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December 16, 2021

Dr. Richard Yao, President
California State University Channel Islands
1 University Drive
Camarillo, CA 93012

Dear Dr. Yao:

Subject: Audit Report 21-05, *Student Fees*, California State University Channel Islands

We have completed an audit of *Student Fees* as part of our 2021-2022 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*.

There were no reportable observations revealed during the review. The final audit report has been posted to Audit and Advisory Services' website.

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: Joseph I. Castro, Chancellor
Adam Day, Chair, Committee on Audit
Jane W. Carney, Vice Chair, Committee on Audit

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STUDENT FEES

**California State University
Channel Islands**

Audit Report 21-05
December 16, 2021

EXECUTIVE SUMMARY

OBJECTIVE

The objectives of the audit were to ascertain the effectiveness of campus operational, administrative, and financial controls over the establishment, allocation, administration, and use of student fees and to ensure compliance with relevant governmental regulations, Trustee policy, Office of the Chancellor directives, and campus procedures.

CONCLUSION

Based upon the results of the work performed within the scope of the audit, the operational, administrative, and financial controls for mandatory student fees as of November 15, 2021, taken as a whole, provided reasonable assurance that risks were being managed and objectives were met.

There were no reportable observations revealed during the review.

GENERAL INFORMATION

BACKGROUND

Authority to establish fees for the California State University (CSU) system is granted to the Board of Trustees by Education Code (EC) §89700; further delegation of authority is outlined in Executive Order (EO) 1102, *California State University Fee Policy*. The policy designates student fees into six different categories based on use and authority.

Category I fees are mandatory fees that apply systemwide and fall under the authority of the Board of Trustees. Category II and III fees are campus-based mandatory fees established under the authority of the chancellor but delegated to the campus president for purposes of adjustments and oversight. The president cannot establish new Category II fees but has limited authority to establish or adjust Category III fees within a range established by the chancellor. Category II fees are those that support overall student academic success and the provision of student services, such as Instructionally Related Activities (IRA) and Student Health Services (SH), and many were established by and are subject to sections of the EC. Category III fees are generally course-based fees specific to materials or services that support the basic foundation of an academic course offering. The remaining categories address other non-mandatory facility usage or administrative services, as well as fees collected for self-support programs such as extended education, parking and housing. The audit specifically focused on Category II and III fees.

The CSU fee policy requires campuses to form a campus fee advisory committee (CFAC) composed of student, faculty, staff and administrative representatives to provide advice to the president regarding proposed changes to student fees. The policy also describes methods by which fee revisions can be vetted (specifically, a student referendum or an alternative consultation method) and further mandates certain processes that must occur for either method. The CFAC is a critical participant in the review and analysis of proposed fee changes, but the president retains authority to revise fees regardless of the advice provided by the CFAC or the results of the vetting process.

The fee schedule at California State University, Channel Islands (CSUCI) included seven Category II fees: a health facilities fee; SH fee; IRA fee; materials, services, and facilities (MSFT) fee; recreation and athletics fee, Associated Students (ASI) fee, and the Student Body Center fee. CI also had many Category III course fees, but the number decreased by about 70 percent during the pandemic, from 290 in academic year (AY) 2019/20 to 81 in AY 2020/21. CI had established a CFAC for oversight and several committees specific to Category II fees to provide greater assurance that fees were being used in accordance with their purposes. CI had not instituted an increase in fees since 2012, other than index-based increases that were approved in previous years.

SCOPE

Due to temporary operating procedures and limitations resulting from the COVID-19 public health emergency, we performed fieldwork remotely from September 27, 2021, through November 15, 2021. Our audit and evaluation included the audit tests we considered necessary in determining whether operational, administrative, and financial controls are in

place and operative. The audit focused on procedures in effect from July 1, 2019, to November 15, 2021.

Specifically, we reviewed and tested:

- Policies and procedures for establishing mandatory fees, including, when applicable, compliance with all requirements for fee revisions or increases.
- Policies and procedures for the monitoring, collection, and allocation of Category II and III fees.
- Policies and procedures in place to ensure that expenditures from the fee funds are in accordance with the purpose of Category II and III fees.

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 was designed to provide a review of key operational, financial, and administrative controls and included testing of a limited number of fee expenditures from the Category II and III fee funds.

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 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:

- EO 1102, *California State University Student Fee Policy*
- EO 827, *Category I Fees; Category III Fees; Category IV Fees; California State University, Channel Islands Policy*
- EC §89230, *Instructionally Related Activities*
- EC §89300-89304, *Student Body Organizations*
- EC §89700-89712, *Fees, Rents and Charges*
- EC §8 89720-89726, *Revenues*
- Code of California Regulations, Title 5, §41800.2, *Instructionally Related Activities Fee*
- *CSU Legal Accounting and Reporting Manual*
- *CSUCI Student Fee Advisory Committee Training Workbook & Manual*
- *CSUCI ASI Budget, Allocation, and Spending Procedures*
- *CSUCI Policy on Instructionally Related Activities Funding*
- *CSUCI Materials, Services, Facilities, and Technology Committee Reserve Policy*

- *CSUCI Materials, Services, Facilities, and Technology Committee Fee Advisory Committee Training Workbook & Manual*
- *CSUCI Student Course Fee Business Procedures*

AUDIT TEAM

Senior Audit Manager: Ann Hough
Internal Auditor: Rita Guy