

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

December 9, 2020

Dr. Erika D. Beck, President
California State University Channel Islands
1 University Drive
Camarillo, CA 93012

Dear Dr. Beck:

**Subject: Audit Report 20-06, Conference and Event Services,
California State University Channel Islands**

We have completed an audit of *Conference and Event Services* 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 has been 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: Timothy P. White, Chancellor
Adam Day, Chair, Committee on Audit
Jane W. Carney, Vice Chair, Committee on Audit

CSU Campuses

Bakersfield • Channel Islands • Chico • Dominguez Hills • East Bay • Fresno • Fullerton • Humboldt • Long Beach • Los Angeles • Maritime Academy • Monterey Bay
Northridge • Pomona • Sacramento • San Bernardino • San Diego • San Francisco • San José • San Luis Obispo • San Marcos • Sonoma • Stanislaus

CONFERENCE AND EVENT SERVICES

**California State University
Channel Islands**

Audit Report 20-06
November 5, 2020

EXECUTIVE SUMMARY

OBJECTIVE

The objectives of the audit were to ascertain the effectiveness of operational, administrative, and financial controls related to conference and event services (CES) and to ensure compliance with relevant federal and state regulations; Trustee policy; Office of the Chancellor (CO) directives; and related campus and auxiliary procedures.

CONCLUSION

Based upon the results of the work performed within the scope of the audit, except for the weaknesses described below, the operational, administrative, and financial controls for CES as of September 4, 2020, taken as a whole, provided reasonable assurance that risks were being managed and objectives were met.

In general, we noted that the campus had an appropriate framework for the administration of CES. We noted only two areas for improvement: the language and content of standard facility use agreements used when external parties booked events, and the status of the campus policy addressing additional risk assessment measures for the protection of youth on campus.

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

OBSERVATIONS, RECOMMENDATIONS, AND RESPONSES

1. STANDARD FACILITIES USE AGREEMENTS

OBSERVATION

The terms and conditions of the campus Facilities Use Agreement and Summer Conference Facility Use Agreement did not include all standard provisions and language required by the Office of the Chancellor's (CO) *Lease of Campus Facilities* model agreement, as outlined under Executive Order (EO) 669 *Delegation of Authority; Leases to Obligate the University*.

Specifically, the Facilities Use Agreement template did not state the following:

- The campus will furnish all necessary utilities for the said property, including heat, water, and most lighting.
- Campus personnel have the right to enter the property at any time for purposes of examination, supervision, or making necessary repairs.
- The lessee may not assign the lease either in whole or by subletting any part of the property.
- All notices required from either party will be made in writing and delivered by United States registered mail.

We also noted that the separate Summer Conference Facility Use Agreement did not include the statement regarding the campus provision of utilities.

Compliance with CO-approved lease agreement template requirements provides greater assurance that all legal contingencies are being considered.

RECOMMENDATION

We recommend that the campus revise the Facilities Use Agreement and Summer Conference Facility Use Agreement to include the statements noted above.

MANAGEMENT RESPONSE

We concur. We will revise the Facilities Use Agreement and Summer Conference Facility Use Agreement to include the statements noted above. These actions will be implemented by May 4, 2021.

2. PROTECTION OF YOUTH POLICY

OBSERVATION

The campus policy addressing additional risk assessment measures for the protection of youth on campus was in draft form at the time of the audit.

We found that the presence of youth on campus, and the need for clear protocols, expanded in 2018 when the campus was selected as the alternate location for a large summer camp after fire destroyed the original location. The camp was held at the campus in 2018 and 2019 and was planned for the summer of 2020 before pandemic concerns resulted in cancellation. Although the CES process did route the event materials to risk management for review, the lack of an approved policy outlining additional considerations related to the additional risk undermined assurance that all risks were considered.

Complete policies addressing the protection of youth on campus help to ensure compliance with regulatory and systemwide requirements, promote the safety and protection of minors, and reduce the risk of legal liability to the campus.

RECOMMENDATION

We recommend that the campus finalize and distribute the protection of youth policy currently in draft form and communicate the policy directly to relevant campus constituents.

MANAGEMENT RESPONSE

We concur. We will finalize and distribute the protection of youth policy and communicate the policy directly to relevant campus constituents. These actions will be implemented by May 4, 2021.

GENERAL INFORMATION

BACKGROUND

The 23 campuses of the California State University (CSU) have 2,163 facilities that encompass almost 43 million square feet of assignable space. Along with the traditional classroom, lab, lecture halls, and offices, these facilities include spaces intended to enhance the student experience, such as recreation centers, student unions, health centers, and student service areas for special programs. The campuses also have a number of multi-use facilities that can accommodate a variety of activities for both internal and external parties who wish to lease them for a special use. These facilities and events range broadly and include arenas and stadiums that can accommodate sporting events or concerts; theaters and other venues that can host performances; large reception facilities that can host conferences; and scenic outdoor venues that accommodate events such as private parties and weddings.

The authority to lease state property to outside parties resides in Education Code (EC) §89046, which allows the campus to lease CSU property within certain limitations, and Executive Order (EO) 669, *Delegation of Authority – Leases*, which further codifies the authority of the president or a designee to execute real property leases. In addition, California Code of Regulations (CCR) Title V, Article 9, §42353, permits the use of campus buildings and grounds for public meetings, performances, rallies, and similar events held in accordance with reasonable directives issued by the respective campus president as to the time, place, and manner of the event. Additionally, EC §89700 provides authority for campuses to charge fees, rents, deposits, and charges for provided services and facilities.

The California State University Channel Islands (CI) campus offers many locations to accommodate all types of events, including classrooms, banquet halls, scenic outdoor venues, and athletic fields and courts. Until July 2020, all event scheduling and planning, both internal and external, was conducted by CE within University Advancement, at which point, the campus moved responsibility for external events, or events in which outside entities use space on the campus, to University Auxiliary Services. Scheduling and planning for internal events, such as convocation, graduation, and the president's events, remains with CE. Internal events are funded by the requesting department budget and paid via internal invoicing by CE. External events are priced competitively and invoiced to clients. External events generated \$480,410 in revenue during fiscal year 2016/17, but revenues increased substantially in subsequent years when, as noted above, a local youth camp booked the campus for their summer activities after the local fires destroyed their traditional facilities. The external revenue was \$1.24 million in fiscal year 2017/18 and \$1.39 million in fiscal year 2018/19. However, due to pandemic concerns, most events were cancelled for the summer of 2020 and the fall semester, and revenues are expected to decrease significantly.

SCOPE

Due to temporary operating procedures and limitations resulting from the COVID-19 public health emergency, we performed fieldwork remotely from July 13, 2020, through September 4, 2020. Our audit and evaluation included the audit tests we considered necessary in determining whether operational, administrative, and financial controls are in

place and operative. The audit focused on procedures in effect from January 1, 2018, to September 4, 2020.

Specifically, we reviewed and tested:

- Administration and organization of areas responsible for scheduling, planning, and accounting for non-instructional events held on campus and, if applicable, auxiliary-owned properties.
- Event venue scheduling standards and practices.
- Event planning activities, including comprehensive consideration of required services and communication between campus departments providing the services.
- Risk management of events, including consideration of security, timing, participant population, and time, place and manner policy.
- Content and execution of short-term lease agreements.
- Requests, approvals, and special considerations for overnight housing arrangements.
- Revenue and expense collection and allocation.

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, administrative, and financial controls, included interviews, walkthroughs, and detailed testing on certain aspects of the conference and event services program. Our review was limited to gaining reasonable assurance that essential elements of the conference and event services program were in place and did not examine all aspects of the program.

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:

- CCR Title V, §42353, *Public Meetings, Performances, Rallies and Similar Events*
- EC §89700, *Fees, Rents, Deposits, and Charges for Services, Facilities, or Materials*
- EC §89046, *Powers of the Trustees*
- EC §89721, *Revenues*
- EO 669, *Delegation of Authority – Leases*
- EO 1000, *Delegation of Fiscal Authority*

- EO 1069, *Risk Management and Public Safety*
- EO 1102, *California State University Student Fee Policy*
- EO 1109, *Sales, Service and Advertising of Alcoholic Beverages*
- *CSU Contracts and Procurement Manual*
- *CSU Administration of University UBIT Guidelines*
- *CI 25Life Pro General Space Request Manual*
- *CI Conference & Events Support Coordinator Position Manual 2020*
- SA-03-003 *Policy on Alcohol at CSUCI*
- BP-05-004 *Business Practice for Access Review*

AUDIT TEAM

Senior Audit Manager: Ann Hough
Senior Internal Auditor: May Flores
Internal Auditor: James Kim