



AUDIT AND ADVISORY SERVICES

Cal Student Central
Audit
Project No. 14-619

August 28, 2014

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August 28, 2014

Harry Le Grande
Vice Chancellor of Student Affairs

Vice Chancellor Le Grande:

We have completed our audit of Cal Student Central per our annual service plan in accordance with the Institute of Internal Auditors' *Standards for the Professional Practice of Internal Auditing* and the University of California Internal Audit Charter.

Our observations with management action plans are expounded upon in the accompanying report. Please destroy all copies of draft reports and related documents. Thank you to the staff of the Financial Aid and Scholarships Office, Billing and Payment Services, and Registration and Enrollment for their cooperative efforts throughout the audit process. Please do not hesitate to call on Audit and Advisory Services if we can be of further assistance in this or other matters.

Respectfully reported,

Wanda Lynn Riley
Chief Audit Executive

cc: Associate Vice Chancellor Anne De Luca
Director Rachelle Feldman
Director Carmen Ortiz
Director Joyce Sturm
University Registrar Walter Wong
Associate Chancellor Linda Morris Williams
Senior Vice President-Chief Compliance and Audit Officer Sheryl Vacca
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**University of California, Berkeley
Audit and Advisory Services
Cal Student Central**

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OVERVIEW

Executive Summary

This audit was designed to assess current campus governance, risk, and control activities related to the operations of Cal Student Central (CSC). CSC performs transactional student-facing administrative services for the following partner offices: the Financial Aid and Scholarships Office, Billing and Payment Services, and Registration and Enrollment. More complex student service requests are escalated to respective partner offices for resolution.

As there are not currently systemwide or campus policies that establish specific guidelines for operation or governance, we evaluated the governance, risk, and control activities for CSC as a frontline service provider for the above mentioned partner offices, using practices at comparable institutions as points of reference. Our evaluation was segmented into the following categories:

- Customer Service: the timeliness and quality in which students and parents were serviced.
- Frontline Services: the operational effectiveness of frontline services that transferred from partner offices to CSC.
- Management of Resources/Staff: the performance and capacity levels of CSC resources to determine sufficiency for meeting the organization's objectives.
- Stakeholder Communication: how CSC and partner offices participated in coordination, collaboration, and oversight efforts to meet shared organizational objectives.

Still in its early stages, CSC has accomplished its primary objective of centralizing three major student enrollment management service functions. For the first time on the campus, students can consult with one person to transact multiple enrollment management services relating to different departmental topics. With such a cross-functional environment comes the necessary collaboration and communication between CSC and partner offices. In addition to hiring 11 new staff, CSC has several transformational initiatives in the pipeline to reduce student service times, improve CSCs online presence, and improve its overall efficiency levels.

We identified three areas with opportunities for improvement. First, we noted an opportunity for CSC to align its cash handling activities with better industry practices. Prior to the implementation of CSC, a teller stationed behind a service desk distributed checks to students who waited in one queue. Performing cash handling activities in the new service room open layout presented challenges for effective cash management due to the rotating nature of student servicing advisors. Prior to the conclusion of this report, CSC strengthened their controls around cash handling to mitigate risks regarding accountability and theft.

Second, we observed an opportunity for improved collaboration, coordination, and oversight amongst CSC and partner offices. Information and service hand-offs are exchanged between CSC and partner offices on a daily basis. Such exchanges require consistent collaboration and cooperation from all parties involved in order to best benefit the student. Other considerations to improve collaborative efforts include an oversight board comprised of high-level management and clearly defined roles and responsibilities for both CSC and partner offices.

Lastly, we noticed an opportunity for CSC to enhance their use of performance metrics. Developing a robust set of performance metrics that align with program objectives will aid CSC and partner offices in tracking progress. During our evaluation, CSC was in introductory stages of developing performance metrics. As they continue to expand on the use of such metrics, CSC has an opportunity to incorporate both timeliness and quality as a basis for measuring progress. Additionally, ensuring that performance metrics are agreed upon with partner offices will further improve collaborative efforts and transparency.

Source and Purpose of the Audit

The purpose of this audit was to assess the implementation of CSC and whether management's control objectives were being met with respect to accountability, effectiveness, efficiency, and compliance with University, federal, and state requirements.

Scope of the Audit

The scope of the audit included services provided by CSC to students as well as business process coordination and handoffs with partner offices: Billing and Payment Services, the Financial Aid and Scholarships Office, and Registration and Enrollment. In particular, we focused on the coordination and delivery of student services that had previously been provided separately by the partner offices. Our assessment period was December 2013 through January 2014.

We evaluated the governance, risk, and control activities for CSC as a frontline service provider for the above mentioned partner offices. Our evaluation was segmented into the following categories:

- Customer Service: the timeliness and quality by which students and parents were serviced;
- Frontline Services: the operational effectiveness of frontline services that transferred from partner offices to CSC;
- Management of Resources/Staff: the performance and capacity levels of CSC resources to determine sufficiency for meeting the organization's objectives; and
- Stakeholder Communication: how CSC and partner offices participated in coordination, collaboration, and oversight efforts to meet shared organizational objectives.

Background Information

CSC now functions as the main student-facing frontline administrative office for routine enrollment management services, with students coming to one central location to complete the majority of their administrative tasks that were previously completed by separate frontline staff in the partner offices. CSC advisors are cross trained in the various roles required to properly service students in each respective area. CSC has a total of 18 staff including two assistants, 14 advisors, one supervisor, and one director.

Students and parents can be serviced in-person at CSC's central location in Sproul Hall, online by utilizing CSC's online ticketing platform, and/or via their telephone hotline. CSC utilizes a virtual queuing system, Qless, whereby students do not have to physically wait in line to see an advisor. Students can submit a service request at CSC, leave to conduct other business, and then return to CSC once they have been notified that their turn has come up via a text message. CSC also utilizes an internal ticketing system that records and tracks all service requests.

As of the end of our fieldwork in January 2014, CSC was working to create formalized process maps for each one its key frontline services. The creation of these process maps will clarify the roles, responsibilities, and hand-offs between CSC and partner offices.

In an effort to promote the use of self-service, online transactions by students, another initiative to be completed in spring 2014 was CSC's second website entitled "Student Central". Student Central is an interactive website intended to provide students with direct access to important information and self-service options for Billing and Payment Services, Office of the Registrar, and the Financial Aid and Scholarships Office. Students will be able to perform key administrative transactions utilizing a single web-portal that interacts directly with partner office websites and systems. Other recent CSC innovations include "on demand transcripts" where students can pick up transcripts the same day they request them and online verification of enrollment where students can verify their current enrollment status online using a portal linked directly to the National Student Clearinghouse.

Summary Conclusion

Still in its early stages, at the close of our fieldwork, CSC has accomplished their primary objective of centralizing three major student administrative frontline service functions. For the first time, students can consult with one person to transact multiple administrative services across partner offices. With such a cross-functional environment comes the necessary collaboration and communication between CSC and partner offices. In addition to hiring 11 new staff, CSC has several transformational initiatives in the pipeline to reduce student service times, improve CSC's online presence, and improve its overall efficiency levels.

We identified three reportable observations. First, we noted an opportunity for CSC to align its cash handling activities with better industry practices. Prior to the implementation of CSC, a teller stationed behind a service desk distributed student refund and financial aid checks to students who waited in one queue. Performing cash handling activities in the new open layout customer service lobby presented challenges for effective cash management due to the rotating nature of student servicing advisors. Subsequent to the close of our fieldwork but prior to the issuance of our report, CSC strengthened their controls around cash handling to mitigate risks regarding accountability and theft.

Second, we observed an opportunity for improved collaboration, coordination, and oversight amongst CSC and partner offices. Information and service hand-offs are exchanged between CSC and partner offices on a daily basis. Such exchanges require consistent collaboration and cooperation from all parties involved in order to best benefit the student. Other considerations to improve collaborative efforts include an oversight board comprised of high-level management and clearly defined roles and responsibilities for both CSC and partner offices.

Lastly, we noticed an opportunity for CSC to enhance their use of performance metrics. Developing a robust set of performance metrics that align with program objectives will aid CSC and partner offices in tracking forward progress. During our evaluation, CSC was in its introductory stages of developing performance metrics. As they continue to expand on the use of such metrics, CSC has an opportunity to incorporate both timeliness and quality as a basis for measuring progress. Additionally, ensuring that performance metrics are agreed upon with partner offices will further improve collaborative efforts and transparency.

SUMMARY OF OBSERVATIONS & MANAGEMENT RESPONSE AND ACTION PLAN

Cash Handling Practices – Student Refund and Certain Financial Aid Checks

Observation

Business and Finance Bulletin BUS-49 (*Policy for Cash and Cash Equivalents Received*) defines roles and responsibilities related to receipt, safeguarding, reporting, and recordkeeping for all University cash and cash equivalents. It establishes certain basic internal control principles such as the use of lockable receptacles or burglarproof and fire resistant safes to store cash. In particular, storage of cash and cash equivalents, such as checks, should be made in lockable receptacles or safes for amounts over \$1,000.

In addition, the campus has a fiduciary responsibility to safeguard federal student aid (FSA) funds and to return to the Department of Education any FSA funds that cannot be used as intended.¹

CSC uses a rotating service system where different advisors change job designations throughout the day. Among their responsibilities, advisors distribute Campus Accounts Receivable System (CARS) refund checks to students who have an account with an eligible overpayment from a prior payment or financial aid award. Such refunds are typically disbursed by electronic funds transfer (EFT) for students who have signed up for EFT direct deposit. If EFT is not activated, refunds are issued via paper check held for pick-up at CSC.

During our fieldwork we observed that these paper student refund checks as well as parent Direct PLUS loan checks were stored at CSC in an unlocked rolling bin in the unsecure customer service lobby that was open to the public. Although the rolling bin provided convenient access for advisors who were servicing students, it did not provide a secure method to safeguard these checks and made them susceptible to being lost or stolen.

In conducting our interviews with CSC management, we noted a change in the cash handling process since it moved from Billing and Payment Services (BPS) to CSC in January 2013. Prior to the implementation of CSC, all student refund and parent Direct PLUS loan checks were kept in a locked cabinet that was only unlocked when a student came to the BPS service window in University Hall to retrieve a check. At this time, all students reported to the same BPS window for pickup. Checks were stored in a locked drawer with only one person at a time allowed access. Once CSC was implemented, this methodology changed due to the open layout of the CSC service floor and rotating job designations.

Subsequent to the close of our fieldwork in January 2014 but prior to the issuance of our report, CSC strengthened their controls around cash handling to mitigate risks regarding accountability and theft. CSC ceased using an unlocked rolling bin to distribute student refund and parent Direct PLUS loan checks. All cash handling activities now take place in a secured room with one

¹ FSA Handbook 2013-2014, Volume 4, page 4-18.

advisor tasked with distributing checks for that day. The new space is isolated from the surrounding open student service lobby and provides students with a private location to pick up their cash. Additionally, the new space ensures checks are kept in a uniform location and supervised at all times.

Audit and Advisory Services Note

Subsequent to the close of fieldwork in January 2014 but prior to the issuance of our final report, Audit and Advisory Services verified these process changes and consider them to reasonably mitigate the observation noted above. As a result, we did not request a separate written management response to this observation.

Sponsoring Unit Coordination and Collaboration

Observation

CSC provides a centralized location for students with Financial Aid and Scholarships Office (FASO), Billing and Payment Services, and Registration and Enrollment service requests. Efficient and timely service delivery by CSC relies upon a critical exchange of information and handoff of tasks between CSC and its partner offices to ensure seamless service. Such exchanges and handoffs are typically facilitated by shared governance of end-to-end processes through clearly defined and transparent roles and responsibilities between CSC and its partners.

CSC and its partner offices meet periodically to discuss current state processes, but these conversations tend to focus on improving training techniques rather than discussing opportunities to improve process organization and governance. As a result, CSC and its partner offices separately expressed a perception that there was a lack of transparency into each other's operations which hinders seamless end-to-end process optimization.

A formal governance process to address potential differences of opinion between CSC and partner offices with respect to information exchange, task handoffs, roles and responsibilities, service menus, quality assurance or control activities has not been defined.

We believe the development and growth of a sustainable, long-term relationship between CSC and its partner offices can be better assured by formalizing: (1) a governance structure for central oversight, coordination and accountability; (2) formal service level agreements that specify roles and responsibilities for CSC and partner offices; and (3) development of end-to-end process flows that assures a mutual level of transparency to all stakeholders.

Management Response and Action Plan

Cal Student Central continues to work on increasing communication and refining processes, especially those that require escalation to the partner offices. Our efforts include the following:

- Bi-weekly check in meetings in which pertinent topics are discussed and protocol and process decisions are made collaboratively. Carmen Ortiz, Director of Cal Student Central, solicits agenda items and runs the meetings. Partner offices are encouraged to bring up issues and articulate areas that may need process improvement.

- CSC is actively engaged in mapping out the protocol for all operations with FASO. Special focus has been placed on escalation issues and the protocol around each office's responsibilities. Progress is awaiting FASO's input.
- CSC sponsors a targeted communication plan for students. Each partner office is encouraged and invited to include pertinent information. This has been brought to fruition by the creation of key info-graphics and web page content updates.
- In addition, CSC engages in bi-weekly information-sharing meetings with the entire Office of the Registrar staff. CSC also participates in weekly training sessions with FASO. CSC has invited FASO counselors to meet with the CSC advisors in order to establish rapport and exchange ideas and information. This request was declined by FASO. Their director opted not to pursue this.
- In mapping our processes and sharing reports on all of CSC's service ports, CSC continues to foster transparency of its operations. CSC has shared its training manual, granted report rights to all partners and has ensured every manager can pull reports from both QLess and Salesforce. In addition, we welcome partner offices to provide targeted training when they feel it is necessary.

Audit and Advisory Services Note

Audit and Advisory Services validated completion of the steps outlined by management above prior to the finalization to our report and consider them to reasonably address the observation noted above.

Key Performance Indicators

Observation

Key performance indicators (KPIs) are quantifiable measurements of the improvement in or deterioration of critical activities. A KPI can have a target, set of ranges, or both, which measure how well an organization is achieving its objectives.

CSC is in the preliminary stages of developing and tracking KPIs and other performance metrics. Currently these metrics are narrowly focused on tracking student wait times to see an advisor or closure times for service tickets. However, focus on wait times and ticket closure likely does not address progress toward other management objectives for CSC.

We note an opportunity to expand the use of tracking metrics related to other core CSC tasks. Such tasks might include but are not limited to the distribution of student refund checks, transcript production, and form collection. In addition, metrics focused on timeliness and task completion could be augmented by those focused on service quality. A balanced scorecard of KPIs typically combines a set of metrics that measure multiple dimensions of performance, such as financial performance, customer satisfaction, service quality, and employee learning and growth. Lastly, an expansion of CSC's current customer service feedback mechanism would aid as a valuable performance measurement tool.

Management Response and Action Plan

CSC continues to enhance its service to students and their approved agents. In order to measure our success, we have established services goals and constantly monitor service wait times, service transactions and service duration. We have established optimal wait and service times for the most solicited services: financial aid and registration advisement. Transactional queues are also measured. These include student refund checks, transcript production, and emergency loans.

CSC focuses on employee learning and growth. We continue to host training sessions facilitated by partner offices trainers. In addition, we hold weekly meetings to identify service trends, partner office deadlines, and areas of opportunity. Our website has a method to receive student feedback. We use this feedback to ensure service quality and to make decisions about daily operations.

In regards to addressing quality, CSC uses its upper-management to provide quality assurance around CSC's processes. Upper-management frequently monitors the performance of all CSC advisors for in person cases, telephone cases and web cases. To achieve adequate oversight, CSC management performs the following:

- Reviews case responses from advisors and critiques them for accuracy.
- Conducts one on one meetings with all CSC advisors to inquire about and to resolve issues.
- Reviews how many cases advisors close and create, using reports rendered from Salesforce.
- Reviews the number of in person transactions each advisor facilitates using reports rendered from Qless.
- Summarizes Salesforce and Qless statistics during weekly staff meetings.
- Reviews individual statistics with advisors privately.
- Discusses different tactics for case resolution.
- Monitors advisor conversations to observe advisement strategies for students, parents, faculty, staff and other stakeholders.

Audit and Advisory Services Note

Audit and Advisory Services validated completion of the steps outlined by management above prior to the finalization to our report and consider them to reasonably address the observation noted above.