

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

562-951-4430
562-951-4955 (Fax)
lmandel@calstate.edu

June 17, 2020

Dr. Lynn Mahoney, President
San Francisco State University
1600 Holloway Avenue
San Francisco, CA 94132

Dear Dr. Mahoney:

Subject: Audit Report 20-31, *Minors on Campus*, San Francisco State University

We have completed an audit of *Minors on Campus* as part of our 2020 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,



Larry Mandel
Vice Chancellor and Chief Audit Officer

c: Timothy P. White, Chancellor

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MINORS ON CAMPUS

San Francisco State University

Audit Report 20-31
April 29, 2020

EXECUTIVE SUMMARY

OBJECTIVE

The objectives of the audit were to ascertain the effectiveness of operational and administrative controls related to ensuring the safety and welfare of minors participating in activities and programs sponsored by the university or held on university property, and to ensure compliance with relevant federal and state regulations; Trustee policy; Office of the Chancellor (CO) directives; and campus and auxiliary procedures.

CONCLUSION

Based upon the results of the work performed within the scope of the audit, the operational and administrative controls for minors on campus (MOC) programs as of March 5, 2020, were unlikely to provide reasonable assurance that risks were being managed and objectives were met.

In the past few years, campus enterprise risk management (ERM) has made strides to establish a framework for MOC programs that includes, but is not limited to, consultation on individual MOC programs, identification of MOC programs through a campuswide census, and provision of training to key campus management personnel. However, we found that the campus governance structure for administering MOC programs needed improvement, as the structure in place was not formalized, roles and responsibilities for campus and auxiliary personnel administering MOC programs were not clearly defined and documented, and processes or systems to identify all MOC programs sponsored by the university, auxiliaries, and third parties were not in place. Additionally, the campus did not have a campuswide policy governing these programs, and program-specific manuals or guidelines did not always include key risk prevention areas to monitor when working with minors. Further, MOC programs sponsored by the campus and University Corporation, SF State (UCorp), required attention in some key operational areas related to employee and volunteer hiring, screening, and training; execution of agreements with third parties; and procurement of required insurance coverage. Also, third-party programs working with minors that were not sponsored by the campus or auxiliaries did not always include key risk management elements in their agreements and sometimes inappropriately used the campus name and/or logo on their websites.

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

OBSERVATIONS, RECOMMENDATIONS, AND RESPONSES

1. GOVERNANCE

OBSERVATION

The campus governance structure for administering MOC programs needed improvement.

Although ERM was leading an effort to oversee initiatives related to the protection of minors, we found that the campus did not have a formalized governance structure that clearly defined roles and responsibilities for administering MOC programs. Specifically, the campus had a decentralized structure where the individual departments hosting programs and activities involving MOC had oversight responsibilities. Also, clear lines of authority for approval of MOC programs were not defined and documented.

In addition, the campus did not have a process or system to identify, track, and assess all MOC programs sponsored by the university, auxiliaries, and third parties. Through our request for documents, website searches, and inquiries, we identified 113 MOC programs. However, the campus did not have a comprehensive listing of all MOC programs, and because the campus was unable to determine the actual number of programs or minors served, we could not ensure that our listing was all-inclusive.

An adequate governance structure helps to ensure that campus objectives will be met and that MOC programs will be aligned with campus priorities and will comply with relevant laws, regulations, and systemwide requirements.

RECOMMENDATION

We recommend that the campus:

- a. Formalize and document the structure for administering MOC programs, including defined roles and responsibilities.
- b. Define and document clear lines of authority for approval of MOC programs.
- c. Implement a process or system to identify, track, and assess all MOC programs sponsored by the campus, auxiliaries, and third parties.

MANAGEMENT RESPONSE

We concur.

- a. The campus will formalize and document the structure for administering MOC programs, including defined roles and responsibilities.
- b. The campus will define and document clear lines of authority for approval of MOC programs.

- c. The campus will implement a process or system to identify, track, and assess all MOC programs sponsored by the campus, auxiliaries, and third parties.

This will be completed by January 29, 2021.

2. POLICIES AND PROCEDURES

OBSERVATION

The campus did not have a campuswide policy governing MOC programs.

We found that the campus did not have a campuswide policy that provided guidance regarding key risk prevention areas promoting the safety and protection of minors including, but not limited to, hiring, screening, and training employees and volunteers; reporting inappropriate behaviors; and other key requirements such as a zero-tolerance statement prohibiting the abuse of minors. In addition, we found that many campus and auxiliary MOC programs had not developed policies and procedures for working with minors. Some programs had established their own manuals or guidelines; however, these manuals or guidelines did not always include key risk prevention areas such as:

- Acceptable or prohibited behaviors.
- Screening, selection, and training of employees and volunteers.
- Monitoring and supervision of minors.
- Reporting and responding to incidents and allegations and violations of policies and procedures.

Complete MOC policies and procedures 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. Clear guidance also increases assurance that individual MOC programs will be compliant with campus, systemwide, and other requirements.

RECOMMENDATION

We recommend that the campus:

- a. Develop a campuswide policy that provides guidance regarding key risk prevention areas promoting the safety and protection of minors including, but not limited to, the areas noted above, and requirements for developing program-specific manuals or guidelines for all MOC programs, including auxiliary programs.
- b. Communicate and distribute the campuswide policy to all personnel involved with MOC programs.

- c. Require all MOC programs to develop or update program-specific manuals or guidelines based on the campuswide policy.

MANAGEMENT RESPONSE

We concur.

- a. The campus will develop a campuswide policy that provides guidance regarding key risk prevention areas promoting the safety and protection of minors including, but not limited to, the areas noted above, and requirements for developing program-specific manuals or guidelines for all MOC programs, including auxiliary programs.
- b. The campus will communicate and distribute the campuswide policy to all personnel involved with MOC programs.
- c. The campus will require all MOC programs to develop or update program-specific manuals or guidelines based on the campuswide policy.

This will be completed by January 29, 2021.

3. EMPLOYEES AND VOLUNTEERS

OBSERVATION

Hiring, screening, and training employees and volunteers working with minors in MOC programs sponsored by the campus and UCorp needed improvement.

We found that the campus and UCorp did not always:

- Maintain all hiring documentation, such as the mandated reporter form.
- Timely perform background checks, including fingerprinting and sexual offender registry checks, for employees and volunteers working with minors. Also, the campus did not have a process to perform background checks for employees who were hired before the background check requirement or to periodically check the sexual offender registry for employees and volunteers who have regular and direct contact with minors.
- Require any specific training related to working with minors.

Specifically, we reviewed 44 campus employees and volunteers from 11 MOC programs sponsored by the campus, and we found that:

- Documentation of the hiring forms, including the mandated reporter forms, were not completed or retained for 21 employees and volunteers.
- Seven employees did not undergo a background check.

- Two employees did not clear the background check until after their start date.
- Training specific to working with minors was not provided for 17 employees and volunteers, or there was no evidence that they attended the training.
- There was no evidence that five employees attended the training, although training material was provided.

Additionally, we reviewed 12 UCorp employees and volunteers from two MOC programs sponsored by UCorp, and we found that:

- Documentation of the hiring forms, including the mandated reporter forms, were not retained for any of the employees or volunteers.
- One employee did not undergo a background check.
- None of the employees received training specific to working with minors.

Maintaining hiring documentation, timely performing background checks, and providing training to employees and volunteers working with minors help protect the health, well-being, and safety of the minors and reduces the risk of legal liability to the campus and auxiliaries.

RECOMMENDATION

We recommend that the campus, in conjunction with UCorp:

- a. Complete and maintain all hiring documentation, including the mandated reporter form, for all employees and volunteers working with minors before their start date.
- b. Timely perform background checks, including fingerprinting and sexual offender registry checks, for all employees and volunteers who work with minors.
- c. Develop a process to perform background checks for employees who were hired before the background check requirement, and periodically perform sexual offender registry checks for employees and volunteers who have regular or direct contact with minors.
- d. Create and provide training for employees and volunteers who work with minors, and document and maintain training records.
- e. Remind key personnel involved in hiring employees and volunteers working with minors to timely complete and maintain all hiring, background check, and training documentation.

MANAGEMENT RESPONSE

We concur, in conjunction with UCorp.

- a. The campus will complete and maintain all hiring documentation, including the mandated reporter form, for all employees and volunteers working with minors before their start date.
- b. The campus will perform timely background checks, including fingerprinting and sexual offender registry checks, for all employees and volunteers who work with minors.
- c. The campus will develop a process to perform background checks for employees who were hired before the background check requirement, and periodically perform sexual offender registry checks for employees and volunteers who have regular or direct contact with minors.
- d. The campus will create and provide training for employees and volunteers who work with minors, and document and maintain training records.
- e. The campus will remind key personnel involved in hiring employees and volunteers working with minors to timely complete and maintain all hiring, background check, and training documentation.

This will be completed by January 29, 2021.

4. UNIVERSITY/AUXILIARY SPONSORED PROGRAMS WORKING WITH THIRD PARTIES

OBSERVATION

Campus and UCorp sponsored programs that partnered with third parties to provide MOC programs did not always have agreements or required insurance in place.

We reviewed 28 programs that were sponsored by the campus and partnered with third parties, and we found that four programs did not have agreements with third parties, such as local schools, documenting insurance, indemnification, and other clauses related to working with minors.

We also reviewed five programs that were sponsored by UCorp and partnered with third parties, and we found that:

- Two programs did not have agreements with third parties documenting insurance, indemnification, and other clauses related to working with minors.
- Two programs did not purchase separate Participant Accident Insurance (PAI), required by the California State University Risk Management (CSURMA) Auxiliary Organizations Risk Management Alliance (AORMA) liability program.

Establishing third-party agreements and obtaining required insurance provide greater assurance of compliance with program policies and procedures and help reduce the risk of misunderstandings and miscommunication regarding rights and responsibilities and liabilities to the campus and auxiliaries.

RECOMMENDATION

We recommend that the campus, in conjunction with UCorp:

- a. Establish agreements with third parties for the above programs that include proper insurance, indemnification, and other clauses related to working with minors.
- b. Implement a process to ensure that a PAI is purchased for all programs sponsored by UCorp.
- c. Provide training and guidance to key personnel involved in coordinating programs with minors on the requirement to establish agreements and obtain appropriate PAI when working with third parties.

MANAGEMENT RESPONSE

We concur, in conjunction with UCorp.

- a. The campus will establish agreements with third parties for the above programs that include proper insurance, indemnification, and other clauses related to working with minors.
- b. The campus will implement a process to ensure that a PAI is purchased for all programs sponsored by UCorp.
- c. The campus will provide training and guidance to key personnel involved in coordinating programs with minors on the requirement to establish agreements and obtain appropriate PAI when working with third parties.

This will be completed by January 29, 2021.

5. THIRD-PARTY SPONSORED PROGRAMS

OBSERVATION

Third-party programs working with minors that were not sponsored by the university or auxiliaries did not always include all of the key risk management elements in their agreements, and the use of the campus name and/or logo on the third-party websites was not always appropriate.

We reviewed 15 third-party agreements, and we found that:

- None of the agreements had a requirement stating that all individuals responsible for minors will comply with the California Child Abuse and Neglect Reporting Act (CANRA).
- None of the agreements had a statement requiring all incidents or allegations of abuse or sexual misconduct involving adults or youth to be reported to the CSU and/or auxiliaries.

- Three agreements did not include a separate Additional Insured Endorsement form explicitly stating “the State of California, Trustees of the California State University, San Francisco State University, and the officers, employees, volunteers and agents of each of them as additional insureds.”
- Three agreements did not state that employees and volunteers were required to obtain the appropriate training related to the protection of minors.

We also reviewed the websites of 73 third-party programs and found that three programs used the campus name and/or logo on their websites. Campus names/logos on third-party sponsored program websites could potentially lead participants to believe that these programs are sponsored by the university.

Third-party agreements with appropriate elements and appropriate use of the campus name and logo help reduce the risk of misunderstandings and miscommunication regarding rights and responsibilities and reduces the risk of legal liabilities to the campus.

RECOMMENDATION

We recommend that the campus:

- a. Consider developing a third-party agreement template that includes the key risk management elements noted above and any other necessary elements.
- b. Instruct the third-party sponsored programs that have the campus name and/or logo on their websites to remove the campus name and/or logo or obtain campus approvals.
- c. Provide training and guidance to key personnel involved with third-party sponsored programs on key risk management elements that need to be included in the third-party agreements and appropriate use of the campus name and/or logo.

MANAGEMENT RESPONSE

We concur.

- a. The campus will consider developing a third-party agreement template that includes the key risk management elements noted above and any other necessary elements.
- b. The campus will instruct the third-party sponsored programs that have the campus name and/or logo on their websites to remove the campus name and/or logo or obtain campus approvals.
- c. The campus will provide training and guidance to key personnel involved with third-party sponsored programs on key risk management elements that need to be included in the third-party agreements and appropriate use of the campus name and/or logo.

This will be completed by January 29, 2021.

GENERAL INFORMATION

BACKGROUND

The mission of the California State University (CSU) includes advancing and extending knowledge, learning, and culture; providing opportunities for individuals to develop intellectually, personally, and professionally; and providing public services that enrich the university and its communities. The provision of activities and programs for minors (individuals under the age of 18) at CSU campuses is a natural extension of this mission. Some examples of instances when minors can be found on CSU campuses include academic enrichment programs, music and performing arts workshops, sports camps, college readiness programs, and licensed childcare programs, among others.

Activities involving minors pose a variety of risks due to the potential for issues such as sexual abuse, physical or psychological injury, and bullying. A single incident of noncompliance or failure to protect a minor could have significant financial and reputational consequences. The CSU has a responsibility to protect the safety and welfare of minors participating in programs sponsored by, or occurring on, CSU campuses.

There are few legal and regulatory requirements specific to hosting programs and activities for minors on university campuses. CANRA identifies certain groups of employees as mandated reporters of child abuse, including those whose duties involve regular contact with children, and imposes a legal requirement on these employees to report suspected child abuse or neglect. Additionally, Education Code §10911.5 requires an employer to fingerprint any employee who will have direct contact with minor children in a recreational program and to submit the fingerprints to the Department of Justice. The CSU has addressed these regulatory requirements in its systemwide policies. However, the CSU system does not currently have a systemwide policy to provide guidance for ensuring the protection of minors beyond these legal requirements, to address areas such as program approval/registration, additional screening in the hiring process, required training, behavioral expectations, staffing requirements, and mechanisms for reporting potential issues. We understand that systemwide risk management is currently developing guidance in this area, but it has not been finalized. Additionally, in 2017, systemwide risk management, through CSURMA, entered into a three-year partnership with Praesidium, a leader in abuse risk management services, to provide free and discounted resources to campuses relating to the protection of minors, including training sessions and self-assessment tools. This partnership is expected to be renewed and expanded.

At San Francisco State University (SFSU), responsibility for establishing and maintaining effective MOC programs is decentralized to individual program directors. The program directors are directly responsible for the day-to-day operations and programmatic activities of these programs. Additionally, the procurement of insurance for programs sponsored by the university and UCorp resides with the ERM, and oversight and responsibility for managing third-party sponsored programs resides with housing, dining, and conference services. Also, campus human resources assists with hiring and background check services, and the university police department provides fingerprinting services.

We identified 32 campus, eight UCorp, and 73 third-party MOC programs during audit fieldwork. Program activities varied greatly and included facilitating instructional and

educational learning opportunities; enhancing athletic skills and encouraging physical movement; developing community relations; and providing services such as childcare and clinical therapy. Examples of MOC programs include the Gator Youth Sports Camp, Summer Kids Camp, Project SEED, STEM House, Early Childhood Education Center, Alonzo King Lines Ballet Summer Program, and San Francisco Unified School District campus visits and tours.

SCOPE

We visited the SFSU campus from January 27, 2020, through March 5, 2020. 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, 2018, to March 5, 2020.

Specifically, we reviewed and tested:

- Governance of MOC programs, including roles and responsibilities for program oversight, and current and comprehensive policies and procedures.
- Processes to identify and approve programs involving minors.
- Processes to ensure that appropriate hiring, screening, and training are conducted for employees and volunteers who have regular or direct contact with minors.
- Identification and certification of mandated reporters in programs serving minors.
- Participant records to ensure that all participants have met risk management and program requirements.
- Execution of facility license agreements with third parties, including appropriate contract provisions and insurance to specifically address risks associated with minor participants.
- Review of third-party promotional materials to ensure that the programs are not inappropriately affiliated with the CSU or campus name.

This review focused on activities and programs with participants who were minors either sponsored by the university or an auxiliary, or sponsored by third parties and held in campus facilities. We did not review regular undergraduate or graduate programs that may include matriculated students under 18; events on campus open to the general public; activities in which minors were supervised by parents or chaperones at all times; or supervised research activities following specific institutional review board protocols.

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 programs involving minors. The review was limited to gaining reasonable assurance that essential elements for the safety and welfare of minors were in place and did not examine all aspects of every program involving minors.

CRITERIA

Our audit was based upon standards as set forth in federal and state regulations and guidance; Trustee policy; CO directives; and campus and auxiliary 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:

- Government Code 13403 and 13404, *State Leadership Accountability Act*
- Education Code (EC) 89005.5, *Use of CSU Name*
- EC §10911.5, *Community Recreation Programs*
- California Penal Code 11165.7, *Child Abuse and Neglect Reporting Act (CANRA)*
- Executive Order (EO) 669, *Delegation of Authority; Leases to Obligate the University*
- EO 1051, *CSU Use of Approved Waiver of Liability*
- EO 1083, *Mandatory Reporting of Child Abuse and Neglect*
- Integrated California State University Administrative Manual §1101.00, *Delegation of Authority to Obligate the University*
- Coded Memorandum Human Resources (HR) 2017-17, *Background Check Policy*
- Coded Memorandum HR 2015-10, *Volunteer Policy*
- Coded Memorandum Risk Management 2012-01, *CSU Insurance Requirements*
- CSURMA AORMA Policy and Procedure L-6, *Requirement that Participant Accident Insurance be Purchased for all Child Care and Camp Operations Involving Minors*
- CSURMA AORMA Handbook, *AORMA Recommended Facilities Use Agreement and Handbook*
- CSURMA AORMA Handbook, *AORMA Recommended Waiver and Handbook*
- CSURMA AORMA Contracts with Third Parties Involving Activities with Minors Policy
- UCorp *Background and Fingerprinting Policy*
- UCorp *Insurance Requirements Indemnification Policy*

AUDIT TEAM

Audit Manager: Caroline Lee
Senior Auditor: Christina Fennell