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May 7, 2018

Dr. Leroy M. Morishita, President
California State University, East Bay
25800 Carlos Bee Boulevard
Hayward, CA 94542

Dear Dr. Morishita:

Subject: Audit Report 18-32, *International Activities*, California State University, East Bay

We have completed an audit of *International Activities* as part of our 2018 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 the 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,



Larry Mandel
Vice Chancellor and Chief Audit Officer

c: Timothy P. White, Chancellor

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The California State University
Office of Audit and Advisory Services

INTERNATIONAL ACTIVITIES

California State University, East Bay

Audit Report 18-32
March 29, 2018

EXECUTIVE SUMMARY

OBJECTIVE

The objectives of the audit were to ascertain the effectiveness of administrative and operational controls for international activities and to ensure compliance with relevant governmental regulations; Trustee policy; Office of the Chancellor (CO) directives; and campus procedures.

CONCLUSION

We found the control environment for some of the areas reviewed to be in need of improvement.

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 international activities as of February 23, 2018, taken as a whole, provided reasonable assurance that risks were being managed and objectives were met.

In general, the campus had an appropriate framework for the administration of international activities. Most of our observations stemmed from the lack of documented policies and procedures to address international agreements, study-abroad programs, and international student recruiters. We also found that the campus needed to improve the campus emergency response procedures in the event of an emergency involving students, faculty, or staff traveling abroad. In addition, attention was required in some key areas related to retention of study-abroad student, faculty, and staff training records and the processing of international agreements.

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

OBSERVATIONS, RECOMMENDATIONS, AND RESPONSES

1. POLICIES AND PROCEDURES

OBSERVATION

The campus had a number of established processes in place for international programs and activities; however, some of these processes had not been formally documented.

We found that the campus did not have documented policies and procedures in the following areas:

- The campus review process for international agreements, which should include a review of risk management elements and evaluation of agreements for renewal and should ensure that international agreements are approved by the CO and maintained in final form on the CO-provided SharePoint site, as outlined in Executive Order (EO) 1080, *International Agreements*.
- A comprehensive on-campus development process for study-abroad programs that includes consideration of academic, risk management, and administrative components of the program, as outlined in EO 1081, *Study Abroad and Exchange Programs*. We found that the campus had guidelines for faculty-led study-abroad programs, but not for more generalized study-abroad programs.
- A standardized review, evaluation, and improvement program that is conducted with regularity for all international programs, as outlined in EO 1081, *Study Abroad and Exchange Programs*.

The formal documentation of campus policies and procedures for international programs and activities provides a standard reference for stakeholders and increases assurance that components of risk have been addressed.

RECOMMENDATION

We recommend that the campus formally document its policies and procedures for international programs and activities to include:

- a. A campus review process for international agreements that includes a review of risk management elements and evaluation of agreements for renewal and ensures that international agreements are approved by the CO and maintained in final form on the CO-provided SharePoint site.
- b. A comprehensive on-campus development process for study-abroad programs, including considerations of academic, risk management, and administrative components.
- c. A standardized review, evaluation, and improvement program that is conducted with regularity for all international programs.

MANAGEMENT RESPONSE

We concur. University extension will formally document procedures in adherence to CSU EOs and CO policies to include the following:

- a. A campus review process for international agreements that includes a review of risk management elements and evaluation of agreements for renewal and ensures that international agreements are approved by the CO and maintained in final form on the CO-provided SharePoint site.
- b. A comprehensive on-campus development process for study-abroad programs, including considerations of academic, risk management, and administrative components.
- c. A standardized review, evaluation, and improvement program that is conducted with regularity for all international programs.

The campus will provide the Office of Audit and Advisory Services with a copy of the procedures by July 13, 2018.

2. EMERGENCY PREPAREDNESS

OBSERVATION

Campus emergency-response procedures needed improvement.

We found that the campus provided emergency preparation, communication, and safety travel tips to students, faculty, and staff participating in international programs, but the campus had not formally documented the emergency response procedures for campus personnel.

Specifically, the campus did not have documented policies and procedures that addressed:

- Methods to determine when campus participants were affected by an emergency overseas.
- The roles and responsibilities of campus departments, such as university extension, risk management, academic affairs, campus communications, and/or the president's office, that included both local and abroad emergency contact identification, recommended first response, communication hierarchy, and follow-up protocols.

Establishing documented emergency response procedures for campus personnel in the event of an emergency involving students, faculty, or staff members traveling internationally reduces the risk and potential liability to the campus.

RECOMMENDATION

We recommend that the campus:

- a. Document the methods to determine when campus participants have been affected by an emergency overseas.
- b. Document the roles and responsibilities of campus departments, including both local and abroad emergency contact identification, recommended first response, communication hierarchy, and follow-up protocols.

MANAGEMENT RESPONSE

We concur. University extension will document procedures for determining whether travelers have been affected by emergencies when abroad. The procedures will include roles and responsibilities of campus departments and outline how these departments should respond to potential emergencies, maintain both local and abroad emergency contacts of travelers, communication hierarchies, and follow-up protocols. The campus will provide the Office of Audit and Advisory Services with a copy of the procedures by July 13, 2018.

3. RECRUITER SELECTION PROCESS

OBSERVATION

The campus did not have documented policies and procedures for the selection of international student recruiters.

We reviewed ten recruiter agreements and found that the campus did not have policies and procedures to address recruiter selection criteria, including verification that the recruiter has clear and transparent governance and ownership, effective management, a strong knowledge of U.S. higher education, a practice of honesty, and clear financial arrangement, as required by EO 1082, *International Students*. In addition, the campus did not have policies and procedures for recording the results of reference checks made to determine the qualifications and fit of the recruiter.

Establishing documented policies and procedures for international student recruiter selection criteria and the results of reference checks provides greater assurance that the campus will admit fully qualified students.

RECOMMENDATION

We recommend that the campus establish written policies and procedures for the selection of international student recruiters, including recruiter selection criteria and recording of the results of recruiter reference checks.

MANAGEMENT RESPONSE

We concur. University extension will establish written procedures to adhere to recommendations for the selection of international student recruiters, including recruiter selection criteria. The procedures will outline requirements for recording the results of recruiter reference checks. The campus will provide the Office of Audit and Advisory Services with a copy of the procedures by July 13, 2018.

4. STUDY-ABROAD STUDENT RECORDS

OBSERVATION

The campus did not always maintain records showing that students participating in international programs attended the mandatory pre-departure orientation and signed study-abroad agreements and liability waivers.

We reviewed 32 student files for 13 international programs, and we found that:

- 13 student files did not contain evidence of student attendance at the mandatory pre-departure orientation.
- Seven student files did not contain a signed Study Abroad Agreement, a document that informs students of the CSU student conduct code.
- Seven student files did not contain a signed CSU Release of Liability, Promise Not to Sue, Assumption of Risk, and Agreement to Pay Claims form.

Properly maintaining student records ensures compliance with CSU requirements and reduces the risk and potential liability to the campus.

RECOMMENDATION

We recommend that the campus:

- a. Record student attendance at pre-departure orientations.
- b. Ensure that University Extension collects and retains copies of all signed agreements and liability waivers.

MANAGEMENT RESPONSE

We concur. University Extension will maintain and retain attendance records at pre-departure orientations, and will ensure that it collects and retains copies of signed agreements and liability waivers.

Estimated completion date: July 30, 2018

5. STUDY-ABROAD FACULTY AND STAFF TRAINING

OBSERVATION

Records of pre-departure training provided to faculty and staff who led study-abroad programs were not retained.

We reviewed six faculty members who led study-abroad programs and found that records of pre-departure training were not retained for any of them.

EO 1081, *Study Abroad and Exchange Programs*, states that campuses must provide a training session to individuals leading international activities that covers emergency-response training, communication from abroad, the student conduct code, the alcohol and drug policy, and disciplinary procedures, in addition to other country or program-specific information.

Documenting training for faculty and staff leading study-abroad programs provides greater assurance that trips will be conducted in a manner that more fully considers the health and safety of participants and reduces the risk and potential liability to the campus.

RECOMMENDATION

We recommend that the campus retain records showing that all faculty and staff who lead study-abroad programs have completed training.

MANAGEMENT RESPONSE

We concur. The campus will ensure that it collects and retains copies of records showing completed training by faculty and staff who lead study-abroad programs.

Estimated completion date: August 29, 2018

6. INTERNATIONAL AGREEMENTS

OBSERVATION

The campus international exchange program agreements were not always in compliance with systemwide requirements.

EO 1080, *International Agreements*, and EO 1081, *Study Abroad and Exchange Programs*, establish minimum requirements for campuses entering into agreements as part of their international activities. Specifically, the policies require that:

- All international agreements be reviewed and approved by the CO before they are signed by the campus president.
- All agreements have a sunset clause with a duration of no more than five years before review and renewal.

- Exchange agreements indicate that comparable expenses are met or waived by each party.

We reviewed 11 international agreements and found that:

- One exchange program did not have an agreement.
- Students participated in one program after the exchange agreement had expired after the five-year term limit, without a renewed agreement in place. Additionally, this agreement was not reviewed and approved by the CO and was missing the indemnification, representation and warranties, and miscellaneous clauses.
- One exchange agreement was automatically renewed after the five-year term and therefore, was not reviewed and approved by the CO. Additionally, this agreement was missing the comparable expenses allocation, indemnification, representation and warranties, and miscellaneous clauses.
- One exchange agreement that was reviewed and approved by the CO did not have a clause discussing the comparable expenses allocation.

Proper administration and approval of international agreements provides greater assurance that international activities will be conducted in a consistent manner and decreases the risk of misunderstandings and potential legal liabilities.

RECOMMENDATION

We recommend that the campus:

- a. Review international exchange agreements before student departure to ensure that they are executed and current before commencement of international activities and that the final signed copies of the agreements are approved by the CO.
- b. Use the CO model agreement templates in SharePoint to ensure that all international agreements include the necessary clauses, including the comparable expense allocation, indemnification, representation and warranties, and miscellaneous clauses.

MANAGEMENT RESPONSE

We concur. University extension will execute and review international exchange agreements before student departure to ensure that international agreements contain the necessary clauses and are approved by the CO. The campus will provide the Office of Audit and Advisory Services with copies of current international agreements by September 28, 2018.

GENERAL INFORMATION

BACKGROUND

In May 2008, the Board of Trustees adopted *Access to Excellence* as the new strategic plan for the CSU. *Access to Excellence* focuses on the intersection of the CSU with the economic, political, and social environment of the state of California, and among its eight commitments is a goal to enhance opportunities for global awareness. Subsequent reports to the Board of Trustees reflect ongoing initiatives to expand the use of academic technologies to bring global education opportunities into the CSU environment; increase mobility for incoming and outgoing exchange, study abroad, and degree-seeking students; review the safety and security environment for specific regional programs abroad; and establish a framework for international activity to share information and best practices that encourage activities while considering the safety of students and institutions.

In 2012, the CO issued new EOs that updated requirements for three main areas of international activities: international agreements with overseas educational partners; study abroad and exchange programs for CSU students; and international students hoping to study at a CSU campus. EO 1080, *International Agreements*, requires that all agreements with foreign partners that commit CSU resources must be approved by the campus president after the document is reviewed by designated CO departments. EO 1081, *Study Abroad and Exchange Programs*, and EO 1082, *International Students*, establish requirements for campuses that set up study abroad and/or exchange programs and enroll nonresident international students, respectively, as part of their international activities. The president of each campus is delegated the responsibility for the development, implementation, and oversight of international programs in accordance with these three EOs and other related CSU policy.

All three of the EOs require that international activities be conducted in a manner that demonstrates a clear benefit to the CSU, and that the activities be part of the university's overall mission to educate the citizens of California. The policy on international students further states that recruitment of international students should be part of a broader internationalization strategy that benefits all CSU students, the campus, and international students. The policy regarding study abroad and exchange for CSU students acknowledges the integral role these activities play in the mission of the institution while addressing the importance of minimizing risk to both the participants and the university. In addition to the policies specific to international activities, the CO has related policies addressing risk management concerns for student travelers.

At California State University, East Bay (CSUEB), international activities involving study-abroad and other student-travel programs are overseen by University Extension (UE) in the division of international programs under academic affairs. UE is responsible for ensuring that all international activities, including faculty-led study-abroad programs, exchange programs, and the American Language Program are developed and administered in accordance with systemwide and campus requirements.

SCOPE

We visited the CSUEB campus from January 29, 2018, through February 23, 2018. Our audit and evaluation included the audit tests we considered necessary in determining whether administrative and operational controls are in place and operative. The audit focused on procedures in effect from July 1, 2015, through February 23, 2018.

Specifically, we reviewed and tested:

- Campus coverage, or inclusion in the campus strategic plan, of the systemwide mission to enhance opportunities for global awareness.
- International activities administration and organization, including clear lines of organizational authority and responsibility, and current and comprehensive policies and procedures.
- Processes for the development of study-abroad or exchange programs, from conceptualization to planning and approval to implementation.
- Study-abroad program administration, including evidence that important safety requirements, such as student orientations and faculty training, have been implemented.
- Study-abroad student participation records to ensure that all participants have met risk management and program requirements.
- Processes to ensure that international agreements, including those with international student recruiters, are properly vetted by appropriate CO divisions and approved by the campus president.
- Campus compliance with requirements to properly select, assess, and approve recruiters for international student attendance on campus.
- Campus compliance with requirements to properly select, assess, and approve the use of third-party providers for international student learning experiences, including a review to ensure that the campus does not engage in any prohibited practices.
- Systems and plans in place to provide assurance that the campus has adequate information on the itineraries, locations, and student emergency contacts in the event an emergency situation arises while students are traveling as part of a CSU-affiliated program.
- Processes to ensure that American Language Program “fun trips” are properly reviewed and approved by campus risk management.

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 administrative and operational controls, included interviews, walk-throughs, and detailed testing on certain

aspects of the international activities conducted on the campus under review. Our review focused specifically on campus-created international programs and did not specifically include partnerships or consortium programs, nor did it include review of every category of international activities available to students.

CRITERIA

Our audit was based upon standards as set forth in federal and state regulations and guidance; CSU Board of Trustee policies; Office of the Chancellor policies, letters, and directives; campus procedures; and other sound administrative practices. 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:

- EO 1041, *California State University Student Travel Policy*
- EO 1051, *Use of Approved Waiver of Liability*
- EO 1062, *Field Trip Policies and Procedures*
- EO 1080, *International Agreements*
- EO 1081, *Study Abroad and Exchange Programs*
- EO 1082, *International Students*
- Coded memorandum Risk Management (RM) 2014-01, *High Hazard International Travel*
- RM 2011-02, *Independent International Travel – Students*
- Government Code §13402 and §13403
- CSUEB *Faculty-Led Study-Abroad Handbook*
- CSUEB *Pre-departure Orientation Guidelines*
- CSUEB *Risk Management Travel and Health Insurance Desk Procedures*
- CSUEB *International Recruiter Handbook*
- CSUEB *Instructions for Creating Agent Contracts*
- CSUEB *American Language Program Student Handbook*
- CSUEB *American Language Program Fun Trips Procedures*

AUDIT TEAM

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Audit Manager: Caroline Lee
Senior Auditor: Christina Fennell