

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

July 24, 2024

Dr. Britt Rios-Ellis, President
California State University, Stanislaus
One University Circle
Turlock, CA 95382

Dear Dr. Rios-Ellis:

**Subject: Audit Report 23-13, Professional and Continuing Education,
California State University, Stanislaus**

We have completed an audit of *Professional and Continuing Education* 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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PROFESSIONAL AND CONTINUING EDUCATION

**CALIFORNIA STATE UNIVERSITY,
STANISLAUS**

**AUDIT REPORT 23-13
JULY 24, 2024**

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 performed an audit of professional and continuing education at California State University, Stanislaus (Stanislaus State).

The objectives of the audit were to ascertain the effectiveness of operational, administrative, and financial controls related to professional and continuing education and to ensure compliance with relevant federal and state regulations; Trustee policy; Office of the Chancellor (CO) directives; and university procedures.

Continuing and professional education (CaPE) is offered at Stanislaus State through the office of professional and global education and is headed by a dean who reports to the provost in the division of academic affairs. The office oversees open university, a program that allows individuals to enroll in college courses on a space-available basis without being admitted to the university; special session undergraduate degree, graduate degree, and academic certificate programs; winter session; and programs that support the advancement of early and mid-career professionals through contract extension courses, continuing education units, and professional development certificate programs. Courses are delivered in online, hybrid, and accelerated formats and are available through both the Turlock and Stockton campuses.

OVERALL CONCLUSION

Based upon the results of the work performed within the scope of the audit, except for the weakness described below, the operational, administrative, and financial controls for professional and continuing education as of May 30, 2024, taken as a whole, provided reasonable assurance that risks were being managed and objectives were met.

AUDIT SCOPE AND RESULTS

In general, we found that professional and continuing education operations were effective and services were provided in compliance with California State University (CSU) policies and procedures. In our review, we did not note any issues related to the core function of CaPE at Stanislaus State. We found that CaPE had effective processes for developing and approving self-support degree and credit-bearing certificate programs, and management appeared to be knowledgeable and engaged.

However, our review did note areas for improvement in the administration of contracts and purchase orders related to CaPE activities. A summary of the observations noted in the report is presented in the table below. Further details are specified in the remainder of the report.

Area	Processes Reviewed	Audit Assessment
General Environment	Oversight of CaPE, policies and procedures, strategic plan, course offerings, and budget	<i>Effective – no reportable observations</i>
Extended Education Programs	Supplanting analysis, open university scheduling and roster, degree program development, credential and certification programs, and other programs	<i>Effective – no reportable observations</i>

Area	Processes Reviewed	Audit Assessment
Financial Administration	Fee development and approval, contracts and agreements, cost allocation plan, expenditure testing, and reserves	<i>Observation noted in the administration of purchase orders and contracts</i>
Information Systems	System identification and access testing	<i>Effective – no reportable observations noted</i>

The audit focused on procedures in effect from January 1, 2022, through May 30, 2024. Our audit and evaluation included the audit tests we considered necessary in determining whether operational, administrative, and financial controls are in place and operative. Our review was limited to gaining reasonable assurance that essential elements of professional and continuing education were in place and did not examine all aspects of the program.

OBSERVATIONS, RECOMMENDATIONS, AND RESPONSES

1. PURCHASE ORDER AND CONTRACT ADMINISTRATION

OBSERVATION

Administration of purchase orders and contracts needed improvement.

We reviewed 10 agreements and found that:

- Two purchase orders, one for training and one for consulting services, were approved by procurement and contract services 41 and 109 days after the service period start date, respectively.
- Two contracts, one for copywriting and one for strategic advisory services, were executed 46 and 60 days after the service period start date, respectively.

Per discussions with procurement and contract services, we learned that in some cases, CaPE did not initiate purchase orders until after services had commenced, which contributed to delays in the approval process.

In addition, CaPE offers online continuing education courses through Virtual Education Software inc. (VESi) and Education To Go (ed2go). We found that there was no written contract or agreement between the campus and VESi related to the course offerings. Further, per discussion with procurement and contract services, the ed2go contract needed to be revised, as the current agreement was executed in 2013 and included terms and conditions that were no longer valid.

Timely execution of purchase orders and contracts decreases the risk of misunderstandings and miscommunication regarding rights and responsibilities, as well as potential revenue loss, and reduces potential liability to the CSU.

RECOMMENDATION

We recommend that the university:

- a. Remind campus personnel involved in the purchasing process that purchase orders and contracts should be initiated and processed before services are provided or work is performed and communicate dates by which requests for work concurrent with start and end of fiscal years should be submitted to support ongoing operations.
- b. Execute an agreement with VESi that outlines the online course offerings provided to the university and amend the contract with ed2go so that it reflects current information and contract provisions.

MANAGEMENT RESPONSE
We concur. The campus will remind campus personnel involved in the purchasing process that purchase orders and contracts should be initiated and processed before services are provided or work is performed and communicate dates by which requests for work concurrent with start and end of fiscal years should be submitted to support ongoing operations. The campus will execute an agreement with VESi that outlines the online course offerings provided to the university and amend the contract with ed2go so that it reflects current information and contract provisions.

Expected completion date: December 13, 2024

GENERAL INFORMATION

ADDITIONAL BACKGROUND

In 1971, the California legislature passed the Continuing Education Revenue Fund (CERF) Act, which required each CSU campus to create extended education units provided by professional and continuing education (PaCE) operations. Units awarded through PaCE programs provide a way for the CSU to meet the education and training needs of individuals and groups who might not otherwise be served by the CSU and allow universities to operate on a self-support basis at times and locations not supported by the CSU Operating Fund.

PaCE provides a broad spectrum of services, including professional development and job-training courses; certificate and degree programs; courses delivered online, off-campus, or at non-traditional times; courses for personal enrichment; and courses delivered between academic terms. Courses may provide academic credit or continuing education units or may be offered on a non-credit basis. There are certain limitations on PaCE offerings, including the requirement that offerings not supplant regular state-supported course offerings and that state-supported matriculated students not be required to enroll in self-support courses in order to fulfill graduation requirements.

The assistant vice chancellor of PaCE at the CO provides overall oversight and administration for PaCE at the systemwide level. In addition, the Commission on Professional and Continuing Education, established in 1977, advises the chancellor regarding the issues and opportunities facing PaCE programs at each of the universities, as well as on policy, financial, and programming aspects of PaCE systemwide.

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 university 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:

- Education Code §89700 to §89712, *Fees, Rents and Charges*
- Education Code §89704
- Education Code §89720 to §89726, *Revenues*
- *CSU Delegation of Fiscal Authority and Responsibility*
- *CSU Cost Allocation/Reimbursement Plans for the CSU Operating Fund*
- *CSU Budget Oversight*
- *CSU Designated Balance and Reserves*
- *CSU Certificates and Certificate Programs*
- *CSU Extended Education; Self-Supporting Instructional Courses and Programs*
- *CSU Pre-Admission Disclosures and Limiting Admission Offers for Academic Programs Leading to Licensures or Credentialing*
- *CSU Provisions for the Commission on Professional and Continuing Education of the CSU*
- *CSU Enrollment of Non-Matriculated Students in CSU State-Supported Courses and Self-Support Special Session Courses*
- *CSU Procedures Governing Self-Supporting Programs Offered Outside the State of California*
- *CSU Student Tuition and Fee Policy*

- Stanislaus State *Approval for Curricular Actions*
- Stanislaus State *CaPE Salesforce User Steps*
- Stanislaus State *Constituent Relationship Management Initiative*
- Stanislaus State *Cost Allocation Policy*
- Stanislaus State *Extended Education Revenue Share Allocation*
- Stanislaus State *Non-Credit Programs*
- Stanislaus State *Open University Enrollment*
- Stanislaus State *Special Session Degree and Academic Credit Certificate Programs*

AUDIT TEAM

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Senior Auditor: Janaki Nakum