

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

May 24, 2023

Dr. Ellen J. Neufeldt, President
California State University San Marcos
333 S. Twin Oaks Valley Road
San Marcos, CA 92096

Dear Dr. Neufeldt:

**Subject: Audit Report 22-21, Human Resources and Training Compliance,
California State University San Marcos**

We have completed an audit of *Human Resources and Training Compliance* as part of our 2022-2023 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: Jolene Koester, Interim Chancellor
Lateefah Simon, Chair, Committee on Audit
Yammilette Rodriguez, Vice Chair, Committee on Audit

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HUMAN RESOURCES AND TRAINING COMPLIANCE

**California State University
San Marcos**

Audit Report 22-21
May 24, 2023

EXECUTIVE SUMMARY

OBJECTIVE

The objectives of the audit were to ascertain the effectiveness of operational and administrative controls related to human resources and training compliance 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 human resources and training compliance as of December 14, 2022, 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 human resources and training compliance; however, we identified several areas that needed improvement. In the training compliance area, although we noted generally high completion rates for individuals who were assigned training, there were instances when mandatory first-time and refresher training was not assigned by the campus or was not completed by employees in a timely manner. In addition, the campus had not developed a list of CSUSM classifications or positions classified as limited and general mandated reporters, and had not documented attendance for in-person Clery training for university housing employees.

In the two areas that we reviewed relating to human resources, recruitment, selection, and hiring and independent contractor determinations, we found that although the campus did have a process in place to make independent contractor determinations, it did not have a process to consider whether background checks were needed during the engagement of independent contractors.

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

OBSERVATIONS, RECOMMENDATIONS, AND RESPONSES

1. MANDATED REPORTER TRAINING

OBSERVATION

Administration of the identification of mandated reporters and assignment of mandated reporter training needed improvement.

We reviewed training records for all 12 employees who were required to complete mandated reporter training and found that eight athletics employees had not been assigned to take mandated reporter training, and therefore did not complete the training. Coaches, coaching assistants, and athletic trainers are classified as category 49 reporters under the *Child Abuse and Neglect Reporting Act (CANRA)* and are required by law to complete mandated reporter training. The campus explained that after the departure of a team member who managed the CANRA program, these athletic department employees were omitted from the list for training. However, during fieldwork, the campus assigned the training to these employees, and campus management confirmed that by the time of this report, all of the individuals had completed it.

In addition, although the campus did reference the broad categories of mandated reporters in Attachment B of Executive Order (EO) 1083, *Mandatory Reporting of Child Abuse and Neglect*, to help identify these employees, it did not establish a list of campus-specific classifications (or in some cases, positions within classifications) that fall within these broad categories, distinguishing between limited and general reporters, as required by EO 1083.

Proper administration of mandated reporter training can help to ensure compliance with state law and systemwide regulation, as well as help to avoid adverse legal ramifications and loss of reputation.

RECOMMENDATION

We recommend that the campus:

- a. Develop written procedures for tracking and monitoring training assignments and completion for employees required to complete mandated reporter training.
- b. Develop a centralized list of classifications, or positions within classifications, to delineate which mandated reporters fall within general and limited mandated reporter categories, and develop a written procedure to periodically update the list.

MANAGEMENT RESPONSE

We concur. The campus will:

- a. Develop written procedures for tracking and monitoring training assignments and completion for employees required to complete mandated reporter training.

- b. Develop a centralized list of classifications, or positions within classifications, to delineate which mandated reporters fall within general and limited mandated reporter categories, and develop a written procedure to periodically update the list.

Implementation date: October 14, 2023

2. CONFLICT-OF-INTEREST TRAINING

OBSERVATION

Administration of the assignment and monitoring of conflict-of-interest (COI) training needed improvement.

Employees in designated positions are required to take COI training within six months of appointment to the designated position, and biennially thereafter. Per Technical Letter 2022-01, campus procurement card (P-Card) holders are considered designated employees at CSUSM. We examined the training records as of September 22, 2022, for all 346 designated employees identified in our review, including 167 P-Card holders, and we found that:

- 21 designated employees (non-P-Card holders) were not assigned initial training, most of whom were management personnel plan (MPP) staff. During fieldwork, the campus noted that the automatic assignment of training to MPPs was not working as designed and adjusted the automatic assignment process for MPPs.
- 56 P-Card holders were not assigned initial training. The campus had a process to obtain a list of new P-Card holders from the accounts payable department; however, this process was not consistently being followed.
- Eight designated employees completed their biennial refresher training more than 90 days late, and 14 designated employees had not completed the biennial refresher training and were more than 90 days overdue.

Campus management confirmed that by the time of this report, all of the individuals noted above had either been appropriately assigned COI training, had completed past-due training, or were no longer required to complete training as they were either no longer a designated employee or were no longer working for the campus.

Proper administration of COI training can help to ensure compliance with state law, systemwide policy, and campus policy.

RECOMMENDATION

We recommend that the campus:

- a. Review automatic assignment protocols for COI training in CSU Learn and update them as needed.

- b. Update written procedures to timely detect new P-Card users and ensure they are assigned COI training.
- c. Develop written procedures for tracking and monitoring employees with long overdue or incomplete COI training, including escalation procedures for noncompliance.

MANAGEMENT RESPONSE

We concur. The campus will:

- a. Review automatic assignment protocols for COI training in CSU Learn and update them as needed.
- b. Update written procedures to timely detect new P-Card users and ensure they are assigned COI training.
- c. Develop written procedures for tracking and monitoring employees with long overdue or incomplete COI training, including escalation procedures for noncompliance.

Implementation date: October 14, 2023

3. DISCRIMINATION, HARASSMENT, AND RETALIATION AND GENDER EQUITY/TITLE IX TRAINING

OBSERVATION

Administration of the monitoring of discrimination, harassment, and retaliation (DHR) and gender equity and Title IX (GE/IX) training needed improvement.

Per the CSU *Nondiscrimination Policy* and Senate Bill 778, *Employers: Sexual Harassment Training Requirements*, all employees are required to take DHR and GE/IX training within six months of hire and biennially (DHR) or annually (GE/IX) thereafter. We examined the training records as of September 22, 2022, for all employees identified during our review. We found that campus completion rates for this training were generally positive, with an average of approximately 92% of assigned employees taking their initial or refresher trainings on time or within 90 days of the due date. However, we did find that some employees had not completed training and were significantly late (90 or more days past due), as shown in Chart 1 below.

Chart 1: Employees Had Not Completed Training



Since fieldwork concluded, the campus made a concerted effort to have employees complete these trainings. As of the time of this report, campus management reported that 95% of the employees noted above had either completed the trainings or did not have to complete the trainings as they were no longer with CSUSM.

Proper administration of mandatory training for all employees can help to ensure compliance with state law, systemwide policy, and campus policy.

RECOMMENDATION

We recommend that the campus develop written procedures for tracking and monitoring employees with long overdue or incomplete DHR and GE/IX training, including escalation procedures for noncompliance.

MANAGEMENT RESPONSE

We concur. The campus will develop written procedures for tracking and monitoring employees with long overdue or incomplete DHR and GE/IX training, including escalation procedures for noncompliance.

Implementation date: October 14,2023

4. INDEPENDENT CONTRACTORS

OBSERVATION

Administration of the hiring of independent contractors (IC) needed improvement.

Per HR 2017-17, *Background Check Policy*, ICs that operate under the CSU name or on CSU property are responsible for ensuring that their employees have undergone background checks if they perform duties that the CSU considers to be sensitive or that would require a background check by law, or if they perform work involving regular or direct contact with minors. The CSU may provide background check services, or the ICs can provide confirmation of completed and cleared background checks.

We found that the campus did not have a process to consider whether background checks were needed for ICs. We examined contracts signed with 12 ICs and found that background checks were not considered during the IC engagement process. Three of the ICs we reviewed appeared to require background checks based on the description of the services they provided; however, there was no assessment performed by the campus to determine whether background checks were necessary.

Proper consideration and performance of background checks for ICs in accordance with CSU policy can reduce the risk of exposure to security breaches and criminal activity, including fraud.

RECOMMENDATION

We recommend that the campus develop written procedures for IC engagement that include when and how background checks are considered and who is responsible for the determination.

MANAGEMENT RESPONSE

We concur. The campus will develop written procedures for IC engagement that include when and how background checks are considered and who is responsible for the determination.

Implementation date: October 14, 2023

5. CLERY TRAINING

OBSERVATION

Recordkeeping of Clery training compliance for university housing employees needed improvement.

Title 34 §668.46 of the Code of Federal Regulations (CFR) identifies the categories of positions that are classified as campus security authorities (CSA), or individuals who are responsible for promptly reporting allegations of Clery Act crimes that are reported to them in their capacity as a CSA. Employees who have significant responsibility for student housing are considered CSAs and are required by the campus to complete training annually.

We reviewed both the CSU Learn and in-person training records for 120 CSA positions and found that records for university housing were insufficient. The vast majority of housing staff take first-time or refresher Clery training in person during the annual ResEd Student Leader

Training, which is required for all residential advisors (RA) and residential peer mentors (RPM); however, evidence of attendance was not maintained. Accordingly, we found that:

- For 2021, we could not verify whether one resident director and 25 RAs/RPMs completed the training.
- For 2022, we could not verify whether six resident directors and 43 RAs/RPMs completed the training.

Proper administration of Clery training can help ensure compliance with federal statute and systemwide regulation, as well as help to avoid adverse legal ramifications and loss of reputation.

RECOMMENDATION

We recommend that the campus develop written procedures to retain evidence showing that university housing employees have completed Clery training.

MANAGEMENT RESPONSE

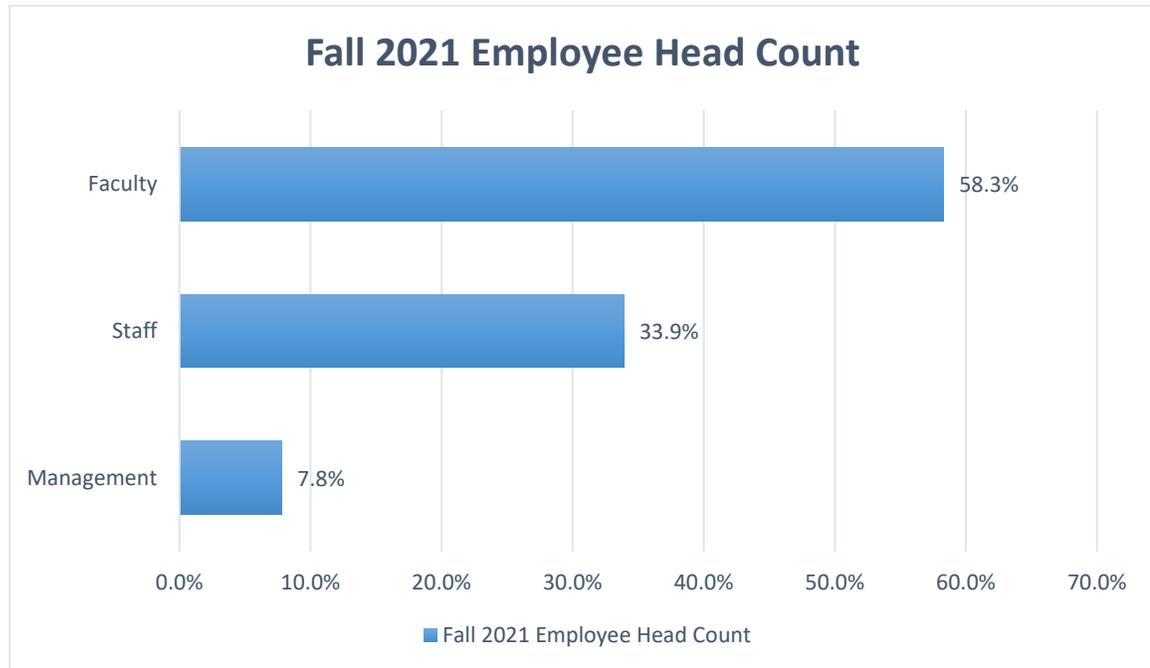
We concur. The campus will develop written procedures to retain evidence showing that university housing employees have completed Clery training.

Implementation date: June 30, 2023

GENERAL INFORMATION

BACKGROUND

The CSU is home to a diverse student and staff population across its 23 campuses and the Office of the Chancellor (CO). The CSU workforce is made up of faculty, staff, and management employees, with total headcount for the system estimated at 57,326 in fall 2021. The majority of staff and faculty employees in the CSU are represented employees, organized into 13 bargaining units, and represented by unions.



** Faculty as pictured includes instructional faculty, non-instructional faculty, and student teaching assistants.*

The human resource management (HRM) function is responsible for supporting and managing the workforce, managing activities such as recruitment and hiring, professional development, compensation and evaluation, and development of retention strategies. At the CSU, faculty affairs departments situated in Academic Affairs typically hold responsibility for faculty-related human resources functions, while the human resources department usually takes on all human resources functions for management and staff. The Systemwide Human Resources (HR) division at the CO supports and collaborates with the CSU’s 23 campuses to cultivate an environment that empowers all, welcomes diverse perspectives, and encourages innovation to promote student success and establish the CSU as an employer of choice.

The aspects of HRM reviewed in this audit were recruitment, selection, and hiring of employees; processes to determine whether individuals should be treated as independent contractors or employees; and training compliance.

Recruitment, Selection, and Hiring

Attracting, selecting, and onboarding talented employees is a key responsibility of the HR department and forms the backbone for effective performance management and employee retention. Recruitment, selection and hiring processes include attracting qualified candidates, identifying and selecting the right candidate for the role, and effectively onboarding the new employee.

Independent Contractors

Independent contractors are self-employed individuals or entities that are contracted to work for or provide services to the CSU and are not employees of the university. Recent changes were made to California law relating to the classification of individuals as independent contractors or employees, and in January 2020, California Assembly Bill (AB) 5 went into effect and established the use of the Dynamex Test to classify independent contractors. In September 2020, AB 2257 clarified a number of AB 5’s requirements and exempted certain job categories. Campuses are responsible for determining who qualifies as an independent contractor and following the CSU’s *Independent Contractor Guidelines*, as well as federal and state laws.

Training Compliance

Training and development is an important aspect of HRM as it provides important tools to employees to aid in their success, as well as promotes safety and well-being in the workplace. The CSU requires that employees take mandatory human resources and risk management courses (compliance training) to ensure campuses are meeting federal and state regulations and to promote the safety and well-being of students and employees.

The Systemwide HR learning and development team administers training through CSU Learn, the CSU’s online learning management system. CSU Learn provides campuses with courses for required compliance training, along with a library of other professional development courses. CSU Learn tracks training activities, and campuses can run reports and access dashboards to monitor training compliance. Campuses also have the option to administer trainings independently through their own developed courses or through a third-party provider.

Through a preliminary review of CSU training requirements, as well as discussions with systemwide management, training in the following areas was selected for review: discrimination, harassment, and retaliation; gender equity and Title IX; conflict of interest; campus security authorities (Clery Act); and mandated reporters.

At California State University, San Marcos (CSUSM), the office of human resources provides an array of services, including recruitment; training and development (including required compliance training); classification and compensation; performance management; and labor relations. The senior director of human resources has overall responsibility for recruitment, selection, and hiring processes for staff and MPP employees, with the support of HR analysts and hiring managers. There are HR analysts in various divisions who oversee and administer training.

SCOPE

We performed fieldwork from October 10, 2022, through December 14, 2022. 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 September 1, 2020, to December 14, 2022. The human resources areas that we reviewed were in the areas of recruitment, selection, and hiring and independent contractor selection processes. Training reviewed was in the areas of discrimination, harassment, and retaliation; gender equity & Title IX; conflict of interest; Clery Act; and mandated reporters.

Specifically, we reviewed and tested:

- Administration and organization of the recruitment function, indicating clear lines of responsibility and authority.
- Processes for recruiting, selecting, and hiring new employees, including eligibility and background check requirements, vacancy announcements, search committee activities, and appointment letters.
- Administration of the independent contractor process, including determining the correct classification of workers as employees or independent contractors in accordance with appropriate federal and state laws and CSU policies.
- Administration of compliance training, including defined responsibilities and current policies and procedures.
- Procedures for identification and assignment of employees for required trainings.
- Campus methods for providing compliance training courses.
- Monitoring of training completion and enforcement procedures for initial and refresher trainings.

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 certain aspects of human resources and training compliance. Our review was limited to gaining reasonable assurance that essential elements of human resources and training compliance 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:

- 20 United States Code §1092(f), *Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act*
- 34 Code of Federal Regulations §668.46, *Institutional Security Policies and Crime Statistics*
- Title IX of the Education Amendments Act of 1972
- The Political Reform Act of 1974
- AB 5, *Worker status: employees and independent contractors*
- AB 2257, *Worker classification: employees and independent contractors: occupations: professional services*
- Senate Bill 778, *Employers: Sexual Harassment Training Requirements*
- California Penal Code §11165.7, *Child Abuse and Neglect Reporting Act (CANRA)*
- California Government Code §13402 and §13403
- Collective Bargaining Agreements of the CSU
- EO 712, *Delegation of Authority and Procedures for the Administration of Fee Waivers and Reductions for Employee Training and Career Development*
- EO 1083, *Mandatory Reporting of Child Abuse and Neglect*
- EO 1088, *Systemwide Guidelines for Affirmative Action Programs in Employment*
- EO 1095, EO 1096, and EO 1097, *CSU Policy Prohibiting Discrimination, Harassment, Sexual Misconduct, Sexual Exploitation, Dating Violence, Domestic Violence, Stalking, and Retaliation (Nondiscrimination Policy)*
- EO 1107, *Implementation of the Clery Act*
- HR 2004-18, *Revised CSU Nepotism Policy*
- HR 2005-05, *CSU Employment and Conflicts of Interest and Incompatible Activities*
- HR 2005-24, *CSU Employment: License, Certification and Registration Requirements*
- HR 2012-15, *Position Description Policy*
- HR 2015-02, *Revisions to the COI Filing Officers' Requirements*
- HR 2015-04, *Conflict of Interest Update – New Requirement to Submit and Interim Designated Positions List*
- HR 2016-06, *Revised Outside Employment Disclosure Requirements for Management Personnel Plan (MPP) and Executive Employees*
- HR 2017-16, *Elimination of Criminal Conviction History and Salary History Question in CSU Applications*
- HR 2017-17, *Background Check Policy*
- HR 2018-02, *Ethics Regulations and Conflict of Interest Training*
- HR 2018-05, *MPP – Written Merit Evaluation Plans and Performance Evaluations*
- HR/Employment 2020-01, *New Form I-9, Employment Eligibility Verification*
- HR/Leaves 2021-05, *Updated CSU Family Medical Leave*
- HR/Salary 2021-07, *CSU Independent Contractor Guidelines*
- HR/Policy Admin. 2022-01, *2022 Conflict of Interest Annual Filing*
- *CSU Conflict of Interest Handbook*
- *CSUSM Mandatory Reporting of Child Abuse and Neglect Procedures*
- *CSUSM Staff and MPP Interview and Search Guidelines*
- *CSUSM Instructions for Submittal of Independent Contractor Agreement and Requisition*

AUDIT TEAM

Audit Manager: Hannah Gardener
Internal Auditor: Matthew Shum