

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

January 19, 2023

Dr. Adela de la Torre
San Diego State University
5500 Campanile Drive
San Diego, CA 92182

Dear Dr. de la Torre:

Subject: Audit Report 22-05, Student Organizations, San Diego State University

We have completed an audit of *Student Organizations* 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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STUDENT ORGANIZATIONS

San Diego State University

Audit Report 22-05
January 19, 2023

EXECUTIVE SUMMARY

OBJECTIVE

The objectives of the audit were to ascertain the effectiveness of operational, administrative, and financial controls related to student organizations 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, administrative, and financial controls for student organizations as of October 21, 2022, taken as a whole, provided reasonable assurance that risks were being managed and objectives were met.

In general, we found that the campus had an appropriate framework for the administration of recognized student organizations (RSO). However, we found that student organization banking training materials lacked appropriate levels of cash-handling procedures, and student officers who were required to complete this training did not always do so. We also found that general release waivers were not collected in one instance when required for student organization events that involved travel.

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

OBSERVATIONS, RECOMMENDATIONS, AND RESPONSES

1. STUDENT ORGANIZATION BANKING TRAINING

OBSERVATION

Administration of RSO banking training needed improvement.

Associated Students (AS), the entity that provides banking for RSOs on behalf of student affairs and campus diversity, trains RSO officers on their fiscal responsibilities each semester. We reviewed the fall 2022 RSO banking training materials and noted that they did not include sufficient campus cash-handling policies and procedures or sufficient guidelines related to cash-handling requirements relevant to RSOs.

Additionally, seven of the 20 RSO treasurers we reviewed who were required to take the Student Organization Banking training during the 2021/22 academic year did not do so.

Appropriate oversight and administration of RSO cash-handling training ensures compliance with campus and systemwide requirements and helps to ensure that student organization officers are properly trained and cognizant of applicable policies and procedures.

RECOMMENDATION

We recommend that the campus, in conjunction with AS:

- a. Review and update the current training materials on student organization banking to ensure that they address applicable requirements, as noted above.
- b. Evaluate and update the current procedures to monitor and track compliance with required student organization banking training and communicate the updated procedures to appropriate personnel.

MANAGEMENT RESPONSE

- a. Although AS verbally trains students on cash-handling and printed materials include cash equivalents training, the campus, in conjunction with AS, will review and update current written training materials on student organization banking to ensure they include campus cash-handling policies and procedures.
- b. The campus, in conjunction with AS, will evaluate the current process for monitoring and tracking compliance with required student organization banking training and update procedures as applicable. Procedures will be communicated to appropriate personnel.

Estimated completion date: June 30, 2023

2. STUDENT ORGANIZATION TRAVEL

OBSERVATION

Release of liability waivers were not collected in one instance for AS-funded student organization travel.

RSOs are required to submit release of liability waivers prior to receiving approval of AS funding to support student organization travel such as professional conferences and retreats. Systemwide and campus policy requires all students traveling in California State University (CSU)-affiliated programs to sign a liability waiver.

We reviewed nine AS-funded student organization travel requests. For one travel approval, AS was unable to locate the required liability waivers for the seven student travelers. Obtaining liability waivers helps to ensure that travel-related risks are mitigated, decreases the university's financial and legal exposure, and ensures that travel participants understand the risks associated with traveling and participating in the activity.

RECOMMENDATION

We recommend that the campus, in conjunction with AS, evaluate and update the current process to ensure that liability waivers are obtained and retained from all participants prior to the commencement of any AS-funded student organization travel.

MANAGEMENT RESPONSE

Although RSOs are required to submit release of liability waivers and AS obtains them prior to approving AS-funded student organization travel, the campus, in conjunction with AS, will evaluate the current process for collecting and retaining liability waivers from participants prior to commencement of AS-funded student organization travel and update procedures as applicable.

Estimated completion date: August 31, 2023

GENERAL INFORMATION

BACKGROUND

The CSU's 23 campuses offer a variety of student organizations and activities to provide students with opportunities for personal growth and development of life skills. These organizations range from traditional fraternities, sororities, and service clubs to sports clubs and other special-interest and affinity groups focusing on issues such as sustainability and environmental awareness, social issues, military service, and performance arts.

Systemwide policy for student organizations and activities is delineated in the Executive Order (EO) 1068, which requires campuses to have a formal student-organization recognition process that records the purpose and objectives of each organization and compliance with open membership and training, as well as prohibitions on discrimination and hazing. Per EO 1068, it is the vice president of student affairs' responsibility to oversee the chartering and recognition of student organizations. In addition, the Integrated California State University Administrative Manual (ICSUAM) §3141.01, *Administration of Student Organization Funds* states that the campus chief financial officer (CFO) or designee and the vice president of student affairs or designee, must jointly establish written policies and prepare supporting procedures governing the administration of student organization funds. Further, campuses are required to implement and provide training on alcohol- and substance-abuse prevention and awareness programs in accordance with the CSU Alcohol Policies and Prevention Program adopted by the Board of Trustees (BOT) in July 2001. Other training may be required as the system or the campus identify educational opportunities for specific topics across various populations of the campus, including students in their roles as members or officers in RSOs.

At San Diego State University (SDSU), there are more than 300 recognized student organizations representing various categories, including academic or professional specialties, cultural and identity, leadership, recreation, and service. General oversight over student organizations is provided by the office of the dean of students under the vice president of student affairs and campus diversity. Most RSOs are administered by the Center of Student Organizations and Activities, but leadership clubs and fraternal organizations receive additional oversight from the Glazer Center for Leadership and the Center for Fraternity and Sorority Life, respectively. Unless a specific exception is granted, all student organization funds are held in an AS agency account. In 2019, SDSU initiated two presidential task forces addressing alcohol and substance misuse and student activity safety in response to an incident involving a student at an RSO party. The subsequent reports, issued in July 2020, either mandated or strongly recommended changes or additions to policies and programs, and the campus has been implementing the changes since that time.

SCOPE

We performed fieldwork from September 5, 2022, through October 21, 2022. 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, 2021, to October 21, 2022.

Specifically, we reviewed and tested:

- Organizational roles and responsibilities for oversight of student organizations and activities.
- Status of the recommendations made in the 2019 Presidential Task Force reports.
- Processes to formally charter and/or recognize student organizations, including fraternities and sororities.
- Processes to ensure that advisors and student leadership meet minimum qualifications and receive appropriate orientation and training.
- Processes to ensure compliance with requirements regarding alcohol usage and substance-abuse prevention and awareness programs.
- Administration and oversight of student organizations events occurring both on- and off-campus.
- Processes to ensure compliance with student travel policies.
- Measures to ensure the proper fiscal administration of student organization funds.

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, which included detailed testing on a limited number of student organizations to ensure that each met the campus recognition standards and that the organizations' activities were conducted and managed in accordance with campus and systemwide policies.

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:

- Government Code §13402 and §13403
- California Code of Regulations (CCR) Title 5, §41500, *Nondiscrimination in Student Organizations – Withholding of Recognition*
- CCR Title 5, §41503, *Filing Requisites*
- BOT Resolution, Educational Policy 07-01-03, *Alcohol Policies and Prevention Programs*
- EO 1051, *California State University Use of Approved Waiver of Liability*
- EO 1068, *Student Activities*

- Coded Memorandum Academic Affairs (AA) 2012-05, *Minimum Qualifications for Student Office Holders*
- AA 2014-11, *Establishment of University Sponsored Organizations as a Category for Student Organizations Affiliated with Scholastic Honor Societies*
- ICSUAM §3141.01, *Administration of Student Organization Funds*
- CSU *Information Security Policy and Standards*
- CSU *Auxiliary Organization Compliance Guide*
- CSU *Auxiliary Organization Sound Business Practices Guidelines*
- SDSU *Recognized Student Organization Handbook*

AUDIT TEAM

Senior Audit Manager: Ann Hough
Senior Auditor: Marcos Chagollan