

HOUSING AND RESIDENTIAL SERVICES

SAN DIEGO STATE UNIVERSITY

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ABBREVIATIONS

APB	Auxiliaries, Planning and Bonds
BOT	Board of Trustees
CO	Chancellor's Office
CSU	California State University
FY	Fiscal Year
GC	Government Code
HPRC	Housing Proposal Review Committee
OHA	Office of Housing Administration
REO	Residential Education Office
RFIN	Resolution of the Committee on Finance
SAM	State Administrative Manual
SDSU	San Diego State University
SUAM	State University Administrative Manual
UCO	University Cashier's Office

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 the San Diego State University campus from July 18, 2005, through August 26, 2005, and audited the procedures in effect at that time.

In our opinion, internal administrative and operational controls over the campus housing program were, for the most part, effective. However, certain administrative and fiscal controls over guests, student licenses, and conference facility and dormitory leasing activities were inadequate, while controls over cash receipts and residential staff employment and training as well as the management of housing reserves needed improvement.

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 [7]

The campus president had not formally delegated the authority and responsibility to perform certain housing program administrative duties. Campus overnight guest practices neither were in compliance with Title 5 housing regulations nor adequately enforced. For example, campus policy did not require guests to pay fees for any length of stay, guest logs were not always complete, and roommate guest approval was not retained in accordance with the campus record retention schedule. The campus *Student Housing License Agreement* did not fully address certain Title 5 requirements, while certain procedures for licensee cancellation and early vacating were not enforced. Further, controls over completion of room condition checklists and provision of student insurance information needed improvement.

HOUSING OPERATIONS [13]

Conference facility and dormitory leasing activities were not adequately segregated, documented, and administered. The conference services coordinator performed incompatible functions, dormitory rental reservations were approved by an individual without delegated authority, and proof of insurance was not always on file for conference facility leases.

FISCAL ADMINISTRATION [15]

Cash receipt control weaknesses were found at the office of housing administration. A record of checks received was not maintained, copies of receipts issued to customers were not retained, and transfer receipts were not utilized. In addition, the campus did not have a documented student housing reserve policy and formal in-depth review of housing reserves, and residential staff employment was not always adequately controlled. None of the seven residence hall coordinators reviewed signed a student housing license agreement or an employment agreement, and one residence hall coordinator was improperly paid a full month's salary for only working a half-month.

RESIDENT SAFETY AND ACTIVITY PROGRAMS [18]

Documentation was not retained to evidence attendance at all mandatory residence hall staff training.

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 Dormitory Revenue Fund 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 BOT for its consideration. If approved, bonds are advertised and sold or otherwise financed, followed by a bond escrow period. Once funds are received, a construction contract can be executed and the project proceeds.

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.

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 July 2004 through June 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.

OBSERVATIONS, RECOMMENDATIONS, AND CAMPUS RESPONSES

HOUSING PROGRAM ADMINISTRATION

DELEGATION OF AUTHORITY

The campus president had not formally delegated the authority and responsibility to perform certain housing program administrative duties.

We found that:

- ▶ The directors of the office of housing administration (OHA) and the residential education office (REO) were responsible for performing housing program administrative duties without delegated authority from the president.
- ▶ Housing service agreements were not always executed by personnel authorized to contract on behalf of the campus. The OHA director had executed a laundry service agreement even though she did not have 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.

The associate vice president of enterprise operations stated that the campus was 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 and purchasing increases the risk of misunderstandings and unauthorized activities/actions.

Recommendation 1

We recommend that the campus obtain a formal delegation of authority from the campus president to authorized individuals to perform certain housing program administrative duties, including purchasing, and implement procedures to maintain such delegation on a current basis.

Campus Response

We concur. The campus will complete a formal delegation of authority by May 1, 2006.

OVERNIGHT GUESTS

Campus overnight guest practices neither were in compliance with Title 5 housing regulations nor adequately enforced.

We found that:

- ▶ Licensees were not required to obtain approval from the president (or designee) for overnight guests. Campus policy only required that the guest sign-in at the front desk and written roommate approval be obtained.
- ▶ Campus policy did not require guests to pay a fee for any length of stay.
- ▶ A review of 30 overnight guests selected from residence hall guest logs from November 2004 to May 2005 disclosed the following:
 - Eleven overnight guests did not record their date/time of exit on the guest log, although 6 of the 11 guests did provide a signature at sign-out.
 - One guest entry and one guest exit were not appropriately initialed by the desk assistant when a date/time was provided by the guest.
 - One overnight guest stayed for three consecutive days, which exceeded the maximum allowable length of stay.
 - Although written roommate approval was required for guest stays, we were unable to verify such approval because roommate permission forms for the period reviewed had not been retained.

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.

The San Diego State University (SDSU) *Student Housing License Agreement*, states that guests, including residents of other halls, must be checked in by the resident at all times. The overnight guest(s) privilege is extended to all residents on a temporary and occasional basis only after securing written approval from his/her roommate and registering the guest(s) at the hall desk. Further, a guest

may stay in a residence hall no more than two consecutive nights and no more than four total nights per calendar month.

The SDSU *Record Retention Schedule* §III.7.a, states that retention periods are one year from date last housed for housing and residential life.

The REO director stated that she was unaware that there must be a formal delegation of authority from the president to approve guests and that the roommate approval was insufficient. She further stated that the residence hall guest log exceptions were due to oversight and improved controls would strengthen the process, but added that guests were often in a hurry to depart the building and might leave without signing the logs. The OHA director stated that the logistics and administrative process required to approve guests and collect fees had not been implemented because it would be time consuming, cumbersome, and counterproductive. She added that the required staff involvement and costs would exceed the funds collected.

Non-compliant guest practices, inadequate enforcement, and non-retention of required documentation 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 campus:

- a. Align its guest policies and procedures with Title 5.
- b. Strengthen the monitoring of guest registration logs to ensure compliance with campus procedures.
- c. Review record retention expectations for the housing program and take appropriate action to ensure compliance with campus requirements.

Campus Response

We concur. The campus will align its guest policies and procedures with Title 5 as well as strengthen the monitoring of guest registration logs by May 1, 2006. In addition, record retention expectations for the housing program will be reviewed by May 1, 2006, to ensure compliance with campus requirements.

STUDENT LICENSE AGREEMENT

The SDSU *Student Housing License Agreement* did not fully address Title 5 requirements.

We found that:

- ▶ The license agreement did not adequately define student-resident eligibility status because the minimum number of units/credits a student must be enrolled in was not specified.
- ▶ The license agreement did not properly address amounts owed by the licensee in certain instances of cancellation, vacating, and revocation.

Title 5 §42000(f) requires that a student be currently enrolled in six or more semester units of instruction in the regular program of the campus where the housing facility is located.

Title 5 §42019 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.
- Request by a licensee to vacate with 30-day notice denied by the president.
- Request by a licensee to vacate with less than a 30-day notice denied by the president.

Title 5 §42019 further requires that the licensee owes the amount due under the full fee period of the license for any denied request to cancel with less than a 30-day notice prior to the beginning of the fee period.

The OHA director stated her belief that the campus license agreement met Title 5 requirements and maintained maximum flexibility to achieve full occupancy in any period of a sudden enrollment drop. She further stated that students were contacted if they had less than six units and their license agreements were revoked.

Student license agreements that do not fully address Title 5 requirements increase the risk that ineligible students will be provided campus housing and required fees will go uncharged.

Recommendation 3

We recommend that the campus modify its student license agreement to fully address Title 5 requirements.

Campus Response

We concur. A revised student license agreement, which addresses Title 5 requirements, will be completed by May 1, 2006, and will be used for the 2006/07 academic year.

LICENSEE CANCELLATIONS AND EARLY VACATING

Certain procedures for licensee cancellation and early vacating were not enforced.

We found that:

- ▶ Students who vacated housing prior to the end of the fee period did not provide written notice prior to vacating. The only written notice provided was the campus *Intent to Vacate* form, which was completed at the time of student departure and not always signed by the student.
- ▶ A \$10 fee for Aztec Dining Services was not charged to students who cancelled their license agreement prior to the fee period.

The SDSU *Student Housing License Agreement* states that each licensee's agreement is for a full academic year (or full spring semester for new students entering spring). Any licensee who requests to vacate the housing facility shall give at least 30 days notice, in writing, of intention to vacate and the reason theretofore. Further, Aztec Dining Services will charge a \$10 fee upon cancellation by licensee and deduct this from any refund due to licensee.

Title 5 §42016 states that any licensee who requests to vacate a housing facility shall give at least 30 days written notice of intention to vacate and the reasons theretofore.

The OHA director stated that some students left residence halls without notifying staff or checking out because students were charged 30 or 90 days of rent "in lieu of notice" as stated on the "intent to enroll." She further stated that Aztec Dining Services imposed and received the \$10 fee, and indicated that they would change the language to reflect that Aztec Dining Services "may" charge a \$10 fee.

Failure to enforce cancellation and early vacating procedures may result in inefficient utilization of residence hall space and lost fee revenue.

Recommendation 4

We recommend that the campus enforce campus procedures for licensee cancellation and early vacating.

Campus Response

We concur. The campus will enforce procedures for licensee cancellations and early vacates. Revised procedures will be completed by May 1, 2006.

STUDENT RESIDENT ADMINISTRATION

Controls over certain student resident administrative policies needed improvement.

Our review of 30 student files from the spring 2005 semester disclosed that:

- ▶ Two students did not complete and sign the room condition checklist.
- ▶ Six students did not provide health and accident insurance information. In addition, insurance information that was provided by the other students included only the provider name and policy number, and independent verification of the students' insurance coverage was not performed.

The SDSU *Student Housing License Agreement* states that licensees, when checking into the residence hall, must fill out and sign a room condition checklist upon inspection of the room. Further, this must be turned in within 24 hours of occupancy. Further, the licensee is required to have health insurance. During the period covered by the license agreement, the licensee shall be covered, at his/her own expense, by health and accident insurance, on either an individual or group basis, with minimum coverage of \$2,000 in hospital benefits, \$150 in medical benefits, \$350 in surgical benefits, and \$50 in emergency outpatient benefits per accident or sickness.

The REO director stated the room condition checklist might have been completed and then misplaced. The OHA director stated that there was no subsequent attempt to gather the health insurance information, although it was initially requested on the "blue card" form, and added that this health insurance requirement would be eliminated beginning in fiscal year (FY) 2006/07.

Failure to complete the room condition checklist upon resident move-in may result in improper damage assessment when the student moves out, while failure to ensure that required health and accident insurance is maintained increases the risk that a resident will not be adequately covered in the event of on-site injury, which could expose the campus to additional liability.

Recommendation 5

We recommend that the campus:

- a. Strengthen procedures to ensure completion of room condition checklists.
- b. In consultation with the chancellor's office (CO) Risk Management department, determine whether the student resident insurance requirement should be maintained, modified, or eliminated, and modify the license agreement and strengthen monitoring procedures accordingly.

Campus Response

We concur.

- a. Procedures to ensure completion of room condition checklists will be strengthened by May 1, 2006.
- b. The campus will consult with the CO Risk Management department to determine the disposition of student resident insurance requirements. Procedures will be revised accordingly by May 1, 2006.

HOUSING OPERATIONS

Conference facility and dormitory leasing activities were not adequately segregated, documented, and administered.

Our review of 15 conference facility leases from June 2003 to August 2004, and 15 dormitory rentals from August 2004 to May 2005 disclosed that:

- ▶ The conference services coordinator was responsible for scheduling and arranging logistical support for the conference facilities as well as customer billing, processing payments by check, and recording/updating accounts receivable, which did not represent a proper segregation of duties.
- ▶ The OHA/REO receptionist approved all 15 of the dormitory rental reservations without delegated authority.
- ▶ Proof of insurance was not on file for 4 of the 12 conference facility leases where insurance was required.

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.

The SDSU *Policy for Use of Cholula and Tula Community Centers* requires that the director of REO (or designee) approve all requests from priority one groups (residence hall association and student government, OHA/REO staff) and that the director of the OHA approve all requests from priority two groups (non-OHA/REO, SDSU student, staff, or faculty groups).

The OHA *Summer Facilities Leasing Policies and Procedures* state that all non-university organizations are required to provide proof of insurance for conference facility rentals.

The OHA director stated that there had been only one full-time conference staff person but duties would be appropriately segregated in FY 2005/06 with the addition of a second position. She added that until that time, she would receive contracts and checks as well as log and transfer the payments to the SDSU Research Foundation. She further stated that it was an oversight that the insurance documentation was not retained for conference facility leases. The REO director stated that the OHA/REO receptionist had been verbally delegated the authority to approve dormitory rental reservations and the lack of a documented delegation was an oversight.

Inadequate segregation of duties, lack of appropriate delegated authority for dormitory rental reservations, and the failure to obtain proof of insurance for all facility leases increase the risk of inappropriate activities and/or campus liability for leasing activities.

Recommendation 6

We recommend that the campus:

- a. Review the conference services coordinator's job responsibilities and take appropriate action to adequately segregate duties or institute mitigating procedures.
- b. Ensure that dormitory rental reservations are approved in accordance with campus policy or obtain written delegation of authority for the OHA/REO receptionist to approve the reservations.
- c. Strengthen procedures to ensure that required proof of insurance is obtained for all conference facility rentals.

Campus Response

We concur.

- a. Mitigating procedures have been established to appropriately segregate the conference services coordinator's job responsibilities.
- b. A written delegation of authority will be completed by May 1, 2006, which will authorize the OHA/REO receptionist to approve dormitory rental reservations.
- c. Procedures have been strengthened to ensure the retention of insurance documents for all conference facility rentals.

FISCAL ADMINISTRATION

CASH RECEIPTS

Cash receipt controls at the OHA were in need of improvement.

We found that:

- ▶ A log or similar record was not maintained to record checks received by the OHA.
- ▶ Copies of press-numbered receipts issued to customers who made payments at the OHA were only retained until the transactions were posted to CashNet.
- ▶ Transfer receipts were not utilized when the OHA transferred deposits to the university cashier's office (UCO) and when checks were transferred from the UCO to the OHA.

State Administrative Manual (SAM) §8022 states that state agency records will contain information regarding the type of collection (such as cash, check, or money order) received from each payer. This information will be recorded so that it can be readily audited from receipts, reports of collections, or the registers, and will show by notation the amount of the check or money order presented.

SAM §8020 states that state agencies will save a numeric file of copies of receipts and voided receipts for audit purposes and keep an inventory control for press-numbered receipts.

SAM §8021 states that a separate series of transfer receipts will be used to localize accountability for cash or negotiable instruments to a specific employee from the time of receipt to its deposit.

The OHA director stated that the campus was unaware of the cash control weaknesses noted and added that relevant policies and procedures were changed during audit fieldwork.

Inadequate control over cash receipts increases campus exposure to loss from inappropriate acts.

Recommendation 7

We recommend that the campus:

- a. Implement the utilization of a log or similar record to record checks received.
- b. Establish procedures to maintain a numeric file of receipt copies and inventory control of press-numbered receipts.
- c. Establish procedures for the use of transfer receipts when transferring monies between separate campus departments.

Campus Response

We concur. During fieldwork, cash receipt procedures were changed. The campus established a log to record checks received and transfer receipts are used when transferring monies between departments. In addition, a file is maintained of receipt copies and press-numbered receipts.

HOUSING RESERVES

The campus did not have a documented student housing reserve policy and formal in-depth review of housing reserves.

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 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.

The associate vice president of enterprise operations stated that, although the campus did not have a documented student housing reserve policy or documentation of a formal in-depth review, there were campus procedures for the review of student housing reserves.

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 8

We recommend that the campus document a formal housing reserve policy as well as conduct and document an in-depth review of the adequacy of existing housing reserves at least every three years and adjust reserve plans and levels as appropriate.

Campus Response

We concur. A formal housing reserve policy will be documented by May 1, 2006. The policy will include procedures to review the adequacy of existing housing reserves at least every three years and to adjust reserve plans and levels as appropriate.

RESIDENTIAL STAFF EMPLOYMENT

Residential staff employment was not always adequately controlled.

Our review of the screening, hiring, training, and payment of 32 residential staff members, including seven residence hall coordinators and 25 resident advisors, disclosed that:

- ▶ None of the seven residence hall coordinators reviewed signed a student housing license agreement or an employment agreement.
- ▶ One residence hall coordinator was improperly paid a full month's salary for only working a half-month (11 days). The campus took action to recover this overpayment prior to the end of audit fieldwork.

State University Administrative Manual (SUAM) §2144 requires that all resident staff sign a license agreement in accordance with SUAM §2146, and the license signed by a resident staff member should be amended by an attachment that details their duties and responsibilities.

The REO director stated that she was unaware of the requirement to have residence hall coordinators sign student housing licensing agreements or employment agreements. The manager of compensation and payroll stated that the employee was overpaid due to oversight. She added that the payroll office was understaffed, which resulted in a workload backlog, and an accounts receivable had been set-up to remedy the error.

Failure to require resident staff to sign license and employment agreements may result in miscommunication of job duties and responsibilities, while inadequate control over resident staff payroll increases the risk of inappropriate payments.

Recommendation 9

We recommend that the campus:

- a. Establish and implement procedures that require all residential staff to sign a student housing license agreement that has been amended by an attachment, which details their job duties and responsibilities.
- b. Strengthen procedures over the payment of residential staff to avoid overpayments.

Campus Response

We concur.

- a. Procedures to ensure that all residential staff sign student housing license agreements, which includes an attachment detailing job duties and responsibilities, will be completed by May 1, 2006.
- b. Procedures have been strengthened to avoid residential staff overpayments.

RESIDENT SAFETY AND ACTIVITY PROGRAMS

Documentation was not retained to evidence attendance at all mandatory residence hall staff training.

A condition of employment for resident coordinators and assistants stipulated that student housing employees were required to attend an annual multi-day training session. Although training agendas were retained as well as evidence of first-year resident advisor required completion of a counseling and student leadership class in the first semester of employment, 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.

The REO director stated that the campus was unaware of the requirement to maintain a record of all staff members attending training sessions.

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

Recommendation 10

We recommend that the campus maintain training attendance records for all residence hall staff training.

Campus Response

We concur. Procedures will be established by May 1, 2006, to ensure attendance records are maintained for residence hall staff training.

APPENDIX A: PERSONNEL CONTACTED

<u>Name</u>	<u>Title</u>
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
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	Systems Coordinator, 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

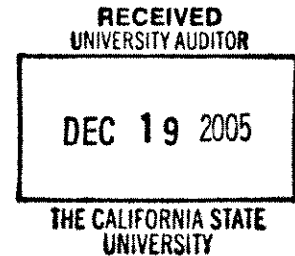


San Diego State University
5500 Campanile Drive
San Diego, CA 92182-8000
Tel: 619 594-5201
Fax: 619 594-8894

THE PRESIDENT

December 16, 2005

Mr. Larry Mandel
University Auditor
The California State University
401 Golden Shore, 4th Floor
Long Beach, CA 90802



Dear Mr. Mandel:

Enclosed is San Diego State University's response to report number 05-27, *Housing and Residential Services*. For ease of reference, the report's recommendations have been included with our responses. Documentation of policy and control changes will follow under separate cover.

Should you have any questions or require additional information, please contact Valerie Carter, Audit and Tax Manager, at 619-594-5901.

Sincerely,


Stephen J. Weber
President

Enclosure

c: Sally F. Roush, Vice President for Business and Financial Affairs
Jim Kitchen, Vice President for Student Affairs
Eric Rivera, Assistant Vice President for Student Affairs
Scott Burns, Associate Vice President, Enterprise Operations
Ellene J. Gibbs, Associate Vice President, Financial Operations
Valerie J. Carter, Audit and Tax Manager

**HOUSING AND RESIDENTIAL SERVICES
SAN DIEGO STATE UNIVERSITY
Report Number 05-27
November 15, 2005**

HOUSING PROGRAM ADMINISTRATION

DELEGATION OF AUTHORITY

Recommendation 1

We recommend that the campus obtain a formal delegation of authority from the campus president to authorized individuals to perform certain housing program administrative duties, including purchasing, and implement procedures to maintain such delegation on a current basis.

Campus Response

We concur. The campus will complete a formal delegation of authority by May 1, 2006.

OVERNIGHT GUESTS

Recommendation 2

We recommend that the campus:

- a. Align its guest policies and procedures with Title 5.
- b. Strengthen the monitoring of guest registration logs to ensure compliance with campus procedures.
- c. Review record retention expectations for the housing program and take appropriate action to ensure compliance with campus requirements.

Campus Response

We concur. The campus will align its guest policies and procedures with Title 5 as well as strengthen the monitoring of guest registration logs by May 1, 2006. In addition, record retention expectations for the housing program will be reviewed by May 1, 2006, to ensure compliance with campus requirements.

STUDENT LICENSE AGREEMENT

Recommendation 3

We recommend that the campus modify its student license agreement to fully address Title 5 requirements.

Campus Response

We concur. A revised student license agreement, which addresses Title 5 requirements, will be completed by May 1, 2006, and will be used for the 2006-2007 academic year.

LICENSEE CANCELLATIONS AND EARLY VACATING

Recommendation 4

We recommend that the campus enforce campus procedures for licensee cancellation and early vacating.

Campus Response

We concur. The campus will enforce procedures for licensee cancellations and early vacates. Revised procedures will be completed by May 1, 2006.

STUDENT RESIDENT ADMINISTRATION

Recommendation 5

We recommend that the campus:

- a. Strengthen procedures to ensure completion of room condition checklists.
- b. In consultation with the chancellor's office risk management department, determine whether the student resident insurance requirement should be maintained, modified, or eliminated, and modify the license agreement and strengthen monitoring procedures accordingly.

Campus Response

We concur.

- a. Procedures to ensure completion of room condition checklists will be strengthened by May 1, 2006.

- b. The campus will consult with the Chancellor's Office of Risk Management to determine the disposition of student resident insurance requirements. Procedures will be revised accordingly by May 1, 2006.

HOUSING OPERATIONS

Recommendation 6

We recommend that the campus:

- a. Review the conference services coordinator's job responsibilities and take appropriate action to adequately segregate duties or institute mitigating procedures.
- b. Ensure that dormitory rental reservations are approved in accordance with campus policy or obtain written delegation of authority for the OHA/REO receptionist to approve the reservations.
- c. Strengthen procedures to ensure that required proof of insurance is obtained for all conference facility rentals.

Campus Response

We concur.

- a. Mitigating procedures have been established to appropriately segregate the conference services coordinator's job responsibilities.
- b. A written delegation of authority will be completed by May 1, 2006, which will authorize the OHA/REO receptionist to approve dormitory rental reservations.
- c. Procedures have been strengthened to ensure the retention of insurance documents for all conference facility rentals.

FISCAL ADMINISTRATION

CASH RECEIPTS

Recommendation 7

We recommend that the campus:

- a. Implement the utilization of a log or similar record to record checks received.

- b. Establish procedures to maintain a numeric file of receipt copies and inventory control of press-numbered receipts.
- c. Establish procedures for the use of transfer receipts when transferring monies between separate campus departments.

Campus Response

We concur. During fieldwork, cash receipt procedures were changed. The campus established a log to record checks received and transfer receipts are used when transferring monies between departments. In addition, a file is maintained of receipt copies and press-numbered receipts.

HOUSING RESERVES

Recommendation 8

We recommend that the campus document a formal housing reserve policy as well as conduct and document an in-depth review of the adequacy of existing housing reserves at least every three years and adjust reserve plans and levels as appropriate.

Campus Response

We concur. A formal housing reserve policy will be documented by May 1, 2006. The policy will include procedures to review the adequacy of existing housing reserves at least every three years and to adjust reserve plans and levels as appropriate.

RESIDENTIAL STAFF EMPLOYMENT

Recommendation 9

We recommend that the campus:

- a. Establish and implement procedures that require all residential staff to sign a student housing license agreement that has been amended by an attachment, which details their job duties and responsibilities.
- b. Strengthen procedures over the payment of residential staff to avoid overpayments.

Campus Response

We concur.

- a. Procedures to ensure that all residential staff sign student housing license agreements, which includes an attachment detailing job duties and responsibilities, will be completed by May 1, 2006.
- b. Procedures have been strengthened to avoid residential staff overpayments.

RESIDENT SAFETY AND ACTIVITY PROGRAMS

Recommendation 10

We recommend that the campus maintain training attendance records for all residence hall staff training.

Campus Response

We concur. Procedures will be established by May 1, 2006 to ensure attendance records are maintained for residence hall staff.

THE CALIFORNIA STATE UNIVERSITY
OFFICE OF THE CHANCELLOR



BAKERSFIELD

January 20, 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 05-27 on *Housing and Residential Services*, San Diego State University

LOS ANGELES

MARITIME ACADEMY

In response to your memorandum of January 20, 2006, I accept the response as submitted with the draft final report on *Housing and Residential Services*, San Diego State University.

MONTEREY BAY

NORTHRIDGE

POMONA

CBR/jt

SACRAMENTO

Enclosure

SAN BERNARDINO

cc: Ms. Ellene J. Gibbs, Associate Vice President, Financial Operations
Dr. Stephen L. Weber, President

SAN DIEGO

SAN FRANCISCO

SAN JOSÉ

SAN LUIS OBISPO

SAN MARCOS

SONOMA

STANISLAUS