

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

June 27, 2023

Dr. Saúl Jiménez-Sandoval, President
California State University, Fresno
5241 N. Maple Avenue
Fresno, CA 93740

Dear Dr. Jiménez-Sandoval:

**Subject: Audit Report 22-24, Human Resources and Training Compliance,
California State University, Fresno**

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
Yammilette Rodriguez, Chair, Committee on Audit
Jean Picker Firstenberg, Vice Chair, Committee on Audit

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HUMAN RESOURCES AND TRAINING COMPLIANCE

**California State University,
Fresno**

Audit Report 22-24
June 27, 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 March 9, 2023, 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. For training compliance, the campus had established processes for assignment of most initial and refresher training and performed monitoring of training completion for training that was required to be completed by all employees. For human resources, the campus was following a robust recruitment process. However, we identified a few areas that needed improvement. In the training compliance area, there were instances when mandatory first-time and refresher training was not assigned or completed by employees in a timely manner, and monitoring efforts for Clery training was not sufficient to ensure all appropriate employees completed training. Also, human resources was not being notified of new procurement card holders in time to facilitate prompt assignment of conflict-of-interest training. In addition, for the areas reviewed related to human resources, we found that procedures for independent contractor determinations were not documented.

We acknowledge that the campus human resources and Title IX/Clery departments were experiencing a staff shortage, which may have impacted the campus's ability to effectively administer training compliance. The campus recently hired an HR manager of compliance and regulatory programs who will oversee training compliance. In addition, the campus recently filled two positions to increase administrative capacity in overseeing discrimination, harassment, and retaliation (DHR), Title IX, and Clery compliance and plan to add additional positions in this area.

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 assignment and monitoring of mandated reporter training needed improvement.

Human Resources (HR) personnel, DHR administrators, coaches, coaching assistants, and athletic trainers are classified as category 48 and 49 reporters under the *Child Abuse and Neglect Reporting Act (CANRA)* and are required by law to complete mandated reporter training.

We reviewed training records for 66 employees who were required to complete this training and found that:

- 22 employees, including 12 from the athletics department, nine from HR, and one from faculty affairs, were not assigned and did not complete training. As of the time of this report, campus management reported that all 22 had since been assigned and completed training.
- 10 athletics department employees who were assigned mandated reporter training had not completed it and were overdue by one month. As of the time of this report, campus management reported that all 10 had since completed training.

In January 2022, Executive Order (EO) 1083, *Mandatory Reporting of Child Abuse and Neglect*, was updated to reflect the legal requirement for training for category 48 and 49 individuals, and as of January 2023, the campus was still working on assigning the training to individuals required to complete it. In addition, we noted that the HR department recently hired an HR manager who will oversee regulatory and compliance programs, and that person will be responsible for identifying mandated reporters. The campus anticipates that filling this position will be conducive to ensuring that mandated reporters are trained timely.

EO 1083 also requires all mandated reporters to sign a General or Limited Mandated Reporter Acknowledgement form. We reviewed records for 15 employees and 15 volunteers who were onboarded after January 1, 2021, and found that six employees and three volunteers did not sign the acknowledgement form. As of the time of this report, all six employees and two volunteers had signed the acknowledgement form and one volunteer was no longer active.

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 develop written procedures for tracking and monitoring completion of acknowledgement forms and training assignments and completion for employees required to complete mandated reporter training.

MANAGEMENT RESPONSE

We concur. By September 30, 2023, the campus will develop written procedures for tracking and monitoring completion of acknowledgement forms and training assignments and completion for those designated as mandated reporters.

2. CLERY TRAINING**OBSERVATION**

Administration and oversight of Clery training 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. At California State University, Fresno (Fresno State), such individuals are required, upon being identified by the Clery director, to take this training annually either via CSU Learn or at an in-person session. We reviewed the Clery training records for 32 CSAs and found that:

- One employee was not assigned training.
- One employee completed training more than 90 days after the due date.
- Three employees were assigned training but did not complete it.

As of the time of this report, campus management reported that all the employees above had since been assigned, completed training, or were no longer a CSA.

In addition, we found that training status was not monitored and completion status reports were not being generated and reviewed by the Clery director. In addition, automated reminders had not been set up for training administered through CSU Learn to remind employees who had not completed Clery training.

We also noted that due to the timing of the annual update of the CSA listing, it was difficult to determine whether all housing personnel that should have taken Clery training completed the training. Housing employees receive in-person Clery training in August each year as part of their yearly orientation. However, the Clery director updates the CSA list each spring. Since there is significant turnover in housing personnel each year, the staff on the CSA list could be significantly different than the individuals who took training the prior August.

Currently, the Clery director is also the Title IX director and DHR coordinator. The campus indicated that it is actively searching for an additional person to take on some of the Clery director's DHR and Title IX duties.

Proper administration of Clery training can help 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 develop written procedures for tracking and monitoring training assignments and completion for employees required to complete Clery training, including training completed in person during yearly housing orientations.

MANAGEMENT RESPONSE

We concur. By September 30, 2023, the campus will develop written procedures for tracking and monitoring online and in-person training assignments for employees who are required to complete Clery training.

3. 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 30 days of appointment to the designated position, and biennially thereafter. Per Technical Letter 2022-01, campus procurement card (P-card) holders who have decision-making authority are also considered designated employees at Fresno State. We reviewed the initial training records for 12 designated employees, including three P-card holders with decision-making authority who were hired or were assigned a P-card between January 1, 2021, and December 17, 2022, and we found that:

- Three designated employees were assigned but did not complete initial training.
- One designated employee completed the initial training more than 90 days after the due date.

After fieldwork concluded, campus management reported that all of the employees noted above had completed the initial training.

We also found that the procurement department did not notify HR of new P-card holders with decision-making authority at the time the cardholders were assigned a card, but instead sent a comprehensive list annually in February. During fieldwork, procurement indicated it will begin notifying HR of new P-card holders required to take COI training upon assignment of a new P-card.

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

RECOMMENDATION

We recommend that the campus establish written procedures to ensure that new P-card holders with decision-making authority are assigned COI training upon card issuance.

MANAGEMENT RESPONSE

We concur. By August 31, 2023, the campus will develop written procedures for ensuring new P-Card holders with decision-making authority are assigned COI training by HR immediately upon approval of issuance of a P-Card.

4. DATA SECURITY AND FERPA TRAINING

OBSERVATION

Administration of monitoring for data security and FERPA (DSF) training needed improvement.

At California State University, Fresno, all employees are required to take initial DSF training within 30 days of hire. Employees with access to Level 1 data are required to take DSF refresher training annually, while all other employees must undergo refresher training biennially. We examined initial training records for all active employees hired between January 1, 2021, and December 17, 2022, along with refresher training records for 30 employees.

We found that completion rates for initial training were generally positive, with 94.5% of employees completing the training within 90 days of the due date. However, we also found that employees did not consistently complete refresher training or did so more than 90 days past the due date, as shown in Table 1 below.

Table 2: Employees Past Due for Refresher Training

DSF Training	Number of Employees
Did not complete refresher training and were more than 90 days past due	5 of 30
Completed refresher training more than 90 days late	4 of 30

As of the time of this report, campus management reported that all five employees noted above who had not completed refresher training have completed it.

Proper administration of mandatory training for all employees can help to ensure compliance with state law, systemwide policy, and campus policy. Data security training helps to minimize the risk of unauthorized access to employee and student data, loss of data, and cyberattacks.

RECOMMENDATION

We recommend that the campus develop written procedures for tracking and monitoring completion for employees required to complete DSF training, including escalation procedures for noncompliance.

MANAGEMENT RESPONSE

We concur. By August 31, 2023, the campus will develop written procedures for tracking and monitoring completion for employees required to complete DSF training, including procedures for escalating noncompliance similar to other CSU mandatory training modules.

5. INDEPENDENT CONTRACTORS

OBSERVATION

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

Per California Assembly Bill 5 (AB5) and HR 2021-07, *CSU Independent Contractor Guidelines – Independent Contractor vs Employee Determinations*, campuses must determine whether a person or entity qualifies as an independent contractor by conducting the “ABC” test before engagement.

The campus procurement department developed an Independent Contractor Form (ICF) where the above test would be conducted; however, this form was not being completed. The ICF should be initiated by the requesting department, reviewed by procurement, and sent to HR for final consideration and approval. We reviewed the engagement documentation and agreements for 10 ICs hired during our scoping period and found that none of the ICs had a signed and approved ICF. Although there was no evidence that the ABC test was conducted for any of the ICs we reviewed, we noted that the 10 entities appeared to have been correctly classified as ICs.

During fieldwork, the procurement director indicated that new staff had been hired and trained and the IC engagement processes had been reinforced to ensure that an ICF is received and approved for all ICs.

Proper evaluation of a prospective IC can help ensure compliance with state law and California State University (CSU) policy.

RECOMMENDATION

We recommend that the campus reiterate the ICF process to appropriate personnel to ensure that the form is completed for all potential ICs.

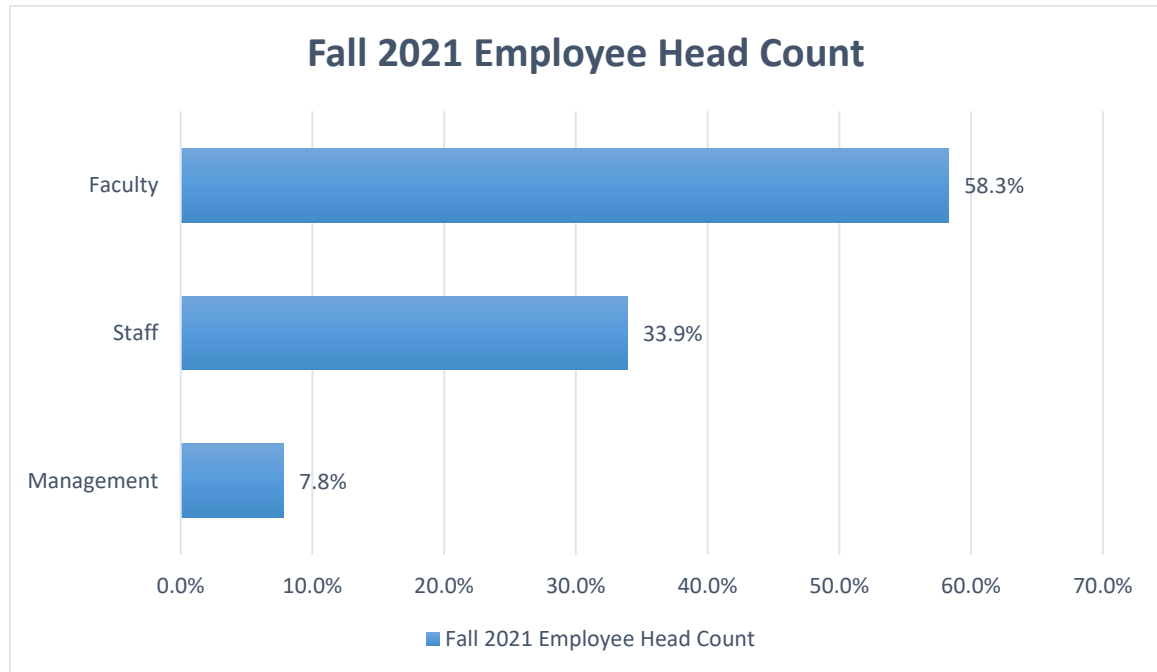
MANAGEMENT RESPONSE

We concur. By July 31, 2023, the campus CFO will reiterate the ICF process to appropriate personnel in procurement and human resources to ensure the form is completed for all potential ICs.

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; Data Security; Conflict of Interest; Campus Security Authorities (Clery Act); and Mandated Reporters.

At California State University, Fresno, the office of human resources provides an array of services, including recruitment; compliance (including required compliance training); classification, compensation, and employment; employee assistance program; and labor relations. The associate vice president of human resources has overall responsibility for recruitment, selection, and hiring processes for staff, MPP employees, and independent contractors, with the support of HR consultants and hiring managers. There are various administrators who oversee and manage training depending on the subject of the training.

SCOPE

We performed fieldwork from January 16, 2023, through March 3, 2023. 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, 2021, to March 3, 2023. Trainings reviewed were in the areas of discrimination, harassment, and retaliation; gender equity & Title IX; data security; 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 training.
- 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
- California AB 5, *Worker status: employees and independent contractors*
- California 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*
- *CSU Fresno APM 320, Policy on Administrative Appointments*

AUDIT TEAM

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