INTERNATIONAL PROGRAMS
SAN FRANCISCO STATE UNIVERSITY

Audit Report 12-52
September 26, 2012

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<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>AA</td>
<td>Academic Affairs</td>
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<tr>
<td>ALI</td>
<td>American Language Institute</td>
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<tr>
<td>CE</td>
<td>Continuing Education</td>
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<tr>
<td>CEL</td>
<td>College of Extended Learning</td>
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<tr>
<td>CO</td>
<td>Chancellor’s Office</td>
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<td>CSU</td>
<td>California State University</td>
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<tr>
<td>CSURMA</td>
<td>California State University Risk Management Authority</td>
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<td>EE</td>
<td>Extended Education</td>
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<tr>
<td>EO</td>
<td>Executive Order</td>
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<tr>
<td>ICSUAM</td>
<td>Integrated California State University Administrative Manual</td>
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<td>MOU</td>
<td>Memorandum of Understanding</td>
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<td>OUA</td>
<td>Office of the University Auditor</td>
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<tr>
<td>SAM</td>
<td>State Administrative Manual</td>
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<tr>
<td>SFSU</td>
<td>San Francisco State University</td>
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EXECUTIVE SUMMARY

As a result of a systemwide risk assessment conducted by the Office of the University Auditor (OUA) during the last quarter of 2011, the Board of Trustees, at its January 2012 meeting, directed that International Programs be reviewed. The OUA had previously reviewed Off-Campus Activities in 2009.

We visited the San Francisco State University campus from June 18, 2012, through July 27, 2012, and audited the procedures in effect at that time.

Our study and evaluation revealed certain conditions that, in our opinion, could result in significant errors and irregularities if not corrected. Specifically, the campus did not maintain adequate internal control over the following areas: contracts for international student recruiters, study-abroad programs for students, and fiscal administration and controls. These conditions, along with other weaknesses, are described in the executive summary and body of this report. In our opinion, except for the effect of the weaknesses described above, the operational and administrative controls for international programs in effect as of July 27, 2012, taken as a whole, were sufficient to meet the objectives stated in the “Purpose” section of this report.

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.

GENERAL ENVIRONMENT [7]

Short-term study-abroad programs were not always approved by the president or his/her designee with a written delegation of authority.

PROGRAMS FOR INTERNATIONAL STUDENTS [7]

Contracts with international-student recruiters needed improvement. Specifically, certain recruitment contracts at the American Language Institute (ALI) included provisions for tuition collection and commission payments that were inconsistent with actual ALI practices. In addition, contracts did not always specify commission payment terms in the event a recruited student withdrew from the program.

STUDY-ABROAD PROGRAMS [8]

The campus did not obtain written approval from the chancellor for a short-term study-abroad trip to a high-hazard country. Also, the campus did not maintain evidence showing that students participating in short-term study-abroad programs had attended a pre-departure orientation. Additionally, documentation supporting College of Extended Learning (CEL) short-term study-abroad programs was not always
properly completed or maintained. Further, administration of third-party providers for short-term study-abroad programs needed improvement. For example, the campus had not developed procedures for the review and approval of third-party short-term study-abroad program providers or created a list of approved third-party program providers that clearly stated the criteria used for approval. In addition, a potential conflict of interest was identified in one CEL short-term study-abroad program.

**FISCAL ADMINISTRATION AND CONTROLS [13]**

Fiscal administration of CEL short-term study-abroad programs needed improvement. Specifically, the CEL short-term travel study program budget for fiscal year 2010/11 was incomplete, the campus was unable to locate the budget for certain summer study-abroad programs, payments for tuition and/or insurance premiums were not always collected before trip completion, and reconciliations between the actual participant attendance and the insurance premiums charged by risk management were not always performed on a timely basis.
INTRODUCTION

BACKGROUND

The Academic Council on International Programs, created by the Board of Trustees on July 9, 1969, as part of the Policy for the California State Colleges International Programs, promotes campus participation in international program policy development and ensures regular communication between campuses and the Office of International Programs at the chancellor’s office (CO). The council is composed of one faculty representative appointed by each of the 23 campuses in a procedure established by the local academic senate and four student members who each serve a one-year term.

California State University (CSU) policies that address the creation and proper administration of campus-based international programs include Executive Order (EO) 744, State Funded Campus Based Study Abroad Programs, and EO 745, Self-Support Campus Based Study Abroad Programs, dated June 7, 2000. Both EOs delegate authority to the campus presidents to establish study-abroad programs and provide broad curricula guidelines, and EO 745 makes the distinction that credit-bearing self-support programs are those that rely exclusively on non-state general funds and are administered by continuing education (CE) or extended education (EE).

Student exchange programs are authorized in EO 605, Delegation of Authority to Approve International Student Exchanges, Tuition Waivers for International Students, and Tuition Waivers for Nonresident U.S. Graduate Students, dated July 21, 1993. This policy outlines the campus presidents’ authority to initiate agreements with foreign institutions and allows the president to waive the tuition of the incoming foreign students if the agreement dictates that comparable expenses are waived or met by the foreign entity entering into the agreement. Coded memorandum Academic Affairs (AA) 2011-01, Campus Compliance with Study Abroad Programs, dated January 11, 2011, clarifies the campus responsibility to define the terms under which equivalence is maintained and directs campuses to maintain records documenting the reciprocity.

Access to Excellence, the strategic plan adopted by the CSU system in 2008, pledges to increase student access and success, meet state needs for economic and civic development, and sustain institutional excellence. As part of the plan, the CSU commits to enhancing opportunities for global awareness by building strong and effective international programs and supporting faculty work that internationalizes the curricula.

The accompanying Access to Excellence Accountability Plan includes broad commitments to support, encourage, and promote study-abroad programs and partnerships with international universities. It also sets forth plans to provide a clear policy framework governing international programs and the creation of international partnerships, as well as appropriate indicators and metrics to gauge the progress of the system and the individual campuses toward the globalization goal.

Other CSU policies address the risks involved with student and other participant travel. EO 1041, California State University Student Travel Policy, dated May 29, 2009; EO 1069, Risk Management and Public Safety, dated March 1, 2012; and EO 1051, CSU Use of Approved Waiver of Liability, dated September 1, 2010, include, among other things, guidelines for the selection of air or ground carriers for student travel, requirements for student travel-related insurance, and provisions for notifying participants of risks and obtaining waivers of liability.
Third-party providers also offer study-abroad opportunities to CSU students. The CO addresses proper due diligence in the selection of these vendors and examples of acceptable and unacceptable practices for individuals involved in that selection process in EO 1022, *Study Abroad through Non-CSU Providers*, dated September 24, 2007, and an accompanying coded memorandum, AA-2007-25, *Third Party Program Provider Study Abroad and Administrative Safeguards*, dated September 24, 2007. Additionally, institutions that issue forms allowing foreign students (both matriculating in the university and non-matriculating in CE or EE courses) to obtain the appropriate visas are subject to Department of Homeland Security, Immigration and Customs Enforcement, or Department of State regulations.

In 2010, the Office of the University Auditor conducted an audit of *Off-Campus Activities* at nine campuses and issued a systemwide report. The report noted issues related to participant documentation, execution and maintenance of program agreements, exchange reciprocity, and student travel. Several of the recommendations from the resulting systemwide report were incorporated into AA 2011-01 and EO 1051, *CSU Use of Approved Waiver of Liability*, dated September 1, 2010.
Our overall audit objective was to ascertain the effectiveness of existing policies and procedures related to international programs and to determine the adequacy of controls that ensure compliance with relevant governmental regulations, Trustee policy, Office of the Chancellor directives, and campus procedures.

Within the audit objective, specific goals included determining whether:

- Accountability for international programs has been clearly defined and documented, including delineation of roles and responsibilities, formulation of appropriate policies and procedures, and measurement of outcomes.
- The campus has established an adequate system for mitigating the risks in campus-based international programs.
- Study-abroad and exchange programs offered to students are selected, monitored, and administered according to CSU guidelines.
- Agreements with third-party providers of study-abroad and exchange programs and international student recruiters are investigated, reviewed, and approved according to CSU standards.
- Non-matriculating programs offered to international students meet regulatory and CSU requirements for scope, suitability, admissions, and administration.
- The campus is meeting the certification, programmatic, and record-keeping requirements of the Student and Exchange Visitor Program, Department of Homeland Security, and Department of State as a qualified institution for international students.
- Fiscal administration of international programs is in accordance with regulatory and CSU guidelines.
- Systems and applications administered by departments in charge of international programs are adequately controlled and secured, and access rights are granted on a need-to-know basis.
SCOPE AND METHODOLOGY

The proposed scope of the audit as presented in Action Item, Agenda Item 2 of the January 24 and 25, 2012, meeting of the Committee on Audit stated that International Programs includes a review of CSU students abroad and international students and visitors attending the CSU. Proposed audit scope would include, but was not limited to, review of program approvals, fiscal administration, and controls; risk management processes; curriculum and credit transfers; utilization of third-party providers; compliance with U.S. Department of State and other regulatory international travel requirements; and processes used to recruit international students, verify student credentials, and provide support on campus.

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 accounting 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 policies, letters, and directives. The audit focused on procedures in effect from January 1, 2010, through June 1, 2012.

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

- The development and maintenance of policies and procedures adequate to ensure compliance with CSU and regulatory requirements.
- Due diligence processes for study-abroad or exchange programs offered to students, both those established by the campus staff and those offered via third-party vendors.
- Methods by which the campus reviews student records to ensure that all required documentation, including emergency contacts and medical insurance, are obtained by and retained on the campus.
- Campus processes ensuring that outgoing study-abroad students and incoming foreign students participating in international programs are provided with crucial and required information at appropriate intervals.
- Procedures to ensure that the campus shows evidence of proper processing of foreign student visa form requirements.
- Budgets and financial records of self-support programs.
OBSERVATIONS, RECOMMENDATIONS, AND CAMPUS RESPONSES

GENERAL ENVIRONMENT

Short-term study-abroad programs were not always approved by the president or his/her designee with a written delegation of authority.

We reviewed five short-term study-abroad programs offered through the College of Extended Learning (CEL), and we found that none had been approved by the president or his/her designee.

Executive Order (EO) 745, Self-Support Campus Based Study Abroad Programs, dated June 7, 2000, states that the president of the campus or his/her designee may initiate self-supporting campus-based study-abroad programs.

Coded Memorandum Academic Affairs (AA) 2011-1, Campus Compliance with Study Abroad Policy, dated January 11, 2011, states that a written delegation of authority should be on file if someone other than the president is approving these programs.

The interim director of CEL stated that management had assumed that the signature of the provost was sufficient authorization for short-term study-abroad programs and that she was unaware that the programs required presidential authorization.

Failure to obtain proper authorization for short-term study-abroad programs increases the risk of misunderstandings and potential legal liabilities.

Recommendation 1

We recommend that the campus obtain approval for all short-term study-abroad programs from the president or his/her designee with a written delegation of authority.

Campus Response

We will create a written delegation of authority for short-term study-abroad programs signed by the president.

Estimated completion date: November 30, 2012

PROGRAMS FOR INTERNATIONAL STUDENTS

Contracts with international-student recruiters needed improvement.

We reviewed four contracts between international student recruiters and the campus’ American Language Institute (ALI) and found that:
Three contracts contained provisions for tuition collection and commission payments that were inconsistent with actual ALI practices.

None of the contracts specified commission payment terms in the event a recruited student withdrew from the program.

Integrated California State University Administrative Manual (ICSUAM) §5233, *Risk Allocation and Performance Assurance*, dated April 20, 2004, states that contracts should be formed to ensure the fair and reasonable allocation of risk and to assure satisfactory performance by the contractor. It further states that the requirements for successful contract performance should be clearly defined within the contract documents.

The ALI director stated that the institute was aware of the discrepancies between the contract terms and actual practices and had clarified the terms via emails to the agencies. She further stated that due to the low number of students who have enrolled via the recruitment contracts, the revisions to the contracts had not been a high priority.

Failure to maintain complete and accurate contracts increases the risk of misunderstandings and potential legal liabilities and undermines the financial interests of the program.

**Recommendation 2**

We recommend that the campus amend contracts between international-student recruiters and the ALI to ensure that:

a. Terms for tuition collection and commission payments are consistent with actual ALI practices.

b. Commission payment terms are specified in the event a recruited student withdraws from the program.

**Campus Response**

Following the audit, the contract terms of existing contracts for tuition collection and commission payments were amended to be consistent with actual ALI practices. Additionally, specific reference was made in the contracts to address commission payment terms in the event a recruited student withdraws from the program.

**STUDY-ABROAD PROGRAMS**

**CHANCELLOR APPROVAL FOR HIGH-RISK TRAVEL**

The campus did not obtain written approval from the chancellor for a short-term study-abroad trip to a high-hazard country.
We found that the campus received an email from a California State University Risk Management Authority (CSURMA) insurance administrator confirming the chancellor’s approval for a short-term study-abroad trip to Cuba, but it did not obtain written approval from the chancellor.

EO 998, Study Abroad Programs, dated January 25, 2007, states that study-abroad programs may not operate in countries where there is a U.S. State Department Travel Warning, unless specifically excepted by the chancellor.

Coded Memorandum Risk Management 2011-03, Foreign Travel Insurance Program – Requirement to Purchase, dated March 7, 2011, states that travel to countries on the U.S. State Department Travel Warning List or countries deemed high-hazard risk require the approval of the chancellor. The interim director of CEL stated that the failure to obtain the chancellor’s written approval was due to oversight.

Failure to obtain proper approval for short-term study-abroad trips to high-hazard countries increases the risk to the health and safety of campus participants and increases potential legal liabilities.

Recommendation 3

We recommend that the campus obtain the chancellor’s written approval short-term for study-abroad trips to high-hazard countries.

Campus Response

This requirement has been included in the faculty handbook. A procedure will be developed by risk management to ensure evidence of approval is obtained.

Estimated completion date: November 30, 2012

PRE-DEPARTURE ORIENTATIONS

The campus did not maintain evidence showing that students participating in short-term study-abroad programs had attended a pre-departure orientation.

We reviewed five programs offered through the CEL and found that documentation of student attendance at pre-departure orientations had not been maintained for any of the programs.

EO 998, Study Abroad Programs, dated January 25, 2007, states that study-abroad programs must consider the health, safety, and security of students, staff, and faculty as a central feature of planning and operation. The policy further states that all California State University (CSU) study-abroad programs must include a pre-departure orientation about the destination including health, safety, security, legal exposures or political restrictions, financial information, and CSU or campus policies for study abroad.
San Francisco State University (SFSU) *Short Term Study Abroad Program Faculty Leader Handbook*, dated summer 2011, states that it is the responsibility of the faculty leader to conduct a pre-departure orientation within four weeks of the departure date of the trip.

State Administrative Manual (SAM) §20050 states that management is responsible for implementing controls that give reasonable assurance of adherence to managerial policies.

The interim director of CEL stated that staff considered the training provided to the faculty leading these programs sufficient to ensure that they understood the importance of the orientation sessions.

Failure to maintain evidence that study-abroad students attended a pre-departure orientation increases the risk to the health and safety of campus participants and increases potential legal liabilities.

**Recommendation 4**

We recommend that the campus maintain evidence showing that students participating in short-term study-abroad programs have attended a pre-departure orientation.

**Campus Response**

Faculty now submit the student pre-departure orientation sign-in sheets to CEL following the pre-departure orientations for short-term study-abroad programs. These sheets are retained by CEL.

**STUDY-ABROAD PROGRAM DOCUMENTATION**

Documentation supporting CEL short-term study-abroad programs was not always properly completed or maintained.

We reviewed five summer 2011 short-term study-abroad programs and found that:

- The course request form for one program did not include signatures from the department chair and the provost.
- The memorandum of understanding (MOU) between CEL, the faculty, and the co-sponsoring department had not been maintained for any of the five programs.

*SFSU Short Term Study Abroad Program Faculty Leader Handbook*, dated summer 2011, states that the faculty leader must complete and obtain approval on a course request form each time a course is offered. It further states that there must be a signed MOU between CEL, the co-sponsoring college, and the faculty leader each time the course is offered.

Coded Memorandum AA-2011-1, *Campus Compliance with Study Abroad Policy*, dated January 11, 2011, states that campuses must maintain all agreements and other documentation for all study-abroad and exchange programs.
EO 745, *Self-Support Campus Based Study Abroad Programs*, dated June 7, 2000, states that all study-abroad programs must undergo a normal on-campus development process that incorporates all administrative and academic reviews and approvals. It further states that these programs are subject to all related executive orders.

The interim director of CEL stated that certain standard procedures were overlooked during a period of transition within management at CEL.

Inconsistent documentation for the approval and administration of short-term study-abroad programs increases the risk of misunderstandings and potential legal liabilities.

**Recommendation 5**

We recommend that the campus:

a. Ensure that course request forms for short-term study-abroad programs include signatures from all required parties.

b. Maintain all MOUs between CEL, the faculty, and the co-sponsoring department for all short-term study-abroad programs.

**Campus Response**

Course request forms for short-term study-abroad programs now include signatures from all required parties. MOUs between CEL, the faculty, and the co-sponsoring department for all short-term study-abroad programs are now maintained.

**STUDY-ABROAD THIRD-PARTY PROVIDERS**

Administration of third-party providers for short-term study-abroad programs needed improvement.

We found that the campus had not developed:

- Procedures for the review and approval of third-party short-term study-abroad program providers. We reviewed two programs and found that neither had been subject to the required due diligence.

- A list of approved third-party program providers that clearly stated the criteria used for approval.

EO 1022, *Study Abroad Through Non-CSU Program Providers*, dated September 24, 2007, states that the campus should have a process for approving study-abroad program providers and deciding whether to enter into an agreement with a program provider. It further states that before the campus enters into an agreement, it should consider the academic and curricular offerings; the student support services; the health, safety, and security preparedness undertaken by the program provider; and the cost to the student.
Coded Memorandum AA 2007-25, *Third-Party Program Provider Study Abroad and Administrative Safeguards*, dated September 26, 2007, advises campuses to maintain a list of approved third-party-provided study-abroad programs that clearly states all criteria used in deciding to include those programs on the approved list. It further states that the criteria should include program offerings, student support services, program destination and curricular focus, and risk management issues.

The interim director of CEL stated that certain standard procedures were overlooked during a period of transition within management at CEL, and that previous management may not have been aware of the requirements to consider specific topics in the due diligence and to maintain the approved provider list.

Failure to conduct appropriate due diligence on third-party short-term study-abroad program providers increases the risk to the health and safety of campus participants and the risk of potential legal liabilities.

**Recommendation 6**

We recommend that the campus develop:

a. Procedures for the review and approval of third-party short-term study-abroad program providers.

b. A list of approved third-party program providers that clearly states the criteria used for approval.

**Campus Response**

We will develop a procedure for the review and approval of third-party short-term study-abroad providers as well as a list of approved providers.

Estimated completion: December 31, 2012

**CONFLICT OF INTEREST AND THIRD-PARTY PROVIDERS**

A potential conflict of interest was identified in a CEL short-term study-abroad program.

We found that the faculty leader for a short-term study-abroad trip, who was compensated by the third-party provider for leading the trip, was listed as an executive director on the provider’s website.

EO 1022, *Study Abroad through Non-CSU Program Providers*, dated September 24, 2007, states that in the course of cooperating with a program provider, neither a CSU campus nor any employee or agent of any CSU campus shall accept payments or other benefits in exchange for being an approved program.

Coded Memorandum AA-2007-25, *Third-Party Program Provider Study Abroad and Administrative Safeguards*, dated September 26, 2007, states that no CSU campus, and no employee or agent of CSU campus, shall serve as a paid consultant to any program provider or serve in a paid capacity on an advisory board to such a provider.
The California State University Conflict of Interest Handbook, revised April 2012, states that officers or employees shall not be financially interested in any contract made by them in their official capacity, or by any body or board of which they are members. It further states that this prohibition applies to all CSU officers and employees, including governing board members, and applies to any contract where the officer or employee has any financial interest, including being an officer, employee, agent, attorney, broker, supplier, landlord, or tenant of a contracting party.

The interim director of CEL stated that the program’s diligence process failed to detect the relationship between the leader and the vendor due to oversight, but that an investigation was launched once the issue was raised.

Contractual conflicts of interest increase the risk that the CSU’s best interests are not being considered and increase reputation and financial risk for the system.

**Recommendation 7**

We recommend that the campus continue the investigation into the faculty leader’s relationship with the third-party provider and resolve the issue in accordance with established CSU policies and procedures.

**Campus Response**

Human resources has completed the investigation into the faculty leader’s relationship with the third-party provider and has resolved the issue in accordance with established CSU policies and procedures.

**FISCAL ADMINISTRATION AND CONTROLS**

Fiscal administration of CEL short-term study-abroad programs needed improvement.

We found that the CEL short-term travel study program budget for fiscal year 2010/11 was incomplete, as it indicated all zeros in the original budget projections column. In addition, we reviewed financial records for five summer 2011 study-abroad programs and found that:

- The campus was unable to locate the budget for any of the five programs.
- Payments for tuition and/or insurance premiums were collected after trip completion for three of the programs.
- Reconciliations between the actual participant attendance and the insurance premiums charged by risk management were not performed on a timely basis for two of the programs. As a result, CEL overpaid insurance premiums for participants who withdrew from the programs.

EO 794, *Financial Management of Extended Education*, dated November 12, 2001, states that campus extended education budgets shall be prepared by the campus and shall be based upon
enrollment and revenue projections. It further states that it is the responsibility of the campus to monitor enrollments, revenues, and expenditures during any given fiscal year to assure the fiscal stability of its self-supporting instructional program.

SFSU Short Term Study Abroad Program Faculty Leader Handbook, dated summer 2011, states that CEL will handle all fiscal issues as they relate to the agreements between CEL and the co-sponsoring colleges. It further states that the leaders for short-term study-abroad programs are required to meet with the director of CEL or a designated coordinator to review program contents, budget, risk management issues, policies and procedures, and the program MOU.

SAM §7920 states that each agency is responsible to complete any reconciliation necessary to safeguard state assets and ensure reliable financial data.

ICSUAM §3102.11, Deposits and Transfers to the Banks, dated July 1, 2011, states that deposits must be made on a timely and secure basis.

The interim director of CEL stated that management and staff transitions contributed to some standard financial monitoring procedures being overlooked or delayed. She also stated that some of the timing discrepancies had legitimate explanations but that the program file documentation was insufficient to explain the exceptions to usual procedures.

Failure to monitor budgets and financial transactions increases the risk of financial loss and potential improprieties.

**Recommendation 8**

We recommend that the campus:

a. Develop a complete and accurate budget for the CEL short-term travel study program.

b. Create and maintain budgets for all short-term study-abroad programs.

c. Collect and deposit program-related payments prior to the commencement of a short-term study-abroad course.

d. Reconcile actual program attendance to insurance premiums charged by risk management on a timely basis.

**Campus Response**

Following the audit, we have taken steps to implement this recommendation. We have developed a complete and accurate budget for the CEL short-term travel study program. We have created and maintained budgets for all short-term study-abroad programs. Program-related payments are collected and deposited prior to the commencement of a short-term study-abroad course. Actual program attendance is now timely reconciled to insurance premiums charged by risk management.
## APPENDIX A: PERSONNEL CONTACTED

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
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<tbody>
<tr>
<td>Leslie E. Wong</td>
<td>President (Currently)</td>
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<tr>
<td>Robert A. Corrigan</td>
<td>President (At the time of audit)</td>
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<tr>
<td>Amy Brandt</td>
<td>Risk Management Associate</td>
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<tr>
<td>Linda Buckley</td>
<td>Interim Director, College of Extended Learning</td>
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<tr>
<td>Taver Chong</td>
<td>Associate Internal Auditor</td>
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<tr>
<td>Elaine Feng</td>
<td>Director, Fiscal Services, College of Extended Learning</td>
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<tr>
<td>Diana Fung</td>
<td>Admissions Coordinator, American Language Institute</td>
</tr>
<tr>
<td>Nancy Hayes</td>
<td>Vice President, Administration and Finance</td>
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<tr>
<td>Hildy Heath</td>
<td>Director, Office of International Programs</td>
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<tr>
<td>Michelle Hong</td>
<td>Assistant to the Associate Vice President, Division of International Education</td>
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<tr>
<td>Marilyn Jackson</td>
<td>Assistant Director, Office of International Programs</td>
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<tr>
<td>Richard Kay</td>
<td>Program Director, College of Extended Learning</td>
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<td>Noah Kuchins</td>
<td>International Exchange Programs Advisor</td>
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<td>Michael Martin</td>
<td>Executive Director, Safety, Risk Management and Human Resources Operations</td>
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<td>Agnes Wong Nickerson</td>
<td>Associate Vice President, Fiscal Affairs</td>
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<tr>
<td>Sandra Osumi</td>
<td>International Student Advisor, American Language Institute</td>
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<tr>
<td>Heather Boshear Robbins</td>
<td>Internal Auditor</td>
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<tr>
<td>Leah Rodrigues</td>
<td>Program Coordinator, College of Extended Learning</td>
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<tr>
<td>Kathy Sherak</td>
<td>Director, American Language Institute</td>
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<tr>
<td>David Wick</td>
<td>Coordinator, Study Abroad Services</td>
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<tr>
<td>Yenbo Wu</td>
<td>Associate Vice President for International Education</td>
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October 19, 2012

Larry Mandel
University Auditor
The California State University
401 Golden Shore
Long Beach, California 90802-4275

Dear Larry:

We have received Audit Report #12-52, International Programs, from your office and are providing our responses to the recommendations electronically as requested. Documentation demonstrating implementation of recommendations will be sent to you separately.

Please direct questions regarding the responses to Nancy K. Hayes, Vice President & CFO, Administration & Finance at 415-338-2521 or to Heather Boshears Robbins, Internal Auditor, at 415-405-4343.

Sincerely,

Dr. Les Wong
President

HBR/rd

Attachment

cc: Nancy K. Hayes, Vice President & CFO, Administration & Finance
    Heather Boshears Robbins, Internal Auditor
INTERNATIONAL PROGRAMS

SAN FRANCISCO STATE UNIVERSITY

Audit Report 12-52

GENERAL ENVIRONMENT

Recommendation 1

We recommend that the campus obtain approval for all short-term study-abroad programs from the president or his/her designee with a written delegation of authority.

Campus Response

We will create a written delegation of authority for short-term study-abroad programs signed by the president.

Estimated completion date: November 30, 2012

PROGRAMS FOR INTERNATIONAL STUDENTS

Recommendation 2

We recommend that the campus amend contracts between international-student recruiters and the ALI to ensure that:

a. Terms for tuition collection and commission payments are consistent with actual ALI practices.

b. Commission payment terms are specified in the event a recruited student withdraws from the program.

Campus Response

Following the audit, the contract terms of existing contracts for tuition collection and commission payments were amended to be consistent with actual ALI practices. Additionally, specific reference was made in the contracts to address commission payment terms in the event a recruited student withdraws from the program.
STUDY-ABROAD PROGRAMS

CHANCELLOR APPROVAL FOR HIGH-RISK TRAVEL

Recommendation 3

We recommend that the campus obtain the chancellor’s written approval short-term for study-abroad trips to high-hazard countries.

Campus Response

This requirement has been included in the faculty handbook. A procedure will be developed by risk management to ensure evidence of approval is obtained.

Estimated completion date: November 30, 2012

PRE-DEPARTURE ORIEN TATIONS

Recommendation 4

We recommend that the campus maintain evidence showing that students participating in short-term study-abroad programs have attended a pre-departure orientation.

Campus Response

Faculty now submit the student pre-departure orientation sign-in sheets to CEL following the pre-departure orientations for short-term study-abroad programs. These sheets are retained by CEL.

STUDY-ABROAD PROGRAM DOCUMENTATION

Recommendation 5

We recommend that the campus:

a. Ensure that course request forms for short-term study-abroad programs include signatures from all required parties.

b. Maintain all MOUs between CEL, the faculty, and the co-sponsoring department for all short-term study-abroad programs.

Campus Response

Course request forms for short-term study-abroad programs now include signatures from all required parties. MOUs between CEL, the faculty, and the co-sponsoring department for all short-term study-abroad programs are now maintained.
STUDY-ABROAD THIRD-PARTY PROVIDERS

Recommendation 6

We recommend that the campus develop:

a. Procedures for the review and approval of third-party short-term study-abroad program providers.
b. A list of approved third-party program providers that clearly states the criteria used for approval.

Campus Response

We will develop a procedure for the review and approval of third-party short-term study abroad providers as well as a list of approved providers.

Estimated completion: December 31, 2012

CONFLICT OF INTEREST AND THIRD-PARTY PROVIDERS

Recommendation 7

We recommend that the campus continue the investigation into the faculty leader’s relationship with the third-party provider and resolve the issue in accordance with established CSU policies and procedures.

Campus Response

Human Resources has completed the investigation into the faculty leader’s relationship with the third-party provider and has resolved the issue in accordance with established CSU policies and procedures.

FISCAL ADMINISTRATION AND CONTROLS

Recommendation 8

We recommend that the campus:

a. Develop a complete and accurate budget for the CEL short-term travel study program.
b. Create and maintain budgets for all short-term study-abroad programs.
c. Collect and deposit program-related payments prior to the commencement of a short-term study-abroad course.
d. Reconcile actual program attendance to insurance premiums charged by risk management on a timely basis.
Campus Response

Following the audit we have taken steps to implement this recommendation. We have developed a complete and accurate budget for the CEL short-term travel study program. We have created and maintained budgets for all short-term study-abroad programs. Program related payments are collected and deposited prior to the commencement of a short-term study-abroad course. Actual program attendance is now timely reconciled to insurance premiums charged by risk management.
November 14, 2012

MEMORANDUM

TO: Mr. Larry Mandel
    University Auditor

FROM: Charles B. Reed
      Chancellor

SUBJECT: Draft Final Report 12-52 on International Programs,
         San Francisco State University

In response to your memorandum of November 14, 2012, I accept the
response as submitted with the draft final report on International Programs,
San Francisco State University.

CBR/amd