

**HOUSING AND RESIDENTIAL SERVICES**

**CALIFORNIA STATE UNIVERSITY,  
LONG BEACH**

**Report Number 05-25  
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## **ABBREVIATIONS**

BOT	Board of Trustees
CO	Chancellor's Office
CSU	California State University
CSULB	California State University, Long Beach
EO	Executive Order
GC	Government Code
HPRC	Housing Proposal Review Committee
MOU	Memoranda of Understanding
RFIN	Resolution of the Committee on Finance

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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 the California State University, Long Beach campus from February 28, 2003, through April 1, 2003, 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 fiscal and administrative controls over the housing accounts receivable and conference and dormitory leasing functions were deficient, while management of housing reserves, guest/visitor policies, and access controls over the housing and residential life database required 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 to the director of housing and residential life. Certain guest and visitor policies and procedures were incomplete, non-compliant with Title 5 housing regulations, and did not sufficiently monitor and mitigate associated risks. Campus policy did not include guest approval procedures and fees, and guest/visitor registration logs were not maintained. In addition, access to the housing and residential life student information database was not administered in compliance with the campus *Confidential Information Security Program*.

### **HOUSING OPERATIONS [10]**

Conference and dormitory leasing activities were not adequately segregated, documented, and administered. The conference services coordinator performed incompatible functions, Pyramid Pointe and dormitory leasing policies and procedures had not been documented, leasing documentation was not well maintained, and outstanding rental invoices were untimely resolved. Also, open purchase orders were not investigated and timely resolved.

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

Housing accounts receivable activities were inadequately segregated, documented, and administered. The housing account specialist performed incompatible functions, housing accounts receivable policies and procedures had not been documented, collection procedures and late fees were not adequately performed/applied, and deferment documentation was not maintained. In addition, non-refundable installment service fees were refunded, and the campus had not documented a formal in-depth review of housing reserves since January 1995. As of June 30, 2004, the housing reserve goal of \$30,000,000 had

not been reached. There was a \$21,035,407 shortfall in housing reserves. Finally, the contract for the coin-operated laundry equipment vending service had not been renewed since January 1986.

### **RESIDENT SAFETY AND ACTIVITY PROGRAMS [17]**

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

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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 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 January 2005. In instances when it was necessary to review annualized data, fiscal year 2003/04 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.

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# 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 noted that the director of housing and residential life was responsible for performing the following 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 their 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.

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

The director of housing and residential life stated that although delegation had not been formally documented, it was understood that he had the authority to perform the above listed duties.

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 campus obtain a formal delegation of authority from the campus president to perform certain housing program administrative duties and implement procedures to maintain such delegation on a current basis.

### **Campus Response**

We concur. The authority from the campus president to perform certain housing administrative duties has been formally delegated to the vice president for student services. The vice president has in turn

formally delegated authority to the director of housing and residential life. Corrective action on this recommendation is complete.

## **GUESTS AND VISITORS**

Certain guest and visitor policies and procedures were incomplete, non-compliant with Title 5 housing regulations, and did not sufficiently monitor guests/visitors.

We found that:

- ▶ Campus policy did not include guest approval procedures and fees. Licensees were not required to obtain the approval of the president or his designee prior to inviting any person to be a guest, and overnight guests were not charged a fee.
- ▶ Guest/visitor registration logs were not maintained. Consequently, the campus was 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 California State University (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.

The director of housing and residential life stated that the current guest and visitor policies and procedures were considered adequate by housing management.

Incomplete and non-compliant housing policies and procedures increase the possibility that guests and visitors will not be adequately controlled and required fees will go uncharged, and subject other students to undue risk and the campus to increased liability.

## **Recommendation 2**

We recommend that the campus:

- a. Align its guest and visitor policies and procedures with Title 5.
- b. Establish and implement guest/visitor registration logs.

## **Campus Response**

We concur. Policies and procedures have been revised to meet the requirements of Title 5. In addition, guest/visitor logs have been established and implemented. Corrective action on this recommendation is complete.

## **INFORMATION SECURITY AND CONFIDENTIALITY**

Access to the housing and residential life student information database was not administered in compliance with the campus *Confidential Information Security Program*.

We found that access to confidential student information in the housing and residential life student information database was not approved by the responsible information security officer. In addition, personnel with access to confidential student information did not complete and sign an Access and Compliance Form.

The California State University, Long Beach (CSULB) *Confidential Information Security Program* states that the information security officer is responsible for approving requests for confidential information maintained in non-centralized data systems or files. Further, employees approved for security access must receive appropriate training and sign an Access and Compliance Form.

The director of housing and residential life stated that the CSULB *Confidential Information Security Program* was being reviewed for implementation and added that at the time of the audit, the program had not yet been fully implemented for housing operations.

Failure to effectively administer access to the housing and residential life student information database increases the risk of unauthorized access to and disclosure of confidential student information.

## **Recommendation 3**

We recommend that the campus ensure that:

- a. Written approval from the information security officer is obtained and retained on file for all employees granted access to the housing and residential life student information database.
- b. A signed Access and Compliance Form is on file for all employees with access to the housing and residential life student information database.

### **Campus Response**

We concur.

- a. Policies and procedures have been amended to include the requirement that written approval must be given by the housing and residential life information security officer for any employee to be granted access to the student information database. A form has been developed and the information security officer maintains copies on file.
- b. A signed Access and Compliance Form has been obtained for all employees with access to the housing and residential life student information database. These forms are now on file with the housing and residential life information security officer.

Corrective action on this recommendation is complete.

## **HOUSING OPERATIONS**

### **CONFERENCE AND DORMITORY LEASING**

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

Our review of Pyramid Pointe and dormitory leasing activities, including five Pyramid Pointe leases, five dormitory rentals, and the Pyramid Pointe revenue schedule for fiscal year 2003/04 disclosed that:

- ▶ The conference services coordinator was responsible for coordinating, scheduling, invoicing, and receipting payment for leasing of the Pyramid Pointe conference facility and dormitory housing during the summer months. In addition, she ensured that memoranda of understanding (MOU) were signed and evidence of insurance was obtained, maintained a schedule of Pyramid Pointe lease revenue, and followed up on delinquent lease payments.
- ▶ The campus did not have documented policies and procedures for Pyramid Pointe and dormitory leasing.
- ▶ MOU were not on file for five of the ten Pyramid Pointe and dormitory leases reviewed.
- ▶ Invoice documentation could not be located for the five Pyramid Pointe leases reviewed. In addition, evidence of insurance was not on file for six of the applicable Pyramid Pointe and dormitory leases reviewed.
- ▶ Supporting documentation and/or approval could not be provided for five of seven “no charge” rentals listed on the Pyramid Pointe revenue schedule.

- ▶ Thirty Pyramid Pointe rental invoices totaling \$17,148 remained unpaid at the time of our review, with the oldest dating back to November 2002.

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.

Title 5 §42002, *Assignment of Priority*, states that the president may permit others, including groups as authorized by §42003, to use housing facilities only when student demand is insufficient to fill all campus housing facilities.

Title 5 §42003, *Special Group Arrangements*, states that housing facilities may be made available to groups, provided a representative authorized to do so executes an appropriate agreement on behalf of the group, which agreement shall set forth the fee established by the chancellor to be charged of such groups. Any group may, at the discretion of the president, be waived from the security deposit requirement. A charge in addition to the fee established by the chancellor pursuant to §42004 may be made by the campus of groups to cover additional costs whenever the group requires additional services, materials, goods, or special supervision.

The director of housing and residential life stated that department resource constraints did not allow for an appropriate segregation of duties, while the other exceptions noted were due to a lack of proper monitoring.

Inadequate segregation of duties together with an absence of documented policies and procedures and an ineffective system of internal review increase the risk of processing inconsistencies, inappropriate activities, misunderstandings, and lost leasing revenue; and increases campus liability for leasing activities.

#### **Recommendation 4**

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. Develop, document, and implement policies and procedures for the leasing of the Pyramid Pointe and dormitory housing, including appropriate documentation requirements and responsibilities for resolution and/or write-off of unpaid rentals.

**Campus Response**

We concur. We reviewed the conference services coordinator's job responsibilities and the process for leasing the Pyramid Pointe and dormitory housing facilities. Based on our review, we established detailed policies and procedures to ensure proper segregation of duties and to institute mitigating controls. Corrective action on this recommendation is complete.

**OPEN PURCHASE ORDERS**

Open purchase orders were not investigated and timely resolved.

Our review of the open purchase order list as of April 6, 2005, disclosed 37 open purchase orders totaling \$36,000 from 2001 through 2003.

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 director of housing and residential life stated that open purchase order reports had not been properly reviewed in the past.

Failure to resolve long-outstanding encumbered purchase orders could impair budget analysis and planning and result in less than optimal decision making.

**Recommendation 5**

We recommend that the campus establish monitoring procedures to ensure that open purchase orders are processed or otherwise timely resolved.

**Campus Response**

We concur. Revised procedures for monitoring open purchase orders have been developed and implemented. Corrective action on this recommendation is complete.

## FISCAL ADMINISTRATION

### ACCOUNTS RECEIVABLE

Housing accounts receivable activities were inadequately segregated, documented, and administered.

We found that:

- ▶ The housing account specialist was responsible for delinquent student housing account follow-up, collection, and reporting. She also had PeopleSoft system access to adjust students' housing financial accounts (for fee payments and the application/removal of late fees), access to student housing checks that were stored overnight in her office cabinet, and knowledge of the combination to the front desk safe used to store fee checks collected during the workday.
- ▶ The campus did not have documented policies and procedures for housing accounts receivable.
- ▶ Account past-due, eviction, and system hold procedures were not consistently performed within regulatory prescribed time frame, and late fees were inconsistently applied in instances where a student completed a Payment Extension Request form.
- ▶ Payment extension requests were not required to be reviewed or approved by housing and residential services management.
- ▶ Justification for a housing fee deferment was not limited to a pending federal, state, or similar financial aid payment. A student's pending payday or other justification was an acceptable reason for approving payment deferments.
- ▶ A review of 30 delinquent installment payments disclosed that deferment documentation could not be provided for any of the delinquent installments.

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.

State University Administrative Manual §2150, *Accounts Receivable*, provides certain guidelines to assist in developing procedures on campus to ensure that outstanding accounts receivables are collected in a timely manner. More specifically, notices of account past due should be issued no later than three days after the payment deadline. Students who do not respond to a past-due notice within five days should be sent a notice of eviction and a hold should be placed on their record. In instances where the student fails to respond to the notice of eviction within three days, formal eviction

proceedings should be initiated. Further collection efforts should be conducted in accordance with the State Administrative Manual.

Title 5 §42008, *Advanced Payment of Fees*, states that except as authorized by §42010, all fees are due and payable in advance. A late fee shall be charged of a licensee who fails to pay any fee when due.

Title 5 §42010, *Deferment of Fee Payments*, states that a resident may defer payment of license fees for licensees who are able to demonstrate that they will receive federal, state, or other financial aid and that such aid will be distributed to the licensee subsequent to the beginning of the fee period. A demonstration of this kind shall include appropriate verification by the campus financial aid office.

The director of housing and residential life stated that department resource constraints did not allow for an appropriate segregation of duties. He further stated that the housing office staff always tried to assist students' needs first before strictly enforcing the regulations.

Failure to maintain an adequate segregation of duties together with an absence of documented policies and procedures and an effective system of internal review increase the risk of processing inconsistencies, inappropriate activities, and misunderstandings; and limits management's ability to support decisions that might be questioned by students and/or parents.

### **Recommendation 6**

We recommend that the campus:

- a. Review housing accounts receivable job responsibilities and take appropriate action to adequately segregate duties or institute mitigating procedures.
- b. Develop, document, and implement policies and procedures for the administration, deferment, and collection of housing accounts receivable in accordance with regulatory guidance, including documentation standards.

### **Campus Response**

We concur. The duties and responsibilities of the housing account services technician have been reviewed and procedures have been established to adequately segregate duties and to institute mitigating controls. The procedures outline many aspects of the accounts receivable operations including the administration, deferment, and collection of housing payments as well as the documentation standards. Corrective action on this recommendation is complete.

### **SERVICE FEE REFUNDS**

Fees were refunded to those students who paid the installment service fee and subsequently decided to either not move into student housing or moved in for only a short period of time.

Title 5 §42000(i), *Service Fees*, states that service fee means a non-refundable fee required of a license to cover the added costs incurred in collecting and processing a licensee fee by installments.

The CSULB *Student Housing License Agreement* states that the university shall authorize refunds only as provided for in Title 5 and the housing facility regulation.

The director of housing and residential life stated his belief that it was a fair practice to refund certain service fees if the student did not move in or moved out in a very short period of time.

Fee administration and processing costs increase when non-refundable service fees are returned to licensees.

### **Recommendation 7**

We recommend that the campus discontinue the practice of returning non-refundable housing service fees.

### **Campus Response**

We concur. The fee in question is the installment fee. It has been the practice to refund this fee to students who make an initial payment and then vacate before making their first monthly installment payment. This practice will be changed beginning with fall 2005. No installment fee will be refunded once collected. Corrective action on this recommendation is complete.

## **HOUSING RESERVES**

The campus had not documented a formal in-depth review of housing reserves since January 1995.

Our review of student housing reserves at June 30, 2004, disclosed the following:

<b>Reserve Account</b>	<b>Reserve Goal at 6/30/2004</b>	<b>Initial Reserve Goal at 1/03/1995</b>	<b>Reserve Balance at 6/30/2004</b>	<b>Current Reserve Shortfall</b>
Deferred Maintenance	\$5,000,000	\$3,000,000	\$694,301	\$4,305,699
Working Capital	2,000,000	2,000,000	2,000,000	0
Catastrophic Events	8,000,000	0	1,939,084	6,060,916
Renovation and Upgrade	5,000,000	5,000,000	2,061,887	2,938,113
Capital Development	10,000,000	10,000,000	2,269,321	7,730,679
<b>Total</b>	<b>\$30,000,000</b>	<b>\$20,000,000</b>	<b>\$8,964,593</b>	<b>\$21,035,407</b>

EO 876, *Financing and Debt Management Policy*, dated July 18, 2003, states that 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.

The director of housing and residential life stated that although the campus did not formally document the reserve review, management actively reviewed the financial position of housing operations on a regular basis as part of the budget process and the reserve goals had not changed.

Failure to 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 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 reserve plan for the housing operations on this campus was developed and approved in 1993. The status of the reserves is reviewed at the campus quarterly assessment meetings. At the end of each fiscal year, the vice president for student services and the director of housing and residential life review and discuss the fiscal condition of the housing program. The status of the reserves is an integral part of this annual review. Historically no documentation of these reviews has been created and maintained. This procedure has now been rectified and the annual review will be documented. Corrective action on this recommendation is complete.

## **HOUSING CONTRACTS**

The contract between the campus, the Residential Hall Association, and the Web Service Company, Inc. to install, maintain, and operate coin-operated laundry equipment expired on January 27, 1986.

The vending machine agreement dated January 28, 1985, states that the term of this agreement shall commence on January 28, 1985, and shall expire on January 27, 1986. The Residence Hall Association reserves the right to extend this contract on an annual basis for four additional one-year periods.

The director of housing and residential life stated that the vendor had been providing good service to housing operations and it did not become apparent that the contract had expired.

Maintaining a business relationship unsupported by a current and complete contract limits campus recourse in the event of a misunderstanding concerning service, responsibilities, and/or payments.

### **Recommendation 9**

We recommend that the campus promptly renew the vending machine contract for the coin-operated laundry equipment services.

### **Campus Response**

We concur. The contract for coin-operated laundry equipment services has been renewed. Corrective action on this recommendation is complete.

## **RESIDENT SAFETY AND ACTIVITY PROGRAMS**

Documentation was not retained to evidence attendance at 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.

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 associate director of housing and residential life stated that although a training attendance record was not maintained, he was confident that the training administrative processes in place would have identified anyone who failed to attend training.

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 resident coordinators and assistants.

### **Campus Response**

We concur. Training is conducted each August in preparation for the opening of the fall semester. A record of attendance at this training will now be maintained. Corrective action on this recommendation is complete.

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## APPENDIX A: PERSONNEL CONTACTED

<u>Name</u>	<u>Title</u>
Robert C. Maxson	President
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



CALIFORNIA STATE UNIVERSITY, LONG BEACH

DIVISION OF ADMINISTRATION AND FINANCE

RECEIVED  
UNIVERSITY AUDITOR

SEP 15 2005

THE CALIFORNIA STATE  
UNIVERSITY

September 12, 2005

Mr. Larry Mandel  
University Auditor  
California State University  
401 Golden Shore  
Long Beach, California 90802

Re: Response to Housing and Residential Services Audit Report 05-25

Dear Larry:

Please find enclosed California State University, Long Beach's response to the above report. The campus is committed to addressing and resolving the issues identified in the audit report.

Please let me know if we can provide you with any additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "W. H. Griffith".

William H. Griffith  
Vice President for Administration and Finance

Enclosure

cc:

Robert C. Maxson, President  
Douglas W. Robinson, Vice President for Student Services  
Robyn R. Mack, Associate Vice President, University Services and Chief of Staff  
Stan Olin, Housing and Residential Services Director  
Aysu Spruill, Director, Internal Auditing Services

## HOUSING AND RESIDENTIAL SERVICES

### CALIFORNIA STATE UNIVERSITY, LONG BEACH

Report Number 05-25  
August 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 perform certain housing program administrative duties and implement procedures to maintain such delegation on a current basis.

###### Campus Response

We concur. The authority from the campus president to perform certain housing administrative duties has been formally delegated to the Vice President for Student Services. The Vice President has in turn formally delegated authority to the Director of Housing and Residential Life. Corrective action on this recommendation is complete.

##### GUESTS AND VISITORS

###### Recommendation 2

We recommend that the campus:

- a. Align its guest and visitor policies and procedures with Title 5.
- b. Establish and implement guest/visitor registration logs.

###### Campus Response

We concur. Policies and procedures have been revised to meet the requirements of Title 5. In addition, guest/visitor logs have been established and implemented. Corrective action on this recommendation is complete.

## **INFORMATION SECURITY AND CONFIDENTIALITY**

### **Recommendation 3**

We recommend that the campus ensure that:

- a. Written approval from the information security officer is obtained and retained on file for all employees granted access to the housing and residential life student information database.
- b. A signed Access and Compliance Form is on file for all employees with access to the housing and residential life student information database.

### **Campus Response**

We concur.

- a. Policies and procedures have been amended to include the requirement that written approval must be given by the Housing and Residential Life information security officer for any employee to be granted access to the student information database. A form has been developed and the information security officer maintains copies on file.
- b. A signed Access and Compliance Form has been obtained for all employees with access to the Housing and Residential Life student information database. These forms are now on file with the Housing and Residential Life information security officer.

Corrective action on this recommendation is complete.

## **HOUSING OPERATIONS**

### **CONFERENCE AND DORMITORY LEASING**

#### **Recommendation 4**

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. Develop, document, and implement policies and procedures for the leasing of the Pyramid Pointe and dormitory housing, including appropriate documentation requirements and responsibilities for resolution and/or write-off of unpaid rentals.

#### **Campus Response**

We concur. We reviewed the conference services coordinator's job responsibilities and the process for leasing the Pyramid Pointe and dormitory housing facilities. Based on our review we established detailed policies and procedures to ensure proper segregation of duties and to institute mitigating controls. Corrective action on this recommendation is complete.

## **OPEN PURCHASE ORDERS**

### **Recommendation 5**

We recommend that the campus establish monitoring procedures to ensure that open purchase orders are processed or otherwise timely resolved.

### **Campus Response**

We concur. Revised procedures for monitoring open purchase orders have been developed and implemented. Corrective action on this recommendation is complete.

## **FISCAL ADMINISTRATION**

### **ACCOUNTS RECEIVABLE**

#### **Recommendation 6**

We recommend that the campus:

- a. Review housing accounts receivable job responsibilities and take appropriate action to adequately segregate duties or institute mitigating procedures.
- b. Develop, document, and implement policies and procedures for the administration, deferment, and collection of housing accounts receivable in accordance with regulatory guidance, including documentation standards.

#### **Campus Response**

We concur. The duties and responsibilities of the Housing Account Services Technician have been reviewed and procedures have been established to adequately segregate duties and to institute mitigating controls. The procedures outline many aspects of the accounts receivable operations including the administration, deferment and collection of housing payments as well as the documentation standards. Corrective action on this recommendation is complete.

### **SERVICE FEE REFUNDS**

#### **Recommendation 7**

We recommend that the campus discontinue the practice of returning non-refundable housing service fees.

#### **Campus Response**

We concur. The fee in question is the installment fee. It has been the practice to refund this fee to students who make an initial payment and then vacate before making their first monthly installment payment. This practice will be changed beginning with Fall 2005. No installment fee will be refunded once collected. Corrective action on this recommendation is complete.

## **HOUSING RESERVES**

### **Recommendation 8**

We recommend that the campus 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 reserve plan for the housing operations on this campus was developed and approved in 1993. The status of the reserves is reviewed at the campus quarterly assessment meetings. At the end of each fiscal year the Vice President for Student Services and the Director of Housing and Residential Life review and discuss the fiscal condition of the Housing program. The status of the reserves is an integral part of this annual review. Historically no documentation of these reviews has been created and maintained. This procedure has now been rectified and the annual review will be documented. Corrective action on this recommendation is complete.

## **HOUSING CONTRACTS**

### **Recommendation 9**

We recommend that the campus promptly renew the vending machine contract for the coin-operated laundry equipment services.

### **Campus Response**

We concur. The contract for coin-operated laundry equipment services has been renewed. Corrective action on this recommendation is complete.

## **RESIDENT SAFETY AND ACTIVITY PROGRAMS**

### **Recommendation 10**

We recommend that the campus maintain training attendance records for resident coordinators and assistants.

### **Campus Response**

We concur. Training is conducted each August in preparation for the opening of the Fall semester. A record of attendance at this training will now be maintained. Corrective action on this recommendation is complete.

THE CALIFORNIA STATE UNIVERSITY  
OFFICE OF THE CHANCELLOR



BAKERSFIELD

October 3, 2005

CHANNEL ISLANDS

CHICO

**MEMORANDUM**

DOMINGUEZ HILLS

EAST BAY

TO: Mr. Larry Mandel  
University Auditor

FRESNO

FULLERTON

FROM: Charles B. Reed  
Chancellor

HUMBOLDT

SUBJECT: Draft Final Report Number 05-25 on *Housing and Residential Services*, California State University, Long Beach

LONG BEACH

LOS ANGELES

In response to your memorandum of October 3, 2005, I accept the response as submitted with the draft final report on *Housing and Residential Services*, California State University, Long Beach.

MARITIME ACADEMY

MONTEREY BAY

NORTHRIDGE

CBR/jt

POMONA

Enclosure

SACRAMENTO

cc: William H. Griffith, Vice President for Administration and Finance  
Dr. Robert C. Maxson, President

SAN BERNARDINO

SAN DIEGO

SAN FRANCISCO

SAN JOSÉ

SAN LUIS OBISPO

SAN MARCOS

SONOMA

STANISLAUS