

Student Fee Audit: Cal Poly Opportunity Fee

California Polytechnic State University, San Luis Obispo

Audit Report 24-02

October 8, 2024

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 the Cal Poly Opportunity Fee (CPOF) to ensure compliance with relevant California State University (CSU) Policies, State Educational Code, Office of the Chancellor directives, fee agreement, and campus procedures.

SCOPE

Audit and Consulting Services (ACS) reviewed the following:

- Budget allocation processes to ensure agreement with the CPOF purpose specified in the Executive Order (EO) 1117.
- Application of the correct CPOF amount, based on their corresponding cohort, to the correct population of students for all students enrolled in the 2022-2023 and 2023-2024 academic years.
- Review of expenses related to payroll and benefits to ensure these are aligned with the budget allocations and positions presented to the CPOF Committee for the 2023-2024 academic year.
- Review of financial aid spend in the 2023-2024 academic year to ensure this is aligned with budget allocation and the CPOF purpose.
- Compliance of operating expenses incurred within the 2023-2024 academic year with the intended use as set forth within the EO documenting the CPOF agreement.

During the planning of this audit, ACS determined that the approval process for the set-up of the fee would remain out of scope for the purpose of this audit.

CONCLUSION

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

met. However, the review did identify opportunities to improve the campus processes for management of fee expenditures and meeting budget objectives.

In general, ACS noted that the campus has an appropriate framework for the administration of CPOF revenues. However, it was noted that this funding source operates differently from others, as it does not have centralized governance to monitor spending. This approach was intentional, given the nature of this fund. Whether Management determined that centralized governance will be implemented or not, ACS noted that there is little guidance documented on policies and procedures related to the CPOF. If centralized governance is not implemented, lack of documented guidance in the procedures noted in the report should be created and communicated on a regular basis at a minimum.

Furthermore, ACS noted that the CPOF is a Category II Fee that has been created to assist low-income resident students, student support and advising, and increasing faculty tenure density. Given the general nature of the purpose of the fee, there are little restrictions implicated in the use of these funds. While it is Management's responsibility to determine if further restrictions are needed to ensure proper use of these funds, ACS did note that there is no guidance on when to use these funds versus other funds available to the University, such as the CSU General Fund.

ACS determined that all areas noted below have an opportunity to increase the transparency and accountability in the CPOF management to ensure that the funds are used efficiently and follow the respective executive orders and campus guidelines. Specific observations, recommendations, and Management responses are detailed in the remainder of this report.