

**HOUSING AND RESIDENTIAL SERVICES**

**SYSTEMWIDE**

**Report Number 05-24**

**May 2, 2006**

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## **ABBREVIATIONS**

APB	Auxiliaries, Planning and Bonds
BOT	Board of Trustees
CFO	Chief Financial Officer
CO	Chancellor's Office
CSU	California State University
EO	Executive Order
GC	Government Code
HPRC	Housing Proposal Review Committee
HRS	Housing and Residential Services
OHA	Office of Housing Administration
REO	Residential Education Office
RFIN	Resolution of the Committee on Finance
SAM	State Administrative Manual
SRB	Systemwide Revenue Bond
SUAM	State University Administrative Manual
UHS	University Housing Services

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## **EXECUTIVE SUMMARY**

As a result of a systemwide risk assessment conducted by the Office of the University Auditor during the last quarter of 2002, the Board of Trustees, at its January 2005 meeting, directed that *Housing and Residential Services* be reviewed. Housing was previously audited in 1979.

We visited seven campuses from February 28, 2005, through December 15, 2005, and audited the procedures in effect at that time. Campus specific findings and recommendations have been discussed and reported individually.

In our opinion, internal administrative and operational controls over the campus housing program were, in most instances, operating effectively at the seven campuses visited. Campus management had established adequate operating procedures, which ensured that student housing controls were for the most part aligned with state regulations and chancellor's office directives. However, certain administrative controls over delegation of authority for administrative duties and guest and visitor policies and practices were inadequate; and conference facility and dormitory leasing activities were not adequately segregated. Additionally, in-depth reviews of housing reserves were not performed and campus reserve policies were not always sufficient.

The following summary provides management with an overview of conditions requiring attention. Areas of review not mentioned in this section were found to be satisfactory. Numbers in brackets [ ] refer to page numbers in the report.

### **HOUSING PROGRAM ADMINISTRATION [8]**

Campus presidents had not formally delegated the authority and responsibility to perform certain housing administrative duties such as granting or denying requests to cancel housing reservations and authorizing the use of housing facilities by non-students at four of the seven campuses visited. Guest and visitor practices were non-compliant with Title 5 housing regulations, inadequately enforced, and did not sufficiently monitor guests/visitors at all seven campuses visited. For example, policy was incomplete with regard to guest approval procedures and fees and guest/visitor registration logs were not maintained. In addition, the student license agreement did not properly address amounts owed by the licensee in certain instances of revocation at four of the seven campuses visited.

### **HOUSING OPERATIONS [12]**

Conference facility and dormitory leasing activities were not adequately segregated at four of the seven campuses visited. Responsibilities were not segregated to prevent individual conference services staff from performing certain incompatible accounting duties such as customer billing, handling of payments by check, and recording/updating accounts receivable.

### **FISCAL ADMINISTRATION [13]**

Campuses had not performed a formal in-depth review of housing reserves and/or campus reserve policies were not sufficiently documented at six of the seven campuses visited. In two instances, campus reserve policies existed, but they did not provide a clear strategy to fund reserves across the four specific

reserve categories included in the reserve policies and in Executive Order 876. Additionally, procedures for the collection of housing accounts receivable balances were not in compliance with California State University guidelines at four of the seven campuses visited.

### **RESIDENT SAFETY AND ACTIVITY PROGRAMS [15]**

Documentation was not retained to evidence attendance at all mandatory residence hall staff training at six of the seven campuses visited. Sometimes training agendas were retained, as well as other documentation that showed that training sessions actually occurred, but no other evidence of individual attendance was maintained.

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## INTRODUCTION

### **BACKGROUND**

The Board of Trustees (BOT) Resolution of the Committee on Finance (RFIN) 9-82-10 *Report of the Student Housing Policy Study Group*, July 1982, stated that the BOT considered student housing an important means for realizing the educational mission of the California State University (CSU). To that end, the Board resolved to encourage and support the development of on-campus student housing. In order to integrate on-campus student housing with the educational mission of each campus, it was determined that the CSU housing program should:

- ▶ Provide living accommodations to students that complement the academic programs of the institutions.
- ▶ Provide adequate care, maintenance, and improvements of the housing facilities.
- ▶ Ensure fiscal and planning accountability and solvency, thereby serving students well and efficiently and fulfilling commitments to the State Legislature, bond holders, and the Trustees that housing be self-supporting.
- ▶ Accommodate external groups desiring temporary housing with the institution for educational, developmental, and recruitment purposes.
- ▶ Develop and exercise sound fiscal and operational practices in order to minimize costs while generating adequate funds to meet bonded indebtedness requirements, annual operating and maintenance expenses, and provide an environment conducive to academic success and personal growth.
- ▶ Design any future housing to meet the changing needs of the student body and the institution.

Faced with a declining student housing occupancy rate beginning in the late 1980s/early 1990s, combined with an erosion of housing system reserves, the chancellor's office (CO) presented an item to the Executive Council at its January 21, 1993, meeting identifying short-term and long-term actions that could be taken to restore the financial health of the housing system. Several short-term actions were proposed, which permitted the housing system to meet bond reserve and debt service coverage ratio requirements for the 1992/93 year. To provide long-term solutions, a task force was formed to develop recommendations, including a transition plan designed to allow each campus to assume full responsibility for the financial viability of its housing program and maximize campus flexibility in achieving student housing objectives while maintaining the advantages of system revenue bond debt financing.

The overriding recommendation of the November 1993 *Report of the Student Housing Task Force* was to shift from a centralized to a decentralized organization. Specifically:

The mission of the CO relative to student housing would place less emphasis on controlling the operation of campus housing programs and instead focus on those critical services that campuses could not provide for themselves or which provided a significant benefit from cooperation between campuses and the CO. To retain the advantages of systemwide debt financing, the CO would continue to coordinate the sale of housing system revenue bonds and monitor and report on

housing financial activities. Additionally, the CO would continue to develop and administer policy in those areas directly related to the issuance of revenue bonds.

The mission of the campuses relative to student housing would be to support the academic mission and student development goals of the institution. To provide a living-learning environment that encourages the academic and personal development of student residents, campuses must continue to ensure the financial viability of the campus housing program, maintain adequate reserves for future needs, and maintain buildings in good repair.

In January 1994, the CSU executive vice chancellor/chief financial officer accepted the report from the Student Housing Task Force and approved the decentralization of student housing responsibility effective July 1, 1994. The current decentralized approach to housing places direct responsibility on each campus for maintaining the financial viability of their individual housing operations, while the CO is responsible for monitoring and reporting on the financial stability of the overall systemwide program. This responsibility is founded on the requirement of the bond indenture governing the Trustees' student housing program.

Campuses desiring to propose a student housing project funded by the Trustees Systemwide Revenue Bond (SRB) program or other non-state sources must have the project reviewed by the Housing Proposal Review Committee (HPRC) and are responsible for presenting their projects to the committee, with support from the CO Financing and Treasury department. The HPRC studies the housing proposal and submits its recommendations to the chancellor and the campus president for their consideration. If approved, the project is subsequently presented to the BOT for financing approval as well as for various capital planning approvals. While the Trustees issue long-term bonds through its SRB program, it also at times issues short-term funds via its commercial paper program under the California State University Institute that are subsequently paid off by the SRB program. The CO Financing and Treasury department coordinates the funding of the project by either type of borrowing program. A construction contract can be executed and the project proceeds after the BOT has approved project financing.

Each year, the CO prepares schedules of housing program centrally paid costs by campus, which include state-prorated charges consisting of administrative expenditures related to various state agencies such as the Department of Finance, the State Controller's Office, the Legislature, and others; and other expenses such as audit, bond service, and CO service fees. The schedules also include debt service transfers to cover principal and interest. The campuses subsequently receive CO accounting department instructions with journal entry information to ensure accurate recording.

Executive Order 876, *Financing and Debt Management Policy*, dated July 18, 2003, states that the campus president and chief financial officer are responsible for developing and maintaining a campus policy to provide reserves from housing revenue for projects funded by debt issued by the BOT. The campus reserve policies, at a minimum, should address the following needs:

- ▶ Major maintenance and repair/capital renovation and upgrade.
- ▶ Working capital.
- ▶ Capital development for new projects.
- ▶ Catastrophic events.

Additionally, once every three years, each campus shall conduct an in-depth review to assess the adequacy of the reserves and the campus reserve policies applicable to the projects funded by debt, and shall make necessary adjustments and changes to account for changing conditions. For major maintenance and repair/capital renovation and upgrade reserves, the reviews should include formal studies of facility systems and necessary funding levels to cover all aspects of replacement costs through the reserve funding plan.

SRB and non-SRB housing statistics, as of fall 2005, are as follows:

<b>Campus</b>	<b>Design Capacity</b>	<b>Operational Capacity</b>	<b>% Occupied</b>	<b>Spaces Occupied</b>
<b><i>SRB</i></b>				
Bakersfield	354	296	80%	238
Channel Islands	356	353	100%	352
Chico	1,745	1,968	94%	1,858
Dominguez Hills	712	537	96%	514
East Bay	404	400	93%	372
Fullerton	832	821	100%	821
Humboldt	1,367	1,367	98%	1,346
Long Beach	1,962	1,962	100%	1,962
Los Angeles	1,008	996	87%	866
Monterey Bay	2,678	2,631	73%	1,930
Northridge	3,018	2,463	98%	2,426
Pomona	2,908	3,171	99%	3,146
Sacramento	1,276	1,126	100%	1,126
San Bernardino	1,553	1,426	88%	1,253
San Diego	3,094	2,988	100%	2,977
San Francisco	1,528	1,542	99%	1,533
San José	3,730	2,832	83%	2,346
San Luis Obispo	3,579	3,633	100%	3,620
San Marcos	468	468	99%	465
Sonoma	2,431	2,431	91%	2,209
Stanislaus	656	648	96%	622
<b>Total</b>	<b><u>35,659</u></b>	<b><u>34,059</u></b>	<b><u>94%</u></b>	<b><u>31,982</u></b>
<b><i>Non-SRB</i></b>				
Fresno	1,076	1,134	106%	1,198
Maritime Academy	459	505	100%	505
<b>Total</b>	<b><u>1,535</u></b>	<b><u>1,639</u></b>	<b><u>104%</u></b>	<b><u>1,703</u></b>
<b>Total SRB and Non-SRB</b>	<b><u>37,194</u></b>	<b><u>35,698</u></b>	<b><u>94%</u></b>	<b><u>33,685</u></b>

Statistics Prepared By: Financing and Treasury, CO

## **PURPOSE**

Our overall audit objective was to ascertain the effectiveness of existing policies and procedures related to the administration of *Housing and Residential Services* and to determine the adequacy of controls that ensure compliance with relevant governmental regulations, Trustee policy, Office of the Chancellor directives, and campus procedures.

Within the overall audit objective, specific goals included determining whether:

- ▶ Campus housing policies and procedures are current, comprehensive, and aligned with relevant state and federal regulations, Trustee policies, and CO directives.
- ▶ Clear lines of organizational authority and responsibility exist in the administration and management of campus housing and residential services.
- ▶ The student license is comprehensive, timely executed, and enforced; and residential revocations, cancellations, and notices to vacate are adequately supported and properly processed.
- ▶ Guest and visitor policies are adequate and enforced.
- ▶ Hard-copy and online confidential residential information are adequately secured and protected against unauthorized access.
- ▶ Purchased goods and services are appropriate, adequately supported, properly approved, and accurately recorded in housing financial records.
- ▶ Vending contracts and facility lease operations are adequately controlled and monitored.
- ▶ Residential fees are properly approved; and all housing revenues are accurately recorded, adequately safeguarded, properly processed, and timely collected.
- ▶ Residential coordinators and advisors are adequately screened, trained, and meet campus employment qualifications; and compensation is adequately supported and properly recorded.
- ▶ Student housing reserves are appropriately established.
- ▶ The emergency evacuation plan and safety procedures are adequate, and student housing activity programs are adequately controlled.

## **SCOPE AND METHODOLOGY**

The proposed scope of the audit, as presented in Attachment B, Audit Item 2 of the January 25-26, 2005, meeting of the Committee on Audit, stated that *Housing and Residential Services* includes the support activities afforded to students in locating suitable housing, operation of the on-campus residence halls, and programming of activities for residential students. Specific concerns of CSU executives who participated in the triennial audit risk ranking included non-compliance with bond requirements; unaffordable, unattractive, and unsafe residence halls; low occupancy and revenue loss; and excessive costs and property damage.

Our study and evaluation were conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* issued by the Institute of Internal Auditors, and included the audit tests we considered necessary in determining that operational and administrative controls are in place and operative. This review emphasized, but was not limited to, compliance with state and federal laws, BOT policies, and Office of the Chancellor and campus policies, letters, and directives. The audit review focused on procedures in effect from June 2004 through November 2005. In instances when it was necessary to review annualized data, fiscal year 2004/05 was the primary period reviewed.

We focused primarily upon the internal administrative, compliance, and operational controls over housing and residential services management. Specifically, we reviewed and tested:

- ▶ Housing and residential services policies and procedures.
- ▶ Residential license agreements, cancellations, revocations, and notices to vacate.
- ▶ Enforcement of guest and visitor policies.
- ▶ Confidentiality of resident hard-copy and online information.
- ▶ Procurement, contract administration, and facility lease controls.
- ▶ Residential fees, other revenue, and housing financial records.
- ▶ Residential coordinator and advisor employment practices, training, and compensation.
- ▶ Housing reserves and residence hall safety and maintenance.
- ▶ Emergency evacuation plans and procedures, and student housing activity programs.

During the course of the audit, we visited seven campuses: Long Beach, Northridge, Pomona, San Diego, San Francisco, San Luis Obispo, and Sonoma. We interviewed personnel and audited procedures in effect at that time.

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# OBSERVATIONS, RECOMMENDATIONS, AND MANAGEMENT RESPONSES

## HOUSING PROGRAM ADMINISTRATION

### DELEGATION OF AUTHORITY

Campus presidents had not formally delegated the authority and responsibility to perform certain housing program administrative duties at four of the seven campuses visited.

We noted that campus housing and residential management were responsible for performing the following housing program administrative duties without delegated authority from the president:

- ▶ Granting or denying student housing requests to cancel reservations or vacate housing, and waiving the corresponding 30-day notice.
- ▶ Minimizing the fee obligation of a licensee who requests to cancel a reservation, vacate housing, or has his or her license revoked.
- ▶ Approving the payment of license fees in installment.
- ▶ Authorizing the use of housing facilities by non-students.
- ▶ Revoking a reservation or license.
- ▶ Establishing terms and conditions for the administration of fee payments.
- ▶ Executing housing service agreements (laundry agreements) without having delegated purchasing authority.

Title 5 Article 5, *Housing*, authorizes the president or his or her authorized representative or representatives to perform certain housing program administrative duties.

California State University (CSU) *Policy Manual for Contracting and Procurement* §101 and §102 delegate purchasing authority to campus presidents. Should campus presidents choose to further delegate their purchasing authority, campuses must maintain documentation of such delegations.

In most instances, campus management stated that even though formal delegations were not in existence, it was understood that housing and residential management had the authority to perform the above listed duties, in accordance with their job descriptions and appointment letters. Campus management at one campus stated that they were in the process of creating delegations of authority since the original documentation could not be located.

Failure to maintain formal delegations of authority for important housing program duties increases the risk of misunderstandings and unauthorized activities/actions.

### **Recommendation 1**

We recommend that the chancellor's office (CO) remind the campuses of the need to obtain a formal delegation of authority from the campus president to authorized individuals to perform housing program administrative duties, including purchasing, and implement procedures to maintain such delegation on a current basis.

### **Management Response**

We concur. The CO will remind campus presidents of the need to provide formal delegation of authorities to the housing directors. A memo to the presidents will be issued by July 1, 2006.

In addition, the CO will remind the housing directors of this requirement annually during the CSU housing officers' meeting, which is held in November.

### **GUESTS AND VISITORS**

Campus guest and visitor practices were non-compliant with Title 5 housing regulations, inadequately enforced, and did not sufficiently monitor guests/visitors at all seven campuses visited.

We found the following types of exceptions in varying degrees:

- ▶ Licensees were not required to obtain the approval of the president or his or her designee prior to inviting any person to be a guest. In most cases we reviewed, campus policy only required that the guest sign in or register at the front desk, and that written roommate approval be obtained.
- ▶ Campus policy on guest fees was incomplete or non-existent. In many instances, campus policy only addressed guest fees for guests who stayed beyond two or three consecutive nights, and often there was no evidence that a fee was required and charged for unapproved overnight guests. In addition, the guest fee policy was not enforced.
- ▶ Guest/visitor registration logs were not used or not maintained. Consequently, the campuses were unable to effectively monitor the number of licensee visitors and their lengths of stay. This information would also be invaluable in the event of an emergency.

Title 5 §42005, *Approved Guests*, states that licensees shall secure such approval as is required by the president prior to inviting any person to be a guest of the licensee. The president may charge a guest fee of any guest for the first two days of housing facility use per calendar month and shall charge a guest fee of all guests for each day of such use in excess of two days per calendar month.

Title 5 §42006, *Non-Approved Guests*, states that non-approved guests of the licensee shall be charged a fee established pursuant to §42004 of this article. If a licensee knew or should have known that one of his or her invites would make use of a housing facility and failed to secure approval of the president prior to such use, that licensee shall be jointly and severally liable for the fee charged of such guest.

Executive Order (EO) 715, *California State University Risk Management Policy*, dated October 27, 1999, states, in part, that the CSU and its officers and employees are responsible for conducting CSU programs and activities in a manner that does not impose an unreasonable risk of loss or injury.

Overall, campus housing management considered campus guest and visitor policies adequate, but offered additional explanations for apparent non-compliance with Title 5. With regard to guest visits, some campus management believed that the room host was responsible for monitoring guests, rather than campus housing. Certain campus management stated that they were unaware of the requirement for prior approval from the president or his designee, while some believed that delegated approval authority to housing management was implied in job descriptions. With respect to fees, campus management stated that they were unaware of the requirement for fee monitoring and collection. As for guest logs and monitoring, campus management explained that exceptions were due to their own informal procedures and simple oversights, as well as the expectation that the guests' host would monitor guest visits.

Non-compliant guest and visitor practices and inadequate enforcement diminish guest control, result in non-collection of required fees, and/or subject other students to undue risk and the campus to increased liability.

### **Recommendation 2**

We recommend that the CO remind the campuses of the importance of:

- a. Aligning their guest and visitor policies and procedures with Title 5, including proper guest approval and the collection of guest fees.
- b. Monitoring guests/visitors to ensure compliance with campus policy and Title 5, including the use of guest/visitor registration logs, which may be invaluable in the event of an emergency.

### **Management Response**

We concur. The CO will annually remind the housing directors of the importance of the requirements of Title 5's guest and visitor policies and procedures and of monitoring guests/visitors. The reminder will occur during the annual CSU housing officers' meeting, which is held in November.

In addition, the CO will create a task force, comprised of housing directors, to review Title 5 requirements and the issues surrounding guest and visitor monitoring, to identify ways to implement consistent solutions to problems and ways to make changes to Title 5 to be responsive to the current campus environment. The CO will ask for volunteers for the task force during a housing officers reserve workshop to be given in summer 2006.

### **Recommendation 3**

We recommend that the CO review Title 5 guest and visitor policies in light of the current student housing environment and update Title 5 policy, as warranted.

### **Management Response**

We concur. The CO will create a task force, comprised of housing directors, to review Title 5 guest and visitor policies and update Title 5 as warranted. The CO will ask for volunteers for the task force during a housing officers reserve workshop to be given in summer 2006.

## **STUDENT LICENSE AGREEMENT**

The student license agreement did not properly address amounts owed by the licensee in certain instances of revocation at four of the seven campuses visited.

Title 5 §42019, *Cancellation, Vacating, or Revocation-Obligation of the Licensee*, requires that the licensee has no financial obligation other than the non-refundable service fee when revocation of the license agreement by the president, all instances, occurs prior to the beginning of the fee period.

Title 5 §42019 further requires that the licensee shall owe the amount due under the full fee period of the licensee, plus any charge authorized by §42021, when a student vacates the premises on or after the beginning of the fee period for the following reasons:

- Revocation of license by president because of disciplinary pursuit.
- Revocation of license by president resulting from breach of terms or conditions of the license, including non-payment of fees.

Title 5 §42019 further requires that the licensee owe an amount equal to a prorated charge for each day from the beginning of the fee period through the last day of occupancy, plus any charge authorized by §42021, when a student vacates the premises on or after the beginning of the fee period for the following reasons:

- Revocation of license by president because of administrative necessity.
- Revocation of license by president because the student is academically dismissed.

Certain campus management stated their belief that their license agreements addressed revocations and/or their license agreements maintained maximum flexibility to achieve full occupancy in any period of a sudden enrollment drop. Other campus management stated that they were unaware of the guidelines that stipulated license revocation charges or the campus had ceased charging the full remaining fee period for revocations due to adverse reactions from revoked licensees, which had resulted in delayed vacating and/or withdrawal from the university. This campus management added that the campus had instead charged a \$250 cancellation fee.

Student license agreements that do not fully address Title 5 revocation of license requirements increase the risk that required fees will go uncharged.

**Recommendation 4**

We recommend that the CO remind the campuses of the importance of their student license agreements fully addressing Title 5 revocation of license requirements for amounts owed when the license is revoked.

**Management Response**

We concur. The CO will annually remind the housing directors of the importance of their student license agreements and Title 5 revocation of license requirements. The reminder will occur during the annual CSU housing officers' meeting, which is held in November.

**HOUSING OPERATIONS**

Conference facility and dormitory leasing activities were not adequately segregated at four of the seven campuses visited.

Our review of conference facility leases, dormitory leasing activities, and conference and hospitality services for fiscal years 2003/04 and 2004/05 disclosed that an improper segregation of duties existed for the responsibilities associated with the conference and dormitory facility leasing activities performed by conference services and hospitality staff. Responsibilities were not segregated to prevent individual conference services staff from performing all of the following incompatible duties: customer billing, handling of payments by check, and recording/updating accounts receivable.

Government Code (GC) §13402 and §13403 state that management is responsible for establishing and maintaining a system of internal administrative controls, which includes documenting the system, communicating system requirements to employees, and assuring that the system is functioning as prescribed and is modified, as appropriate, for changes in conditions. The elements of a satisfactory system of internal accounting and administrative control, shall include, but not be limited to a plan of organization that provides segregation of duties appropriate for proper safeguarding of assets and an effective system of internal review.

Campus management stated various reasons for the above noted deficiencies; however, overall, management stated that the control weaknesses were due mainly to resource constraints and to multiple employees having similar duties.

Inadequate segregation of duties increases the risk of processing inconsistencies, inappropriate activities, and campus liability for leasing activities.

### **Recommendation 5**

We recommend that the CO remind the campuses of the importance of segregation of duties for conference facility and dormitory leasing activities.

### **Management Response**

We concur. The CO will annually remind the housing directors of the importance of segregation of duties for conference facility and dormitory leasing activities. The reminder will occur during the annual CSU housing officers' meeting, which is held in November.

## **FISCAL ADMINISTRATION**

### **HOUSING RESERVES**

Campuses had not performed a formal in-depth review of housing reserves, and/or campus reserve policies were not sufficiently documented at six of the seven campuses visited.

In two instances, campus reserve policies existed, but they did not provide a clear strategy to fund reserves across the four specific reserve categories included in the reserve policies, and as required by EO 876.

EO 876, *Financing and Debt Management Policy*, dated July 18, 2003, states that the campus president and chief financial officer are responsible for developing and maintaining a campus policy to provide reserves from project revenues for projects funded by debt issued by the Board of Trustees. The campus reserve policies, at a minimum, should address major maintenance and repair/capital renovation and upgrade, working capital, capital development for new projects, and catastrophic events. Further, at a minimum of once every three years, each campus shall conduct an in-depth review to assess the adequacy of the reserves and the campus reserve policies applicable to the projects funded by debt, and shall make necessary adjustments and changes to account for changing conditions. For major maintenance and repair/capital renovation and upgrade reserves, the reviews should include formal studies of facility systems and necessary funding levels to cover all aspects of cost of replacement through the reserve funding plan.

CSU directive APB 94-04, *Dormitory Revenue Fund Housing Decentralization*, dated June 22, 1994, states that the executive vice chancellor accepted the November 1993 Student Housing Task Force report, which included specific local campus recommended housing reserves. These recommended reserves included deferred maintenance, capital development, capital renovation and upgrade, working capital, and catastrophic event.

Campus management stated that they did not perform formal, documented reviews of reserve requirements because the available guidance was too general in nature, and they sought guidance from the CO to clarify requirements in achieving this objective.

Failure to document a housing reserve policy and complete a formal in-depth review of housing reserves increases the risk of non-compliance with debt financing reserve requirements and non-availability of funds when a need arises.

### **Recommendation 6**

We recommend that the CO:

- a. Remind the campuses of the requirement to document formal housing reserve policies, as well as conduct and document in-depth reviews of the adequacy of existing housing reserves at least every three years, and adjust reserve plans and levels as appropriate.
- b. Develop, document, and communicate appropriate guidelines to clarify expectations with respect to compliance with EO 876 requirements.

### **Management Response**

- a. We concur. The CO will remind housing directors of these requirements. The reminder will occur during the annual CSU housing officers' meeting, which is held in November.
- b. We concur. The CO will develop documentation providing guidelines to housing directors on the requirements of EO 876 to be discussed and further refined with housing directors during a housing officers reserve workshop to be given by the CO in summer 2006.

## **PAST DUE NOTICES AND EVICTIONS**

Procedures for the collection of housing accounts receivable balances were not in compliance with CSU guidelines at four of the seven campuses visited.

Campus procedures required that past due notices be sent shortly after the payment deadline (the exact number of days varied by campus). Typically, three day pay-or-quit notices (for revocation of license agreement due to non-payment of fees) were to be sent up to two weeks after no response had been received from the past due notices. Eviction notices were sent immediately following the three day window of the pay-or-quit notice. Furthermore, students' delinquent accounts were not required to be placed on hold from obtaining additional university services until no response is received from the three day pay-or-quit notice and eviction proceedings begin.

State University Administrative Manual (SUAM) §2150 accounts receivable guidelines state:

- Notices of account past due should be issued no later than three days after the payment deadline.
- If the student does not respond to the past due notice within five days (eight days after the payment deadline), a notice of eviction should be issued and the student should be placed on business obligation system hold.

State Administrative Manual (SAM) §8776.6 non-employee accounts receivable guidelines state that each department will develop collection procedures that will assure prompt follow-up on receivables. The accounting office will send a sequence of three collection letters at 30-day intervals. If the three collection letters are unsuccessful, departments will prepare an analysis to determine what additional collection efforts should be made.

Failure to issue account past due notices timely and follow-up with eviction proceedings increases that risk that student accounts receivable would be incurred and not paid.

### **Recommendation 7**

We recommend that the CO reevaluate SUAM accounts receivable procedures for past due notices and evictions in light of current campus practices and the SAM, and either update SUAM requirements or remind the campuses of the importance of compliance, as warranted.

### **Management Response**

We concur. The CO will create a task force, comprised of housing directors, to review SUAM accounts receivable procedures and update SUAM as needed. This task force will be also looking at Title 5 updates as noted in the above management responses. The CO will ask for volunteers for the task force during a housing officers reserve workshop to be given in summer 2006.

In addition, the CO will remind housing directors of the SUAM accounts receivable procedures. The reminder will occur during the annual CSU housing officers' meeting, which is held in November.

## **RESIDENT SAFETY AND ACTIVITY PROGRAMS**

Documentation was not retained to evidence attendance at all mandatory residence hall staff training at six of the seven campuses visited.

A condition of employment for resident coordinators and assistants stipulated that student housing employees were required to attend an annual multi-day training session. Sometimes training agendas were retained, as well as other documentation that showed that training sessions actually occurred, but no other evidence of individual attendance was maintained.

GC §13402 states that management is responsible for establishing and maintaining a system of internal administrative controls, which includes documenting the system, communicating system requirements to employees, and assuring that the system is functioning as prescribed and is modified, as appropriate, for changes in conditions.

Campus management cited various reasons for lack of training attendance records, including unawareness of the requirements to maintain a record of training attendance and small well-known staffs such that absences would be noticed.

The absence of training attendance documentation increases the risk that employees will fail to completely fulfill their training obligations.

**Recommendation 8**

We recommend the CO remind the campuses of the importance of maintaining training attendance records for all residence hall staff training.

**Management Response**

We concur. The CO will remind housing directors of the importance of maintaining training attendance records. The reminder will occur during the annual CSU housing officers' meeting, which is held in November.

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## APPENDIX A: PERSONNEL CONTACTED

<u>Name</u>	<u>Title</u>
<u>Office of the Chancellor</u>	
Richard P. West	Executive Vice Chancellor and Chief Financial Officer (CFO)
Dennis Hordyk	Assistant Vice Chancellor, Financial Services
Colleen Nickles	Senior Director, Financing and Treasury
Rosa Renaud	Senior Financial Manager, Financing and Treasury
Angelique Sutanto	Financial Analyst, Financing and Treasury
<u>California State University, Long Beach</u>	
F. King Alexander	President
Robert C. Maxson	President (At time of review)
Aileen Bates	Office Manager
Elson Browne	Assistant Director, Residential Education/Technical Services
Deborah Cason	Housing Account Specialist
Marc Dowlen	Budget and Human Resources Assistant
William Griffith	Vice President, Administration and Finance
Roshan Jayasinghe	Residential Coordinator
Robyn Mack	Associate Vice President, University Services
Betty Menachem	Housing Support Staff
Liz Miller	Residential Coordinator
Ed Murawski	Associate Director, Housing and Residential Life
Stan Olin	Director, Housing and Residential Life
Christine Phu	Associate Director, Housing and Residential Life
Doug Robinson	Vice President, Student Services
Aysu Spruill	Interim Director, Internal Auditing
Brandon Thedford	Residential Coordinator
Barney Wright	Assistant Director, Maintenance
<u>California State University, Northridge</u>	
Jolene Koester	President
Jason Andrews	Community Director
Al Arboleta	Information Security Officer
Robert Barker	University Controller
Keith Blaine	Coordinator Information Systems
Dave Brewer	Community Director
Ron Clouse	Director of Budget Planning and Management
John Darakjy	Assistant Director of Financial and Tax Services
Claire Davis	Manager of Conference and Hospitality Services
Karl DeAngelo	Technology Analyst
Melissa Giles	Associate Director of Residential Life
Phillip Gin	Associate Director of Business and Hospitality Services
Margaret Gonzalez	Business Services Assistant
May Ligh	Manager of University Cash Services
Howard Lutwak	Director of Internal Audit

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APPENDIX A: PERSONNEL CONTACTED

Margerald Macias	Apartment Manager
Dave Nirenberg	Director of Commercial Services, The University Corporation
Carlos Penera	Student Accounting Supervisor
Mohammad Qayoumi	Vice President of Finance and Administration
Deborah Quinlan Kolstad	Manager of Business Services
Judy Reyes	Manager of Accounts Payable
Mary Rueda	Manager of Purchasing and Contracts Administration
Kimberly Siemen	Financial Systems and Trust Accounting Manager
Tim Trevan	Director of Residential Life and Conference Administration

California State Polytechnic University, Pomona

J. Michael Ortiz	President
Sheryl Adams	Accountant, Finance and Administrative Services
Olga Campbell	Secretary, Payroll Services
Elizabeth Culbertson	Resident Advisor, University Housing Services (UHS)
Patricia Farris	Vice President and CFO, Administrative Affairs Division
Douglas Freer	Associate Vice President, Student Affairs Administration
Leticia Guzman Scott	Assistant Director, Student Support and Equity Programs
Charlene Hernandez	Student Account Specialist, Student Accounts and Cashier Services
Donna Holloway	Associate Director, Office of Financial Aid
Ernest Kawai	Associate Director Auxiliary Operations, Cal Poly Pomona Foundation
Betty Kennedy	Interim Assistant Director of Business Services, UHS
Darwin Labordo	Associate Vice President, Finance and Administrative Services
Kevin Marshall	Residence Life Coordinator, UHS
Oliver Nandkishore	Director, Student Accounts and Cashier Services
Yen Nguyen	Interim Information Systems Specialist, UHS
Annette Pettit	Senior Associate Director, Foundation Dining Services
Debra Schneck	Procurement Lead, Procurement and Support Services
Dante Serrano	Maintenance Mechanic, UHS
Megan Stang	Interim Director, UHS
Hanh Tran	Maintenance Mechanic, UHS
Daniel Turner	Resident Advisor, UHS
Lynn Turner	Interim Vice President, Division of Student Affairs
Kay Vierra	Interim Director, Student Health Services
Al Viteri	Director of Accounting Services, Finance and Administrative Services
Linda Wheeler	Vault Cashier, Student Accounts and Cashier Services
Christopher Ysais	Residence Life Coordinator, UHS

San Diego State University

Stephen L. Weber	President
Cindy Avery	Director, Residential Education Office (REO)
Loralie Baum	Resident Advisor
Sue Blair	Associate Vice President, Human Resources and Risk Management
Ben Boish	Employment Manager, Center for Human Resources
Scott Burns	Associate Vice President, Enterprise Operations
Valerie Carter	Manager, Audit and Tax
Norma Casas	Analyst, Audit and Tax

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APPENDIX A: PERSONNEL CONTACTED

Stephanie Fontela	Resident Advisor
Patricia Francisco	Director, Office of Housing Administration (OHA)
Cathy Garcia	Manager, Contracts and Procurement
Eddie Gilbert	Interim Captain, Public Safety
Kelly Gray	Residence Hall Coordinator
Lorretta Leavitt	University Controller
Crystal Little	Associate Budget Analyst, Budget and Finance
Benita Mann	Manager, Maintenance and Custodial Services
Sean McCarty	Residence Hall Coordinator
Patricia Mendias	Operations Supervisor, University Cashier's Office
Cathy Mills	Contracts Manager and Supervisor, OHA
Judi Mitchell	Manager, Compensation and Payroll
Mary Ann Patty	Manager, University Cashier's Office
Ray Rainer	Director, Budget and Finance
Kimberlee Reilly	Accountant, Student Financial Services
Sally Roush	Vice President, Business and Financial Affairs
Tim Ryan	Residence Hall Accountant, OHA
Susan Shuckett	Associate Director, REO
Donna Stout	Conference Services Coordinator
Randy Timm	Coordinator of Residential Education
Lisa Winters	Assistant Payroll Manager, Center for Human Resources

San Francisco State University

Robert A. Corrigan	President
Kim Allen	Resident Assistant, Housing and Residential Services (HRS)
Matthew Almeida	Director, Residential Dining Services, HRS
Jan Andreasen	Executive Director, HRS
Larry Birello	Resident Director, HRS
Philippe Cumia	Assistant Director, Housing Marketing and Communication, HRS
Irene Donner	Administrative Support Coordinator, Internal Audit
Eileen Flora	Resident Accounts Advisor, HRS
Justin Gaulke	Assistant Resident Director, HRS
Mark Goodrich	Director, Residential Property Management, HRS
Mike Kleinberg	Associate Director, Residential Property Management, HRS
Wayne Kuhaupt	Manager Accounts Payable and Collections
Jennifer Louie	Assistant Contracts Coordinator
Franz Lozano	Internal Auditor
Fanny Mai	Assistant Director, Financial Services, HRS
DJ Morales	Director, Residential Life, HRS
Leroy Morishita	Vice President, Administration and Finance
Ron Piazza	Building Services Engineer, Facilities Maintenance, HRS
Jim Raney	Conference Accounts Coordinator, HRS
Margaret Rothe	Area Coordinator, HRS
David Rourke	Associate Director, Residential Life, HRS
Stephen Smith	Director of Procurement
Andrew Stockton	Technology Officer, HRS
Gloria Tseung	Associate Controller, Governmental Accounting and Financial Reporting

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APPENDIX A: PERSONNEL CONTACTED

Jim Van Ness Senior Audit Consultant  
Jo Volkert Associate Vice President, Enrollment Planning and Management  
Cristal Wallin Administrative Assistant to Executive Director, HRS  
Wanda Wong Cashiering Supervisor, HRS

California Polytechnic State University, San Luis Obispo

Warren J. Baker President  
Darcy Adams Administrative Specialist, Human Resources  
Betty Allen Accounting Technician III (Lead Cashier), Fiscal Services-Cashiering  
Preston Allen Director of Housing and Residential Life  
Lisa Boyer Interim Director of Conference and Training Services  
Alicia Clifford Coordinator of Student Development  
Scott Cooke Assistant Director for General Ledger Accounting and Financial Reports  
Carlos Cordova Campus General Counsel  
Janis Eto Administrative Assistant, Housing and Business Services  
Denise Fritz Budget and Analytical Business Services  
Janis Grieb Student Accounts Manager, Student Accounts  
Sylvia Hambly Accounting Technician III, Student Accounts  
Malik Ismail Learning Community Coordinator  
Noah Kaloostian Coordinator of Student Development  
Lawrence Kelley Vice President for Administration and Finance  
Lorlie Leetham Director of Fiscal Services  
Dario Luis Accountant, Cal Poly Continuing Education  
Gregory Melnyk Purchasing Supervisor, Contract and Procurement Services  
Diane Mosher Office Manager/Budget Specialist, Housing Administration  
Alan Pepe Assistant Director of Housing and Business Services  
Kimberly Perez Assistant Director of Fiscal Services  
Cindy Piper Accounting Technician III, Student Accounts  
Richard Ramirez Associate Vice President for Finance  
Nancy Reynolds Assistant Director of Accounts Management, Fiscal Services  
Carole Schaffer Associate Director of Housing/Director of Residential Life and Education  
June Serjeant Assistant Director of Housing Administration  
Vicki Stover Associate Vice President for Administration  
Brenda Tesch Lead Buyer III, Contract and Procurement Services  
Elizabeth Williams Accounting Technician II, Student Financial Services  
Lori Williams Health Record Technician for Student Health Services  
Kinsley Wong Assistant Director of Housing Information Systems

Sonoma State University

Ruben Armiñana President  
Sharyn Abernatha Manager, Labor Relations  
Brooke Bauer Community Service Advisor  
Leticia Coate Associate Vice President, Administration and Finance  
Katharyn Crabbe Vice President, Student Affairs and Enrollment Management  
George Ellington Captain, Police and Parking Services  
Peter Flores Conference Coordinator  
Leilani Fuiten Accountant, Financial Services

---

APPENDIX A: PERSONNEL CONTACTED

Laurence Furukawa-Schlereth	Vice President, Administration and Finance
Julie Greathouse	Residential Life Coordinator
Brian Helfer	Community Service Advisor
Chris Hendry	Conference Coordinator
Nicole Hendry	Associate Director, Housing
Nate Johnson	Senior Director/Chief of Police, Police and Parking Services
Kurt Koehle	Director, Internal Operations Analysis and Review
Richard Marker	Senior Director, Facilities Services
Neil Markley	Senior Director, Entrepreneurial Activities
Linda Micowicz	Director, Contracts and Procurement
Tyler Miller	Residential Life Coordinator
Cyndie Morozumi	Associate Director, Residential Life Programs
Edna Nakamoto	Senior Director, Human Services
Gloria Ogg	Senior Director, Customer Services
Mo Phillips	Associate Director, Student Development
Chuck Rhodes	Director, Student Development and Equity Retention
Cathy Robinson	Senior Director, Human Resources Administration
Paul Santini	Assistant Controller, Student Finance
Nicholas Saschin	Accountant Administrator, Financial Services
Samuel Scalise	Senior Director, Information Technology
Patricia Sinclair	Associate Director, Conferences, Events and Catering
Samuel Strafacci	Assistant Vice Chancellor, Human Resources
Tim Tiemens	Director, Housing
Mary Trimble	Accountant of Receipts, Financial Services
Marian Van Horn	Fiscal Coordinator, Residential Life Programs
Jessica Way	Director, Conferences, Events and Catering
Jason Wenrick	Finance Project Director, Financial Services
Tandy Whitaker	Budget Analyst, Financial Services



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Long Beach, CA 90802-4210

[www.calstate.edu](http://www.calstate.edu)

**Richard P. West**  
Executive Vice Chancellor/CFO

562-951-4600  
Fax 562-951-4970  
rwest@calstate.edu

**Date:** May 31, 2006

**To:** Larry Mandel  
University Auditor

**From:** Richard P. West  
Executive Vice Chancellor and Chief Financial Officer

**Subject:** Management Response to Recommendations of Audit Report Number 05-24,  
*Housing and Residential Services, Systemwide*

In response to the "Incomplete Draft" report dated May 2, 2006 that you sent to me, we are providing the enclosed management responses. Please note that in the response, the department of Financing and Treasury will act on behalf of the Chancellor's Office.

Should you have any questions, please feel free to contact Dennis Hordyk, Colleen Nickles, or myself.

RW:CN:rhr

Enclosure

cc: Dennis Hordyk, Assistant Vice Chancellor, Financial Services  
Colleen Nickles, Senior Director, Financing and Treasury

**CSU Campuses**  
Bakersfield  
Channel Islands  
Chico  
Dominguez Hills  
East Bay

Fresno  
Fullerton  
Humboldt  
Long Beach  
Los Angeles  
Maritime Academy

Monterey Bay  
Northridge  
Pomona  
Sacramento  
San Bernardino  
San Diego

San Francisco  
San José  
San Luis Obispo  
San Marcos  
Sonoma  
Stanislaus



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West Memo dated 5/31/06  
Page 1 of 4

Management Response to Recommendations of Audit Report Number 05-24,  
*Housing and Residential Services, Systemwide*

## **HOUSING PROGRAM ADMINISTRATION**

### **DELEGATION OF AUTHORITY**

#### **Recommendation 1**

We recommend that the Chancellor's Office (CO) remind the campuses of the need to obtain a formal delegation of authority from the campus president to authorized individuals to perform housing program administrative duties, including purchasing, and implement procedures to maintain such delegation on a current basis.

#### **Management Response:**

We concur. The CO will remind campus presidents of the need to provide formal delegation of authorities to the housing directors. A memo to the presidents will be issued by July 1, 2006.

In addition, the CO will remind the housing directors of this requirement annually during the CSU Housing Officers' meeting which is held in November.

## **GUESTS AND VISITORS**

### **Recommendation 2**

We recommend that the CO remind the campuses of the importance of:

- a. Aligning their guest and visitor policies and procedures with Title 5, including proper guest approval and the collection of guest fees.
- b. Monitoring guests/visitors to ensure compliance with campus policy and Title 5, including the use of guest/visitor registration logs, which may be invaluable in the event of an emergency.

#### **Management Response**

We concur. The CO will annually remind the housing directors of the importance of the requirements of Title 5's guest and visitor policies and procedures and of monitoring guest/visitors. The reminder will occur during the annual CSU Housing Officers' meeting, which is held in November.



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West Memo dated 5/31/06  
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In addition, the CO will create a task force, comprised of housing directors, to review Title 5 requirements and the issues surrounding guest and visitor monitoring, to identify ways to implement consistent solutions to problems and ways to make changes to Title 5 to be responsive to the current campus environment. The CO will ask for volunteers for the task force during a Housing Officers Reserve Workshop to be given in the summer 2006.

### **Recommendation 3**

We recommend that the CO review Title 5 guest and visitor policies in light of the current student housing environment and update Title 5 policy, as warranted.

### **Management Response**

We concur. The CO will create a task force, comprised of housing directors, to review Title 5 guest and visitor policies and update Title 5 as warranted. The CO will ask for volunteers for the task force during a Housing Officer Reserve Workshop to be given in the summer 2006.

## **STUDENT LICENSE AGREEMENT**

### **Recommendation 4**

We recommend that the CO remind the campuses of the importance of their student license agreements fully addressing Title 5 revocation of license requirements for amounts owed when the license is revoked.

### **Management Response**

We concur. The CO will annually remind the housing directors of the importance of their student license agreements and Title 5 revocation of license requirements. The reminder will occur during the annual CSU Housing Officers' meeting, which is held in November.

## **HOUSING OPERATIONS**

### **Recommendation 5**

We recommend that the CO remind the campuses of the importance of segregation of duties for conference facility and dormitory leasing activities.



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### **Management Response**

We concur. The CO will annually remind the housing directors of the importance of segregation of duties for conference facility and dormitory leasing activities. The reminder will occur during the annual CSU Housing Officers' meeting, which is held in November.

## **FISCAL ADMINISTRATION**

### **HOUSING RESERVES**

#### **Recommendation 6**

We recommend that the CO:

- a. Remind the campuses of the requirement to document formal housing reserve policies, as well as conduct and document in-depth reviews of the adequacy of existing housing reserves at least every three years, and adjust reserve plans and levels as appropriate.
- b. Develop, document, and communicate appropriate guidelines to clarify expectations with respect to compliance with EO 876 requirements.

#### **Management Response**

- a. We concur. The CO will remind housing directors of these requirements. The reminder will occur during the annual CSU Housing Officers' meeting, which is held in November.
- b. We concur. The CO will develop documentation providing guidelines to housing directors on the requirements of E.O. 876 to be discussed and further refined with housing directors during a Housing Officers Reserve Workshop to be given by the CO in the summer 2006.

## **PAST DUE NOTICES AND EVICTIONS**

#### **Recommendation 7**

We recommend that the CO reevaluate SUAM accounts receivable procedures for past due notices and evictions in light of current campus practices and the SAM, and either update SUAM requirements or remind the campuses of the importance of compliance, as warranted.



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Page 4 of 4

### **Management Response**

We concur. The CO will create a task force, comprised of housing directors, to review SUAM accounts receivable procedures and update SUAM as needed. This task force will be also looking at Title 5 updates as noted in the above management responses. The CO will ask for volunteers for the task force during a Housing Officers Reserve Workshop to be given in the summer 2006.

In addition, the CO will remind housing directors of the SUAM accounts receivable procedures. The reminder will occur during the annual CSU Housing Officers' meeting, which is held in November.

## **RESIDENT SAFETY AND ACTIVITY PROGRAMS**

### **Recommendation 8**

We recommend the CO remind the campuses of the importance of maintaining training attendance records for all residence hall staff training.

### **Management Response**

We concur. The CO will remind housing directors of the importance of maintaining training attendance records. The reminder will occur during the annual CSU Housing Officers' meeting, which is held in November.

  
**THE CALIFORNIA STATE UNIVERSITY**  
 OFFICE OF THE CHANCELLOR

BAKERSFIELD

June 16, 2006

CHANNEL ISLANDS

CHICO

**MEMORANDUM**

DOMINGUEZ HILLS

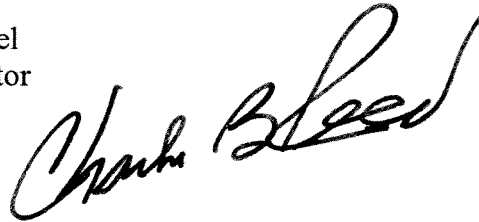
EAST BAY

FRESNO

TO: Mr. Larry Mandel  
University Auditor

FULLERTON

FROM: Charles B. Reed  
Chancellor



HUMBOLDT

LONG BEACH

SUBJECT: Draft Final Report Number 05-24 on  
*Housing and Residential Services, Systemwide*

LOS ANGELES

MARITIME ACADEMY

MONTEREY BAY

In response to your memorandum of June 16, 2006, I accept the response as submitted with the draft final report on *Housing and Residential Services, Systemwide*.

NORTHRIDGE

POMONA

SACRAMENTO

CBR/jt

SAN BERNARDINO

Enclosure

SAN DIEGO

cc: Mr. Dennis Hordyk, Assistant Vice Chancellor, Financial Services  
Mr. Richard P. West, Executive Vice Chancellor and Chief Financial Officer

SAN FRANCISCO

SAN JOSÉ

SAN LUIS OBISPO

SAN MARCOS

SONOMA

STANISLAUS