

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

August 7, 2024

Dr. Tomás D. Morales, President  
California State University, San Bernardino  
5500 University Parkway  
San Bernardino, CA 92407

Dear Dr. Morales:

**Subject: Audit Report 23-81, Follow Up: Human Resources Management,  
California State University, San Bernardino**

We have completed an audit of *Follow Up: Human Resources Management* as part of our 2023-2024 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 university personnel over the course of this review.

Sincerely,



Vlad Marinescu  
Vice Chancellor and Chief Audit Officer

c: Mildred García, Chancellor  
Lillian Kimbell, Chair, Committee on Audit  
Anna Ortiz-Morfit, Vice Chair, Committee on Audit

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# **FOLLOW-UP: HUMAN RESOURCES MANAGEMENT**

**CALIFORNIA STATE UNIVERSITY,  
SAN BERNARDINO**

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**AUDIT REPORT 23-81  
AUGUST 7, 2024**

COLLEGE OF EDUCATION

## **EXECUTIVE SUMMARY**

### **AUDIT OBJECTIVES AND BACKGROUND**

In accordance with the fiscal year (FY) 2023/24 Audit Plan, as approved by the Board of Trustees, Audit and Advisory Services (A&AS) performed a follow-up review of Human Resources Management (HRM) at California State University, San Bernardino (CSUSB).

In FY 2021/22, A&AS audited HRM to ascertain the effectiveness of operational and administrative controls related to HRM and to ensure compliance with relevant federal and state regulations; Trustee policy; Office of the Chancellor (CO) directives; collective bargaining agreements; and campus procedures.

Based upon the results of the work performed within the scope of the audit, the operational and administrative controls for HRM as of June 13, 2022, were unlikely to provide reasonable assurance that risks were being managed and objectives were met.

The objective of this follow-up audit was to review the work performed by the campus to remediate each of the 13 observations contained in the FY 2021/22 audit. This included evaluating the operational and business practices implemented in response to each observation and providing campus management with the results of the review.

### **OVERALL CONCLUSION**

Our review included an evaluation of the following areas: family medical leave administration; independent contractor evaluation; conflict-of-interest (COI) reporting and training; recruiting, selection, and hiring activities; separation processing; license, certification, and registration requirements; employee personnel files; employee training; employee performance evaluations; outside employment disclosures; employee relocation expenses; confidentiality agreements; and policy communication.

Overall, the campus had made significant efforts to address the observations noted in the FY 2021/22 audit report despite facing challenges related to employee turnover. In our opinion, these efforts had a positive impact on HRM. Our review found that controls had been fully implemented to address nine of the 13 observations and had partially addressed the remaining four observations related to COI, performance evaluations, separations, and confidentiality agreements. However, further work to fully address management's action plan is required. Additional information is detailed in the remainder of this report.



## **FOLLOW-UP EVALUATION**

Below is a summary of the four remaining management action plans that had not been fully completed at the time of our HRM follow-up review, as well as the status of work performed to address management’s action plan.

### **1. CONFLICT OF INTEREST**

#### **SUMMARY OF FY 2021/22 OBSERVATION**

We found that the campus did not have written COI procedures. In addition, we found that the campus did not review COI statements for completion, ensure that COI statements were filed when individuals in designated positions were hired, or review the designated position list to determine whether new or existing positions on campus required incorporation. Further, we found that the campus did not have a process to monitor and ensure compliance with COI training requirements.

In our review of COI disclosure statements and training records, we also found instances where the COI disclosure statements were not completed, where COI training was not completed because it was not assigned, and where positions were not included on the campus list of designated positions that should have been.

#### **MANAGEMENT ACTION PLAN**

The campus will develop and implement comprehensive COI procedures to address the issues noted above, including appropriate identification of employees in designated positions, timely completion of COI disclosure forms, and proper assignment and monitoring of COI training. In addition, the campus will communicate the procedures to appropriate campus personnel and update the campus list of designated positions as necessary. The campus will complete this by February 28, 2023.

#### **STATUS OF WORK PERFORMED**

In March 2023, the campus submitted documentation for the corrective action indicating that human resources (HR) developed COI procedures to address the issues noted in the FY 2021/22 report and communicated them to appropriate campus personnel. These procedures included appropriate identification of employees in designated positions, timely completion of COI disclosure forms, and proper assignment and monitoring of COI training. Additionally, the campus updated the campus list of designated positions.

During our follow-up audit, we found that although written procedures for COI had been developed and implemented, there were continued instances of untimely COI statements and training. Employees who are newly appointed in a designated position under the COI Code must file an “Assuming Office” Statement of Economic Interests Form 700 (COI statement) within 30 days of assuming office. However, some titles on the campus designated position list did not match the actual titles of campus personnel; therefore, when new hires started the onboarding process, they were not being flagged as holding a designated position and were not assigned to complete the appropriate required documents or training.

We reviewed four new employees in designated positions and found that three did not complete and sign the COI statement in a timely manner. Specifically, the statements were submitted from five to 126 days late. Additionally, the four employees did not complete COI training because it was not assigned. However, COI training was assigned to these four employees during fieldwork.

We also found that the campus did not have a process to ensure that COI statements were filed and COI training was assigned to procurement card holders. Procurement cardholders are on the campus designated positions list and should file COI statements and take COI training when they receive their card. We found that procurement did not always notify HR when issuing procurement cards to employees, which prevented HR from distributing the COI statement and assigning the necessary COI training. CSUSB's *COI Form – 700 Procedures* do not address the COI process for procurement cardholders, including the notification from procurement to HR.

**PROCEDURES REMAINING TO FULLY IMPLEMENT MANAGEMENT’S ACTION PLAN**

We recommend that the campus:

- a. Continue to work with systemwide HR to update the campus designated positions list to match actual campus titles.
- b. Update procedures to ensure that new hires in designated positions are being identified and flagged to complete COI statements and training.
- c. Update procedures to establish a process to ensure new procurement cardholders complete COI statements and training upon card issuance.

<b>MANAGEMENT RESPONSE</b>
<p>We concur.</p> <ul style="list-style-type: none"><li>a. Our campus has implemented procedures for the program specialist to continue to work with systemwide HR to update the campus designated positions list to match actual campus titles.</li><li>b. Our campus has updated procedures to ensure that new hires in designated positions are being identified and flagged to complete COI statements and training.</li><li>c. Our campus has updated procedures and established a process to ensure that new procurement cardholders complete COI statements and training upon card issuance.</li></ul>



**2. EMPLOYEE PERFORMANCE EVALUATIONS**

**SUMMARY OF FY 2021/22 OBSERVATION**

We found that the campus did not have a process to monitor employee performance evaluations to ensure that they were completed accurately and timely in accordance with respective collective bargaining agreements (CBA). We also found that the campus did not have a written merit evaluation plan for management personnel and did not perform periodic monitoring to ensure that current and documented performance evaluations were on file for management personnel who were awarded raises.

In our review of employee performance evaluations, we also found instances where they were not completed, where they were not completed timely, and where they were not signed by the employee and/or supervisor.

**MANAGEMENT ACTION PLAN**

The campus will update current procedures to address proper and timely performance of employee

performance evaluations and communicate these procedures to key campus personnel. The campus will also create, implement, and adhere to a written merit evaluation plan for management personnel. The campus will complete this by February 28, 2023.

#### **STATUS OF WORK PERFORMED**

In March 2023, the campus submitted documentation for the corrective action indicating that HR updated procedures to address proper and timely performance evaluations and communicated these procedures to appropriate campus personnel. Additionally, HR created and implemented a written merit evaluation plan for management personnel.

During our follow-up audit, we found that the merit evaluation plan for management personnel had been implemented and the campus was performing periodic monitoring of management merit increases to confirm that there were associated performance evaluations on file and the merit increase complied with the merit evaluation plan.

However, we found that the employee performance evaluation process continued to require improvement. We reviewed probationary employee performance evaluations for nine new employees and found that for four employees, at least one evaluation required during the audit period was not performed. According to HR, some evaluations did not occur because the employees were not assigned an evaluation program timely by information technology services or the automated transfer to the performance management system was not completed, so an evaluation program could not be assigned.

Additionally, for one of the nine employees, a university police department employee, the performance evaluation was completed 69 days after the due date. According to HR, the university police department manages its own performance evaluations for Unit 8 employees and submits them to HR solely for recordkeeping. However, this is not reflected in the CSUSB *Performance Evaluation Procedure*.

#### **PROCEDURES REMAINING TO FULLY IMPLEMENT MANAGEMENT'S ACTION PLAN**

We recommend that the campus:

- a. Review and update procedures for assignment of performance evaluation programs to ensure they are assigned timely.
- b. Investigate and resolve the automated transfer failure to the performance management system.
- c. Review and update procedures to reflect current practices for police department performance evaluations.
- d. Communicate updated procedures to appropriate staff in HR and the police department.

<b>MANAGEMENT RESPONSE</b>
<p>We concur.</p> <ul style="list-style-type: none"> <li>a. Our campus has reviewed and updated procedures for the assignment of performance evaluation programs to ensure they are assigned timely.</li> <li>b. Our campus has investigated and resolved the automated transfer failure to the performance management system.</li> <li>c. Our campus has reviewed and updated procedures to reflect current practices for police department performance evaluations.</li> <li>d. Our campus has communicated the updated procedures to the appropriate staff in HR and the police department.</li> </ul>

### 3. SEPARATIONS

#### SUMMARY OF FY 2021/22 OBSERVATION

We found that campus processes for separations needed improvement to ensure that access to systems was removed and any other required administrative steps were taken. In addition, we found that former HR employees did not return their keys, including the HR master key, at the time of separation.

In our review of separations, we found instances where clearance forms were not completed or completed late, where PeopleSoft system access was not removed timely, where the employee was removed from the payroll system late, and where required discharge notifications were not completed.

#### MANAGEMENT ACTION PLAN

The campus will update current separation procedures to ensure that all required system access and administrative requirements are addressed and communicate these procedures to key campus personnel. The campus will also review key access to HR facilities and determine whether to re-key doors. The campus will complete this by February 28, 2023.

#### STATUS OF WORK PERFORMED

In March 2023, the campus submitted documentation for the corrective action indicating that HR updated procedures to ensure that all required system access and administrative requirements were addressed; HR also indicated that it had communicated these procedures to appropriate personnel. Furthermore, HR introduced a separation clearance form to be completed through AdobeSign. In addition, HR conducted a review of key access to HR facilities and, with the assistance of facilities, re-keyed doors as needed.

During our follow-up audit, we found that the list of employees with key access to the HR suite was appropriate.

However, we found delays in completing separation clearance forms and removing system access. HR had introduced a separation clearance form to document separation procedures, but HR explained that delays in completing the clearance form stemmed from routing it to different stakeholders, causing delays due to sequential signoffs. To address this, the CSUSB *Separation Process* was updated in February 2024 to have one HR representative sign off on behalf of the various stakeholders.

We reviewed 10 separations and found that in seven instances, clearance forms were submitted between eight and 61 days after the separation date. Additionally, one employee was removed from the payroll system and had their PeopleSoft system access revoked five days after separation.

**PROCEDURES REMAINING TO FULLY IMPLEMENT MANAGEMENT’S ACTION PLAN**

We recommend that the campus remind appropriate staff of separation procedures and continue to monitor the separation process to determine whether any other adjustments are needed.

<b>MANAGEMENT RESPONSE</b>
We concur. Our campus has reminded appropriate staff of separation procedures and will continue to monitor the separation process to determine whether any other adjustments are needed.

**4. CONFIDENTIALITY AGREEMENTS**

**SUMMARY OF FY 2021/22 OBSERVATION**

We found that confidentiality forms were not always completed by individuals who had access to confidential personal information.

**MANAGEMENT ACTION PLAN**

The campus will enhance procedures to ensure that completed confidentiality forms are received from all employees who have been determined to have a need for access to confidential personal information. The campus will complete this by February 28, 2023.

**STATUS OF WORK PERFORMED**

In March 2023, the campus submitted documentation for the corrective action indicating that HR had enhanced procedures to ensure that completed confidentiality forms were received from all employees during the new-hire intake.

During our follow-up audit, we found that although procedures had been developed to assign completion of confidentiality compliance forms to new hires during the onboarding process, the forms were not always completed timely. We reviewed five employees and found that in two instances, the confidentiality forms were completed 142 and 226 days late. During fieldwork, HR reiterated the updated processes to require that two individuals, rather than one, review the confidentiality compliance forms for completion, and added the confidentiality form to the new-hire packet, which is completed on or before the date of hire.

**PROCEDURES REMAINING TO FULLY IMPLEMENT MANAGEMENT’S ACTION PLAN**

We recommend that the campus update procedures to reflect the new requirement that two individuals review confidentiality compliance forms for completion.

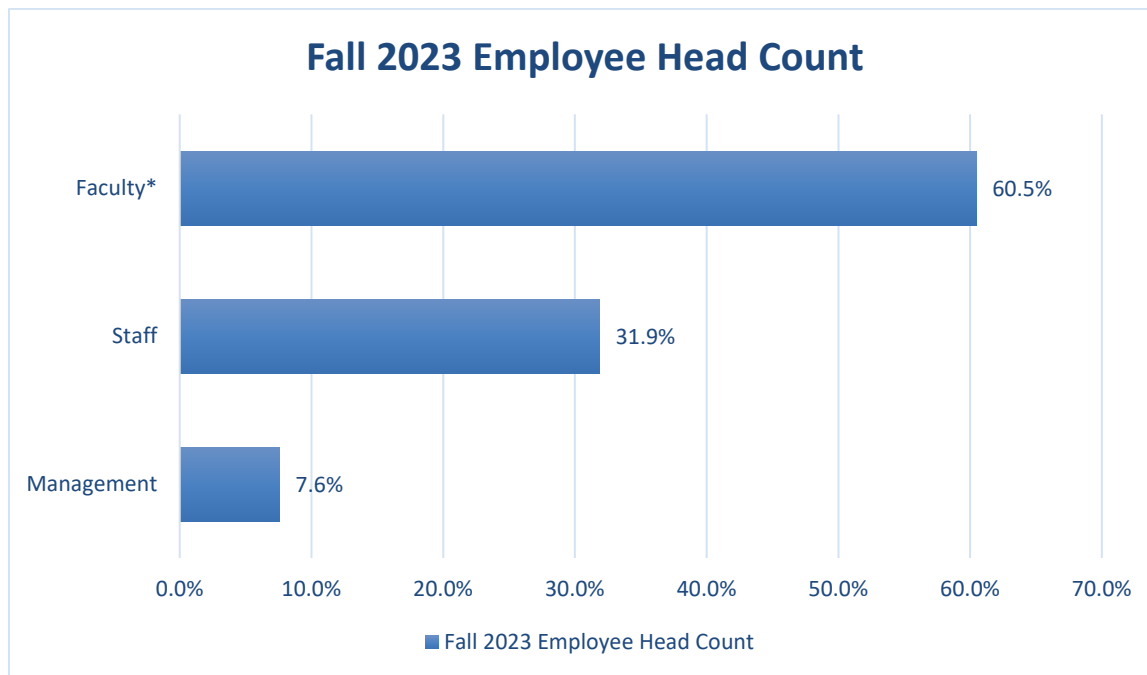
<b>MANAGEMENT RESPONSE</b>
We concur. Our campus has updated procedures to reflect the new requirement that two individuals review confidentiality compliance forms for completion.



## GENERAL INFORMATION

### ADDITIONAL BACKGROUND

The CSU is home to a diverse student and staff population across its 23 campuses and the CO. The CSU workforce is made up of faculty, staff, and management employees, with total headcount for the system estimated at 63,357 in fall 2023. 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.

HRM 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 HR functions, while the HR department usually takes on all HR functions for management and staff.

The Systemwide 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 to establish the CSU as an employer of choice. Systemwide HR provides leadership and guidance in such areas as employment practices, organizational structure, employee engagement, workers compensation, unemployment, leaves of absence, performance management, benefits, compensation, and other employment-related programs and services.

As a state agency and a recipient of federal funds, the CSU must perform its HRM responsibilities within legal constraints imposed by the government. In addition to CSU policies and collective bargaining agreements, the university must comply with major federal and state laws that govern HRM practices and address equity and fairness in the workplace.

## CRITERIA

This follow-up 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:

- Government Code 13402 and 13403, *State Leadership Accountability Act*
- CCR, Title 5 §42396, *Privacy*
- Collective Bargaining Agreements of the CSU
- *CSU Policy Prohibiting Discrimination, Harassment, Sexual Misconduct, Sexual Exploitation, Dating Violence, Domestic Violence, Stalking, and Retaliation (Nondiscrimination Policy)*
- *CSU Nepotism Policy*
- *CSU Employment and Conflicts of Interest and Incompatible Activities*
- *CSU Employment: License, Certification and Registration Requirements*
- *CSU Position Description Policy*
- *CSU Revisions to the COI Filing Officers' Requirements*
- *CSU Elimination of Criminal Conviction History and Salary History Question in CSU Applications*
- *CSU Background Check Policy*
- *CSU MPP – Written Merit Evaluation Plans and Performance Evaluations*
- *CSU New Form I-9, Employment Eligibility Verification*
- *CSU Updated CSU Family Medical Leave*
- *CSU Independent Contractor Guidelines*
- *CSUSB Confidentiality Compliance Forms Procedures*
- *CSUSB Independent Contractor Procedures*
- *CSUSB Performance Evaluation Procedure*
- *CSUSB Separation Process*

## AUDIT TEAM

Senior Audit Manager: Hannah Gardener

Senior Auditor: Laura Vazquez