Dayna Brown</td>
<td>Confidential Administrative Support, Office of the Vice President</td>
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<tr>
<td></td>
<td>for Administration and Finance</td>
</tr>
<tr>
<td>Monica Brule</td>
<td>Assistant Director, Inland Empire Center for Entrepreneurship (IECE)</td>
</tr>
<tr>
<td>Debbie Burns</td>
<td>Assistant Vice President, Auxiliary and Business Services</td>
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<tr>
<td></td>
<td>and Risk Management</td>
</tr>
<tr>
<td>Carolyn Eggleston</td>
<td>Director, Center for the Study of Correctional Education</td>
</tr>
<tr>
<td>Davida Fischman</td>
<td>Director, Center for Enhancement of Mathematics Education (CEME)</td>
</tr>
<tr>
<td>Robert Gardner</td>
<td>Vice President, Administration and Finance</td>
</tr>
<tr>
<td>Genee Grimmett</td>
<td>Business Manager, CEME</td>
</tr>
<tr>
<td>Kathy Hansen</td>
<td>Director, Procurement and Support Services</td>
</tr>
<tr>
<td>Lisa Iannolo</td>
<td>Director, Auxiliary Financial Services</td>
</tr>
<tr>
<td>Shannon Kelley</td>
<td>Manager, Accounts Payable</td>
</tr>
<tr>
<td>Christina Massey</td>
<td>Administrative Analyst/Specialist, Faculty Senate Office</td>
</tr>
<tr>
<td>Vincent McCoy</td>
<td>Director, Small Business Development Center, IECE</td>
</tr>
<tr>
<td>Chris Naticchia</td>
<td>Chair, Educational Policy and Resources Committee</td>
</tr>
<tr>
<td>Cara Pham</td>
<td>Administrative Support Coordinator, Risk Management</td>
</tr>
<tr>
<td>Michelle Skiljan</td>
<td>Director, Women’s Business Center, IECE</td>
</tr>
<tr>
<td>Michael Stull</td>
<td>Director, IECE</td>
</tr>
<tr>
<td>Jeffrey Thompson</td>
<td>Associate Provost for Academic Research</td>
</tr>
<tr>
<td>Diane Trujillo</td>
<td>Director, Sponsored Programs Administration</td>
</tr>
<tr>
<td>Jodie Ullman</td>
<td>Chair, Faculty Senate</td>
</tr>
<tr>
<td>Sarah Winter</td>
<td>Assistant Director, CEME</td>
</tr>
<tr>
<td>Mike Zachary</td>
<td>Internal Auditor, Administration and Finance</td>
</tr>
</tbody>
</table>
MEMORANDUM

DATE: October 29, 2013

TO: Larry Mandel
University Auditor
The California State University

FROM: Bob Gardner, Vice President for Administration and Finance

SUBJECT: Campus Response to
Centers and Institutes Audit – Report No. 13-39
California State University, San Bernardino

Enclosed is the campus response to CSUSB's Centers and Institutes Audit – Report No. 13-39.

Please contact me with any questions you may have.

Thank you.

C: Tomás Morales
Andrew Bodman
Jeff Thompson

Enclosure
CENTERS AND INSTITUTES

CALIFORNIA STATE UNIVERSITY,
SAN BERNARDINO

Audit Report 13-39

CAMPUS ADMINISTRATION

Recommendation 1

We recommend that the campus:

a. Clearly identify the campus office with overall responsibility for overseeing campus CI and ensuring CI compliance with campus policies and procedures.

b. Document the determination by the campus president or designee as to whether the campus or an auxiliary organization should receive proprietorship over CI, including acceptance of both the risks and rewards associated with ownership.

c. Update campus CI policy to provide specific guidance in regard to ownership of component activities and program funds and specific operating policies and procedures for CI, and determine and document whether CI should operate under campus, auxiliary, or other relevant policies and procedures.

d. Update campus policy for CI to address discontinuance of CI, such as the handling of residual funds and property.

Campus Response

The campus concurs with this recommendation.

a. The Provost has appointed the Associate Provost for Research with overall responsibility for overseeing campus CI and ensuring CI compliance with campus policies and procedures.

Implementation date: Completed

b. The campus will document the determination by the campus President, or designee, as to whether the campus or an auxiliary should receive proprietorship over CI, including acceptance of both the risks and rewards associated with ownership.

Implementation date: March 31, 2014

c. The Provost and Associate Provost for Research will work with the Faculty Senate to update Senate Policy FSD 87-17.R4 (now renumbered as Senate Policy 105.4) to provide specific guidance in regard to ownership of component activities and program funds and specific
operating policies and procedures for CI, and determine and document whether CI should operate under campus, auxiliary, or other relevant policies and procedures.

Implementation date: March 31, 2014

d. The Provost and Associate Provost for Research will work with the Faculty Senate to update Senate Policy FSD 87-17.R4 (now renumbered as Senate Policy 105.4) to address discontinuance of CI, such as the handling of residual funds and property.

Implementation date: March 31, 2014

CENTER ADMINISTRATIVE CONTROLS

CENTER ESTABLISHMENT

Recommendation 2

We recommend that the campus include all elements required by campus policy in CI proposals.

Campus Response

The campus concurs with this recommendation. The Provost and Associate Provost for Research will work with the Faculty Senate to ensure that all elements required by campus policy are included in CI proposals.

Implementation date: March 31, 2014

CENTER REVIEW

Recommendation 3

We recommend that the campus:

a. Revise the annual report template to include signature and date fields, and complete and submit annual reports to the appropriate reporting person and the faculty senate by the deadlines established in campus policy.

b. Include the reporting person’s recommendations and review and the methods used to review and verify information in all annual reports.

c. Include evaluation criteria and outcomes in documentation of the EPRC’s periodic five-year reviews, and send the report to the president as required by campus policy.

Campus Response

The campus concurs with this recommendation.

a. The Provost and Associate Provost for Research will work with the Faculty Senate to revise the annual report template to include signature and date fields, and ensure that annual reports are
completed and submitted to the appropriated reporting person and the faculty senate by the
deadlines established in the campus policy. The Associate Provost for Research will check in
January of each year to see if annual reports have been submitted by the deadlines (December 15)
established in Senate policy FSD 87-17.R4 (now renumbered as Senate Policy 105.4).

Implementation date: March 31, 2014

b. The Provost and Associate Provost for Research will work with the Faculty Senate to revise the
annual report template to include the reporting person’s recommendations and review and the
methods used to review and verify information in all annual reports.

Implementation date: March 31, 2014

c. The Provost and Associate Provost for Research will work with the Faculty Senate to include
evaluation criteria and outcomes in documentation of the EPRC’s periodic five-year reviews, and
assure that the report is sent to the president as required by campus policy.

Implementation date: March 31, 2014

CENTER FISCAL CONTROLS

HOSPITALITY FORMS

Recommendation 4

We recommend that the campus either enforce the requirement for hospitality forms to be completed
or revise the campus hospitality policy to reflect current practices. If sponsored program expenditures
are excluded from the policy, then SPA should develop and document approval processes that are
specific to sponsored program funds.

Campus Response

The campus concurs with this recommendation. The campus will revise the existing state hospitality
policy to reflect current practices, and will exclude Sponsored Programs and all other auxiliaries from
the policy. UEC will continue to follow the written procedures on Meals and Refreshments on
Sponsored Projects which was updated in June 2013. These written procedures were established to
comply with federal requirements (OMB 2CFR 220).

Implementation date: Completed

CONTRACT AUTHORIZATION

Recommendation 5

We recommend that the campus allow only those individuals with documented delegation of
authority to sign contracts.
Campus Response

The campus concurs with this recommendation. The campus will allow only those individuals with documented delegation of authority to sign contracts. UEC has developed a new *Procedure for Signature Authority on a Sponsored Project*, which was adopted May 2013 and grants signature authority to principal investigators for specific activities, such as catering and event contracts for on/off campus events.

Implementation date: Completed

**SENSITIVE EQUIPMENT**

Recommendation 6

We recommend that the campus, in coordination with UEC, develop and implement a policy for tagging and tracking sensitive equipment at UEC.

Campus Response

The campus concurs with this recommendation. At the September 18, 2013, meeting of the UEC Advisory Board, a new policy was approved regarding tracking of equipment, including sensitive equipment.

Implementation date: Completed

**SIGNATURE AUTHORIZATION FORMS**

Recommendation 7

We recommend that the campus update signature authorization forms in a timely manner.

Campus Response

The campus concurs with this recommendation. The campus will update signature authorization forms in a timely manner. Our *Campus Trust Fund Fact Sheet Guidelines* now states, “It is the responsibility of the campus department to submit revised trust agreement documentation as needed to provide updates for file records to reflect current information.” An email will go out to the campus to remind them of this responsibility. UEC has developed a new *Procedure for Signature Authority on a Sponsored Project*, which was adopted in May 2013.

Implementation date: Completed
November 7, 2013

MEMORANDUM

TO: Mr. Larry Mandel
    University Auditor

FROM: Timothy P. White
      Chancellor

SUBJECT: Draft Final Report 13-39 on Centers and Institutes,
         California State University, San Bernardino

In response to your memorandum of November 7, 2013, I accept the response
as submitted with the draft final report on Centers and Institutes, California State University, San Bernardino.

TPW/amd