

Audit and Advisory Services
401 Golden Shore
Long Beach, CA 90802-4210

August 18, 2021

Dr. Gayle E. Hutchinson, President
California State University, Chico
400 W. First Street
Chico, CA 95929

Dear Dr. Hutchinson:

Subject: Audit Report 20-04, Academic Personnel, California State University, Chico

We have completed an audit of *Academic Personnel* as part of our 2020-2021 Audit Plan, and the final report is attached for your reference. The audit was conducted in accordance with the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*.

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

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

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

Sincerely,



Vlad Marinescu
Vice Chancellor and Chief Audit Officer

c: Joseph I. Castro, Chancellor
Adam Day, Chair, Committee on Audit
Jane W. Carney, Vice Chair, Committee on Audit

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ACADEMIC PERSONNEL

California State University, Chico

Audit Report 20-04
August 18, 2021

EXECUTIVE SUMMARY

OBJECTIVE

The objectives of the audit were to ascertain the effectiveness of operational and administrative controls related to academic personnel and to ensure compliance with relevant federal and state regulations; Trustee policy; Office of the Chancellor (CO) directives; and campus procedures.

CONCLUSION

Based upon the results of the work performed within the scope of the audit, except for the weaknesses described below, the operational and administrative controls for academic personnel as of January 8, 2020, taken as a whole, provided reasonable assurance that risks were being managed and objectives were met.

Overall, we found that the office of academic personnel (OAPL) had established processes to address recruitment, hiring, and appointments; additional and outside employment; grievances and complaints; and separations. However, we noted opportunities for improvement in the administration of additional employment (AE), separations, and hiring practices. We found that some faculty members received AE assignments for work that was not outside of their normal responsibilities as a faculty unit employee, and some received AE and assigned time (AT) for the same activity. We further noted that approvals for AE were obtained late, often after the work period had already begun, and in some cases, AE was not approved at all. Additionally, we noted that some faculty members were paid as special consultants for AE assignments when they should have been paid as employees. We also noted that the campus faculty separation process needed improvement to ensure that all access to systems was removed, and any other required administrative steps were taken, to complete the faculty separation. Our review of files for separated faculty members revealed that notifications and checklists to show evidence of and confirm access termination and return of equipment were often missing. In addition, we noted that the administration of the recruitment and hiring process needed improvement, as appointment approvals were late or missing, and background checks and eligibility verifications were not timely conducted. We further noted that the campus did not have a process to monitor whether faculty was maintaining required licenses and professional certifications and could improve its posting of temporary faculty appointments.

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

OBSERVATIONS, RECOMMENDATIONS, AND RESPONSES

1. ADDITIONAL EMPLOYMENT AND ASSIGNED TIME

OBSERVATION

Administration of AE needed improvement.

Specifically, we found that:

- Some faculty members received AE assignments for work that was not outside of their normal responsibilities as a faculty unit employee.
- Some faculty members received AE and AT for the same activity.
- AE assignments were not properly or timely approved.
- Some faculty members were paid as special consultants for AE assignments when they should have been paid as employees.

The Unit 3 CBA allows for payment for AE in Article 36 and for AT in the section addressing workload, Article 20. AE is defined as any employment compensated by the California State University (CSU) that is in addition to the primary or normal employment of a faculty unit employee. AT, a component of overall faculty workload, allows for partial relief from teaching responsibilities for professional responsibilities other than teaching. Campus administrators in the academic units and the OAPL are responsible for ensuring that requests for AE and AT meet the conditions of the assignment and do not include tasks that are considered part of a faculty member's regular appointed duties. In addition, administrators should ensure that no faculty member is granted both AE and AT for the same activity.

For fiscal year 2019/20, the campus paid 426 faculty members a total of \$2,535,312 in AE. For each AE assignment requested, a department must complete an Academic Appointment Form (AAF) and receive approval from the department chair, college dean, OAPL, and faculty member before the work is performed. The OAPL makes the final determination as to whether the activity meets the conditions and requirements of the Unit 3 CBA before submitting forms to payroll for payment.

We reviewed 81 AE assignments for 15 faculty members from five of the seven campus colleges and found that:

- Seven faculty members received AE assignments for work that was not outside of their normal responsibilities as a faculty unit employee. The transactions represented \$5,041 in payments, and the described activities included participation in training on instructional methodology, participation in campus committees, mentoring colleagues, and other duties pursuant to campus policies.
- Two faculty members were paid a total of \$19,822 for four AE assignments and were concurrently granted eight weighted teaching units of AT for the same work. One of the

faculty members was granted AE and AT for serving as director of a program, and the other received AE and AT for research and professional development, the latter of which is not eligible for AE.

- 42 AE assignments for 14 faculty members were not approved before work began. The forms for these assignments were approved from three to 196 days late. In addition, for six AE transactions for five faculty members, the AAF form did not include all the required approvals.
- Six faculty members were paid as special consultants when they should have been paid as employees. In all six instances, questions on the form designed to test appropriate categorization of the employment indicated that the use of the special consultant designation was incorrect.
- Two AE payments meant to compensate a faculty member for summer work activities were paid in the spring semester prior to that summer.

Proper monitoring and administrative oversight of AE assignments can help to ensure compliance with systemwide policy and Unit 3 CBA requirements and provide information valuable in determination of resources and budgets.

RECOMMENDATION

We recommend that the campus:

- a. Review and update the process for administration of AE assignments to address the issues noted above and to include a thorough review to determine whether the proposed tasks are eligible for AE, to ensure that the faculty member is not also receiving AT for the activity, and to ensure that all required approvals are obtained before the work begins.
- b. Review and update processes that determine the payment categorization of faculty AE, ensuring that faculty are not being paid as special consultants when they should be paid as employees.

MANAGEMENT RESPONSE

We concur. The campus will:

- a. Review and update the process for administration of AE assignments to address the issues noted above and to include a thorough review for determining whether the proposed tasks are eligible for AE, to ensure that the faculty member is not also receiving AT for the activity, and to ensure that all required approvals are obtained before the work begins.
- b. Review and update processes that determine the payment categorization of faculty AE, ensuring that faculty are not being paid as special consultants when they should be paid as employees.

Completion date: January 15, 2022

2. SEPARATED EMPLOYEES

The campus faculty separation process needed improvement to ensure that all access to systems was removed, and any other required administrative steps were taken, to complete the faculty separation.

The faculty separation process at the campus required that the separating employee's department issue a notice of separation (NOS) via email to a NOS distribution list upon notice, and to submit to human resources a separation clearance form (SCF) confirming that all separation steps had been completed on the last day of employment. This process and the required forms were established during a working group project in 2018 that identified all areas that had the responsibility to take action when a faculty employee was separated from employment.

The NOS distribution list included administrators for major systems such as Peoplesoft, as well as up to 40 individuals within other departments who may have granted faculty members access to other applications necessary to conduct their responsibilities or had financial delegations or other records that needed to be revised with the separation. The distribution list included PeopleSoft security to remove access from all modules; financial services for updates to accounts payable and procurement systems or documents; the human resources service center for changes necessary to benefits, payroll, and professional development; library services; and the departments responsible for learning management systems and identification cards.

Those on the NOS distribution list were expected to terminate the faculty member's access to campus resources or revise documentation and reply to the NOS email as confirmation of completion. The procedures state that the academic department was to confirm that this process had been completed on the SCF, but the SCF did not specifically include a statement that the NOS responses were received and acted upon. Although campus human resources performed a quarterly audit to ensure that the NOS was sent and the SCF was subsequently received, there were no procedures in place to follow up with the areas identified as having potential access that needed to be terminated or documentation in need of completion.

Our review of 20 separated faculty employee records indicated that the process and the quarterly audit were not working effectively. We found that:

- Three did not include documentation showing that the NOS had been sent to the prescribed list.
- Ten did not include documentation showing that the SCF had been completed and signed by appropriate parties.
- Four were missing resignation letters or other employee acknowledgement of terminating status.

We separately requested proof that all PeopleSoft access was removed for all 20 individuals and determined that it had been, with no exception.

An effective process to ensure completion of all required steps for the separation of faculty employees, including termination of system access and other administrative changes, provides greater assurance that information assets are protected and other financial and administrative records are accurate.

RECOMMENDATION

We recommend that the campus:

- a. Review and update the process for faculty employee separations to ensure that all required system-access and administrative requirements are addressed.
- b. Review and update the quarterly audit process to ensure that it effectively identifies process outliers and includes steps for remediation.

MANAGEMENT RESPONSE

We concur. The campus will:

- a. Review and update the process for faculty employee separations to ensure that all required system-access and administrative requirements are addressed.
- b. Review and update audit process to ensure that it effectively identifies process outliers and includes steps for remediation.

Completion date: January 15, 2022

3. NEW-HIRE DOCUMENTATION

OBSERVATION

Required new-hire documentation was not consistently approved, completed and verified.

The requirements for hiring faculty are outlined in the Unit 3 CBA, Article 12, and in several systemwide policies. We reviewed the application, appointment, and due diligence documentation for 25 faculty members hired since January 1, 2019, and found that:

- In 19 instances, the faculty appointment letter had not been properly approved. In seven cases, the provost or their designee did not sign the letter until after the employment effective date; in ten cases, the faculty member did not sign the letter until after the employment effective date; and in two cases, required-party signatures were missing altogether.
- In six instances, the I-9 Employment Eligibility Verification form was not timely collected and verified. In five cases, the form was completed after the appointment effective date, and in one case, the I-9 information was not timely verified. HR-2020-01 requires that new employees complete the I-9 no later than the first day of employment and that employers certify compliance within three days of the of the employee's first day. If

subject to a Department of Homeland Security audit, the campus could be fined a minimum of \$234 per occurrence.

- In four instances, a background check was not requested before the faculty member's first day of employment. HR-2017-17 requires pre-appointment completion of background checks and states that candidates may not start work until the results are received and reviewed.

Approval, completion and verification of required hiring documentation provides assurance that all new hires meet technical and compliance qualifications and alleviates misunderstandings regarding employment conditions.

RECOMMENDATION

We recommend that the campus review and update the process for approving, completing and verifying new-hire documentation to address the issues noted above.

MANAGEMENT RESPONSE

We concur. The campus will review and update the process for approving, completing, and verifying new-hire documentation to address the issues noted above.

Completion date: January 15, 2022

4. LICENSE AND CERTIFICATION MONITORING

OBSERVATION

The campus did not have written procedures for verifying that academic personnel was maintaining required licenses and professional certifications.

Coded memorandum HR 2005-24 requires campuses to develop, document, and communicate campus procedures for verification and reverification of any license, certification, and/or registration requirements. Although campus policies addressed the responsibility to verify licenses and professional certifications during the hiring process, there were no written procedures to monitor or re-verify that faculty were maintaining these required licenses and professional certifications. We spoke with and read the recruitment policies for two academic departments known to have license requirements, Education and Nursing, and neither had specific written policies to confirm that licenses are current.

Verification that academic personnel are maintaining required professional licenses and designations provides assurance that position qualifications are met and that services provided by the licensed individual meet contemporary standards.

RECOMMENDATION

We recommend that the campus implement written procedures for verifying that academic personnel is maintaining required licenses and professional certifications.

MANAGEMENT RESPONSE

We concur. The campus will develop and implement procedures to verify that academic personnel (Unit 3) are maintaining required licenses and professional certifications.

Completion date: January 15, 2022

5. VACANCY ANNOUNCEMENTS

OBSERVATION

Vacancy announcements for temporary employee positions were not consistently made available as required by the Unit 3 CBA.

Article 12.27 of the Unit 3 CBA requires vacancy announcements for temporary employee positions to be available on the campus where the vacancies exist. To fulfill this requirement, the campus academic departments advertised their temporary employee vacancies on their department websites. However, in our review of 25 newly hired faculty, we found two instances in which temporary employee vacancies were not advertised on the hiring department's website.

Proper posting and communication of open faculty positions enhances transparency and provides greater assurance of a pool of qualified individuals.

RECOMMENDATION

We recommend that the campus implement procedures to ensure that vacancy announcements for temporary employee positions are consistently made available as required by the Unit 3 CBA.

MANAGEMENT RESPONSE

We concur. The campus will implement procedures to ensure that vacancy announcements for temporary employee positions are made available as required by the Unit 3 CBA.

Completion date: January 15, 2022

GENERAL INFORMATION

BACKGROUND

Management of academic personnel (AP) involves facilitating the recruitment, development, and retention of the academic workforce. AP includes faculty and academic student employees in collective bargaining Units 3 and 11 and may include faculty management employees who are part of the management personnel plan. In the CSU system, campus AP offices coordinate with human resources to perform activities that may include, but are not limited to:

- Providing oversight and serving as a campus resource for the recruitment, appointment, advancement, leaves, and retention of an engaged and diverse faculty, including managing H-1B visa immigration for internal faculty covered under the Unit 3 CBA.
- Providing oversight and serving as a campus resource for teaching associate, graduate assistant and instructional student assistant appointments under the Unit 11 CBA.
- Supporting the career development and professional fulfillment of faculty and providing support for skills and tools to assist them in enhancing high-quality learning outcomes for students.
- Investigating and making recommendations regarding faculty (Unit 3) and academic student employees (Unit 11) labor matters, including complaints, grievances, and the interpretation of the CBAs, and campus and CSU policies and procedures.

The CSU must comply with CBAs, systemwide mandates, and Board of Trustee policies, as well as major federal and state laws that could affect the academic personnel function. Such laws include, but are not limited to, Title VII of the Civil Rights Act of 1964, the Political Reform Act of 1974, Assembly Bill 1825 (passed in 2004), and other state regulations addressing topics such as safety, harassment, and nondiscrimination in the workplace.

The California State University, Chico (Chico State) OAPL consists of an associate vice provost reporting to the provost, two director-level positions, and two support positions. The area had significant turnover in 2020, with the AVP, a director, and a support staff member terminating employment, and faced further challenges in conducting business remotely while undergoing some system and procedural changes. At Chico State, academic departments are the primary drivers of the recruitment process and collaborate with OAPL in the recruitment of AP. OAPL works closely with the campus HR service center to complete new hire, payroll, and separations processes for AP. OAPL also coordinates with the Office of Systemwide Labor and Employee Relations as needed during the grievance process.

SCOPE

Due to temporary operating procedures and limitations resulting from the COVID-19 public health emergency, we performed fieldwork remotely from September 28, 2020, through January 8, 2021. Our audit and evaluation included the audit tests we considered necessary in

determining whether operational and administrative controls are in place and operative. The audit focused on procedures in effect from January 1, 2019, to January 8, 2021.

Specifically, we reviewed and tested:

- Administration and management of the AP function, including an assessment of campus policies and operational procedures, and verification of appropriate delegations of authority.
- Recruitment and appointment of faculty, including eligibility and background check requirements, vacancy announcements, search committee activities, and appointment letters.
- Faculty employment separations, including required documentation and notification, and procedures for collecting university property and terminating access to systems.
- Faculty additional and outside employment, including identification and tracking of these activities, and steps to ensure compliance with the limitations as outlined in the Unit 3 CBA and in systemwide policy.
- Administration of grievances, ensuring they are tracked and addressed in accordance with the Unit 3 CBA and systemwide policy.

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

Our testing and methodology, which was designed to provide a review of key operational and administrative controls, included interviews, walkthroughs, and detailed testing on four specific functional areas of AP: recruitment, hiring, and appointments; additional and outside employment; grievances and complaints; and separations. Our review was limited to gaining reasonable assurance that those elements of the AP program were in place and did not examine all aspects of the program. We limited most of our review to the faculty covered under the Unit 3 CBA, with a limited amount of review of academic student employee requirements under the Unit 11 CBA.

CRITERIA

Our audit was based upon standards as set forth in federal and state regulations and guidance; Trustee policy; Office of the Chancellor directives; and campus procedures; as well as sound administrative practices and consideration of the potential impact of significant risks. This audit was conducted in conformance with the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*.

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

- Unit 3 California Faculty Association CBA, dated November 12, 2014, extended to June 30, 2021

- CSU Records/Information Retention and Disposition Schedules
- HR 2002-05, *Additional Employment Policy*
- HR 2005-24, *CSU Employment: License, Certification and Registration Requirement*
- HR 2017-17, *Background Check Policy*
- Technical Letter HR/Salary 2015-22, *New Classification for Faculty Additional Employment*
- Technical Letter HR/Employment 2020-01, *New Form I-9, Employment Eligibility Verification*
- CSU Chico Faculty Hiring Manual for Tenure Track Positions
- CSU Chico Background Check Procedures
- CSU Chico New Hire Process
- CSU Chico Academic Appointment Form
- CSU Chico Separations Process

AUDIT TEAM

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Senior Auditors: Marcos Chagollan and Mayra Villalta