

**HOUSING AND RESIDENTIAL SERVICES**

**SAN FRANCISCO STATE UNIVERSITY**

**Report Number 05-31**

**February 17, 2006**

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## **ABBREVIATIONS**

APB	Auxiliaries, Planning and Bonds
BOT	Board of Trustees
CO	Chancellor's Office
CMS	Common Management Systems
CSU	California State University
EO	Executive Order
HPRC	Housing Proposal Review Committee
HRS	Housing and Residential Services
RA	Resident Assistant(s)
RD	Resident Director(s)
RFIN	Resolution of the Committee on Finance
SFSU	San Francisco State University

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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 San Francisco State University campus from November 14, 2005, through December 15, 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 and student licenses and insurance were inadequate. Additionally, controls over information security, direct payments, approval for housing accommodation fees, housing reserves, and recordkeeping for staff hiring and training 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 [6]**

Campus guest and visitor practices were non-compliant with Title 5 housing regulations and did not sufficiently monitor guests/visitors. For example, policy was incomplete with regard to guest fees and guest/visitor registration logs were not maintained. The campus *Student Housing License Agreement* did not address charges for revocation of the agreement in accordance with Title 5. Furthermore, student insurance requirements were not always monitored or independently verified, and approval of system access to confidential information needed to be strengthened.

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

The direct payments policy needed to be updated. Direct payment forms and procedures did not specify dollar thresholds for direct pay transactions and direct payments had been made for purchases that were not listed as authorized transactions within the campus policy.

### **FISCAL ADMINISTRATION [11]**

The student housing reserve policy and procedures needed improvement, and a formal in-depth review of housing reserves was not performed.

### **RESIDENT SAFETY AND ACTIVITY PROGRAMS [13]**

Written documentation was not retained to evidence attendance at all mandatory residence hall staff training or to show that all resident directors and resident assistants were properly screened and qualified.

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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 November 2005. In instances when it was necessary to review annualized data, fiscal year 2004/05 was the primary period reviewed.

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

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

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# OBSERVATIONS, RECOMMENDATIONS, AND CAMPUS RESPONSES

## HOUSING PROGRAM ADMINISTRATION

### GUESTS AND VISITORS

Campus guest and visitor practices were non-compliant with Title 5 housing regulations and did not sufficiently monitor guests/visitors.

We found that:

- ▶ The campus was unable to provide evidence that a fee was required and charged for non-approved guests and guests that stayed more than two days per calendar month.
- ▶ 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 housing and residential services (HRS) executive director stated that the current policy on guests and visitors was adequately described to meet management's expectations in the student handbook. She further stated that guests were not allowed to stay more than two nights in any month; therefore, a fee was not required or charged.

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

### **Recommendation 1**

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 to strengthen the monitoring of guests/visitors and ensure compliance with campus policy.

### **Campus Response**

- a. We concur. HRS will revise its guest and visitor policies and procedures in the 2006/07 *Student Housing License Agreement* in accordance with Title 5.

Expected completion date: June 2006

- b. We concur. HRS will establish and implement guest/visitor registration logs.

Expected completion date: June 2006

## **STUDENT LICENSE AGREEMENT**

The San Francisco State University (SFSU) *Student Housing License Agreement* did not fully address Title 5 requirements.

We found that the license agreement did not properly address amounts owed by the licensee in certain instances of revocation.

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

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

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

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

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

The HRS executive director stated that part 1, section VIII, A of the license agreement outlined the conditions for revocation of the license agreement. She further stated that part 3, section 3.0 outlined the procedure for refunds or fees after a license agreement was cancelled.

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

### **Recommendation 2**

We recommend that the campus modify its student license agreement to fully address Title 5 requirements for amounts owed when the license is revoked.

### **Campus Response**

We concur. HRS will modify the 2006/07 *Student Housing License Agreement* to include Title 5 requirements for amounts owed when the license is revoked.

Expected completion date: June 2006

## **STUDENT INSURANCE REQUIREMENTS**

Student insurance requirements were not always monitored or independently verified.

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

- ▶ Insurance information provided by the students included only the provider name, policy number, doctor, and phone number, but not the amounts of required coverage as stated in the student license agreement.
- ▶ Independent verification of the students' insurance coverage was not performed.

The SFSU *Student Housing License Agreement* states that during the period covered by the license agreement, the licensee is required to have and provide verification of 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 HRS executive director stated that it was campus policy to collect health insurance information for all residents. She further stated her belief that by having residents sign the license agreement where the insurance requirements were listed, the student was agreeing to those requirements.

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 3**

We recommend that the campus, 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. HRS will eliminate the insurance dollar amount reference in the 2006/07 *Student Housing License Agreement*.

Expected completion date: June 2006

## **INFORMATION SECURITY AND CONFIDENTIALITY**

Campus policies and procedures for system access to confidential information did not comply with CSU directives.

We found that:

- ▶ The *SFSU Confidentiality and Information Security Plan* did not properly address approval for system access to confidential information. It required written approval by the vice president of administration and finance or his designee.
- ▶ Employee confidentiality statements were approved by the HRS executive director and applicants' supervisors instead of the campus president or the vice president of administration.

CSU memoranda *Information Security Clarification*, dated March 28, 2003, and *Status Update on Increased Security Measures*, dated March 15, 2004, state that no CSU employee will be granted access to confidential information in the PeopleSoft CMS system or other campus systems without review and written approval by the campus president or vice president of administration. Such approval will only be granted in cases where the access is required for the employee to perform a critical university function that is part of the employee's job duties. Further, employees approved for security access must sign a confidentiality document.

The associate vice president of human resources, safety and risk management stated that the vice president of administration and finance signed a form providing written approval for access for each employee until the March 2005 implementation of SFSU's online employee and student information privacy tutorial. She further stated that it was an oversight that a new method was not

developed for obtaining the vice president's written approval for employees who took the tutorial, but had not previously been approved.

Failure to obtain proper authorization for access to personal confidential information increases the risk of disclosure of and unauthorized access to confidential personal information.

#### **Recommendation 4**

We recommend that the campus:

- a. Modify campus policy to fully comply with CSU directives.
- b. Ensure that appropriate written approval is obtained for all personnel granted system access to confidential personal information.

#### **Campus Response**

- a. We concur. The campus will modify its *Confidentiality and Information Security Plan* to comply with CSU directives.

Expected completion date: June 2006

- b. We concur. The campus will obtain the approval of the vice president of administration and finance for all personnel granted system access to confidential personal information.

Expected completion date: June 2006

## **HOUSING OPERATIONS**

Campus policies and procedures for direct payments needed strengthening.

We found that:

- ▶ The SFSU *Direct Payments* policy did not define dollar thresholds for authorized direct pay transactions.
- ▶ Our review of 30 purchased goods disclosed two purchases that were not within the established guidelines for types of transactions authorized for direct payments. One was a marketing purchase for \$3,742, while the other was a technology purchase for \$3,000.

The CSU *Policy Manual for Contracting and Procurement* §227 states that campuses are responsible for establishing local policies which identify types and dollar thresholds for transactions authorized for direct payments and associated procedures for exception processing. Further, examples of direct

payments may include but are not limited to public utilities, room rentals, rebates and reimbursements, books, subscriptions, publications, registration fees, and membership dues.

The *SFSU Direct Payments* policy states that authorized transactions include honoraria, stipends, utilities, memberships, books and subscriptions, typewriter repair, SFSU conference programs charges, approved requests for reimbursement or payment forms, trust/special project reimbursement forms, renewal fees, and inter-agency charges.

The manager of accounts payable and collections stated that he was unaware of the requirement to have dollar limits in place for direct payments. He further stated that he had not updated the direct payments policy to include all allowable transaction types.

Failure to define dollar thresholds for direct payments and to comply with the guidelines for types of direct payment purchases increases the risk that excessive or inappropriate purchases could be made without the protection of purchase order standard terms and conditions.

### **Recommendation 5**

We recommend that the campus:

- a. Align its direct payments policy with CSU directives.
- b. Strengthen procedures for the review and approval of direct payments to ensure all transactions fall within established guidelines.

### **Campus Response**

- a. We concur. The direct payments policy has been revised to include dollar thresholds for authorized direct pay transactions and the allowable direct pay categories were expanded.
- b. We concur. The revised direct payments policy has been communicated to all accounts payable staff. In the fiscal affairs user group meeting on February 21, 2006, the manager of accounts payable and collections presented the revised direct payments policy to the campus community.

## **FISCAL ADMINISTRATION**

The HRS reserve policy and procedures needed improvement.

We found that:

- ▶ The *SFSU HRS Reserve Policy* specifically addressed reserves for major maintenance and repair, but did not provide a clear strategy to fund reserves for the other three mandatory reserve categories.

- ▶ HRS procedures for the review of housing reserves were not formally documented to provide evidence of an in-depth reserve review.

EO 876, *Financing and Debt Management Policy*, dated July 18, 2003, states that the campus president and chief financial officer are responsible for developing and maintaining a campus policy to provide reserves from project revenues for projects funded by debt issued by the BOT. 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 HRS executive director stated that although the campus did not have the reserves divided into all five of the recommended reserve categories, management did review the financial position of the housing operation and reserves on a quarterly basis throughout the fiscal year.

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

### **Recommendation 6**

We recommend that the campus:

- a. Modify the HRS reserve policy to comply with CSU directives.
- b. Conduct and document a review of the adequacy of existing housing reserves at least every three years and adjust reserve plans and levels as appropriate.

### **Campus Response**

- a. We concur. HRS will modify its current reserve policy to comply with CSU directives.

Expected completion date: June 2006

- b. We concur. HRS will conduct and document a review of the existing housing reserves at least every three years and will adjust plans and levels as appropriate.

Expected completion date: June 2006

## **RESIDENT SAFETY AND ACTIVITY PROGRAMS**

Administration of residence hall staff employment records required strengthening.

Our review of five resident directors (RD) and 25 resident assistants (RA) disclosed that:

- ▶ Documentation was not retained to evidence RD and RA attendance at or completion of mandatory residence hall staff training. Although training agendas were retained, no other evidence of individual attendance was maintained.
- ▶ Fingerprinting documentation for one RD and job applications for three RA were not found.

Government Code §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 position descriptions for RD and RA require active participation in staff training prior to the beginning of each semester as well as ongoing systemwide and area staff in-service training programs.

The HRS executive director stated that attending training was listed as a requirement in the job descriptions for RD and RA. She added that all staff members were required to sign the job descriptions agreeing to the terms prior to beginning employment. She further stated that the missing employment documentation was an error.

The absence of training attendance documentation increases the risk that employees will fail to completely fulfill their training obligations, while failure to consistently maintain background screening and application documentation increases the risk that unqualified employees will be hired.

### **Recommendation 7**

We recommend that the campus:

- a. Maintain written training attendance records for all residence hall staff training.
- b. Retain background screening and application documentation for residence hall staff.

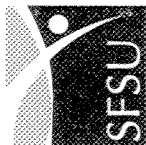
**Campus Response**

- a. We concur. The executive director of HRS has notified her direct reports to maintain written training attendance records for all residence hall staff training.
- b. We concur. The executive director of HRS has notified her direct reports to retain background screening and application documentation for residence hall staff.

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## APPENDIX A: PERSONNEL CONTACTED

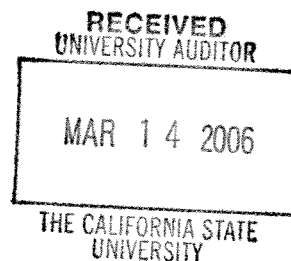
<u>Name</u>	<u>Title</u>
Robert A. Corrigan	President
Kim Allen	Resident Assistant, Housing and Residential Services (HRS)
Matthew Almeida	Director, Residential Dining Services, HRS
Jan Andreasen	Executive Director, HRS
Larry Birello	Resident Director, HRS
Philippe Cumia	Assistant Director, Housing Marketing and Communication, HRS
Irene Donner	Administrative Support Coordinator, Internal Audit
Eileen Flora	Resident Accounts Advisor, HRS
Denise Fox Needleman	Associate Vice President, Human Resources, Safety and Risk Management
Justin Gaulke	Assistant Resident Director, HRS
Mark Goodrich	Director, Residential Property Management, HRS
Mike Kleinberg	Associate Director, Residential Property Management, HRS
Wayne Kuhaupt	Manager, Accounts Payable and Collections
Jennifer Louie	Assistant Contracts Coordinator, Procurement and Contracts
Franz Lozano	Internal Auditor
Fanny Mai	Assistant Director, Financial Services, HRS
DJ Morales	Director, Residential Life, HRS
Leroy M. Morishita	Vice President, Administration and Finance
Ron Piazza	Building Services Engineer, Facilities Maintenance, HRS
Jim Raney	Conference Accounts Coordinator, HRS
Margaret Rothe	Area Coordinator, HRS
David Rourke	Associate Director, Residential Life, HRS
Stephen C. Smith	Director of Procurement
Andrew Stockton	Technology Officer, HRS
Gloria Tseung	Associate Controller, Governmental Accounting and Financial Reporting
Jim Van Ness	Senior Audit Consultant
Jo Volkert	Associate Vice President, Enrollment Planning and Management
Cristal Wallin	Administrative Assistant to Executive Director, HRS
Wanda Wong	Cashiering Supervisor, HRS



San Francisco  
State University

Office of the President

March 9, 2006



Mr. Larry Mandel  
University Auditor  
The California State University  
401 Golden Shore  
Long Beach, California 90802-4275

Dear Mr. Mandel:

We have reviewed the Office of the University Auditor Report #05-31 on Housing and Residential Services at San Francisco State University. The report identified areas where additional efforts are needed, and we are taking actions to implement the recommendations. Documentation demonstrating implementation of recommendations already completed will be forwarded to you separately.

Our responses to the recommendations are attached. The campus Internal Auditor will also forward the responses to you electronically to facilitate the response process. Questions regarding the responses may be directed to Leroy M. Morishita, Vice President for Administration and Finance, at 415/338-2521 or Franz Lozano, Internal Auditor, at 415/405-3736.

Sincerely,

Robert A. Corrigan  
President

FL/id

Attachments

cc: Leroy M. Morishita, Vice President, Administration & Finance  
Denise Fox Needleman, Associate Vice President, Human Resources, Safety & Risk Mgmt.  
Jo Volkert, Associate Vice President, Enrollment Planning & Management  
Larry Ware, Associate Vice President, Fiscal Affairs  
Jan Andreasen, Executive Director, Housing & Residential Services  
Marcia Allsopp, Manager, Benefits/Professional Development, Human Resources  
Wayne Kuhaupt, Manager, Accounts Payable & Collections  
Franz Lozano, Internal Auditor, Internal Audit  
Jim Van Ness, Senior Audit Consultant

## HOUSING AND RESIDENTIAL SERVICES

### SAN FRANCISCO STATE UNIVERSITY

Report Number 05-31

February 17, 2006

## HOUSING PROGRAM ADMINISTRATION

### GUESTS AND VISITORS

#### Recommendation 1

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 to strengthen the monitoring of guests/visitors and ensure compliance with campus policy.

#### Campus Response

- a. We concur. Housing and Residential Services will revise its guest and visitor policies and procedures in the 2006/07 Student Housing License Agreement in accordance with Title 5. Expected completion date: June 2006.
- b. We concur. Housing and Residential Services will establish and implement guest/visitor registration logs. Expected completion date: June 2006.

### STUDENT LICENSE AGREEMENT

#### Recommendation 2

We recommend that the campus modify its student license agreement to fully address Title 5 requirements for amounts owed when the license is revoked.

#### Campus Response

We concur. Housing and Residential Services will modify the 2006/07 Student Housing License Agreement to include Title 5 requirements for amounts owed when the license is revoked. Expected completion date: June 2006.

## STUDENT INSURANCE REQUIREMENTS

### Recommendation 3

We recommend that the campus, 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. Housing and Residential Services will eliminate the insurance dollar amount reference in the 2006/07 Student Housing License Agreement. Expected completion date: June 2006.

## INFORMATION SECURITY AND CONFIDENTIALITY

### Recommendation 4

We recommend that the campus:

- a. Modify campus policy to fully comply with CSU directives.
- b. Ensure that appropriate written approval is obtained for all personnel granted system access to confidential personal information.

### Campus Response

- a. We concur. The campus will modify its Confidentiality and Information Security Plan to comply with CSU directives. Expected completion date: June 2006.
- b. We concur. The campus will obtain the approval of the Vice President for Administration and Finance for all personnel granted system access to confidential personal information. Expected completion date: June 2006.

## HOUSING OPERATIONS

### Recommendation 5

We recommend that the campus:

- a. Align its direct payments policy with CSU directives.
- b. Strengthen procedures for the review and approval of direct payments to ensure all transactions fall within established guidelines.

**Campus Response**

- a. We concur. The Direct Payment Policy has been revised to include dollar thresholds for authorized direct pay transactions and the allowable direct pay categories were expanded. The revised policy is available online at: [http://fiscaff.sfsu.edu/Reference/Public/Manuals/Direct%20Payments1\\_new.pdf](http://fiscaff.sfsu.edu/Reference/Public/Manuals/Direct%20Payments1_new.pdf).
- b. We concur. The revised Direct Payments Policy has been communicated to all Accounts Payable staff. In the Fiscal Affairs User Group meeting on February 21, 2006, the Manager of Accounts Payable and Collections presented the revised Direct Payment Policy to the campus community.

**FISCAL ADMINISTRATION****Recommendation 6**

We recommend that the campus:

- a. Modify the HRS reserve policy to comply with CSU directives.
- b. Conduct and document a review of the adequacy of existing housing reserves at least every three years and adjust reserve plans and levels as appropriate.

**Campus Response**

- a. We concur. Housing and Residential Services will modify its current reserve policy to comply with CSU directives. Expected completion date: June 2006.
- b. We concur. Housing and Residential Services will conduct and document a review of the existing housing reserves at least every three years and will adjust plans and levels as appropriate. Expected completion date: June 2006.

**RESIDENT SAFETY AND ACTIVITY PROGRAMS****Recommendation 7**

We recommend that the campus:

- a. Maintain written training attendance records for all residence hall staff training.
- b. Retain background screening and application documentation for residence hall staff.

**Campus Response**

- a. We concur. The Executive Director of Housing and Residential Services has notified her direct reports to maintain written training attendance records for all residence hall staff training.
- b. We concur. The Executive Director of Housing and Residential Services has notified her direct reports to retain background screening and application documentation for residence hall staff.



THE CALIFORNIA STATE UNIVERSITY  
OFFICE OF THE CHANCELLOR

BAKERSFIELD

March 24, 2006

CHANNEL ISLANDS

CHICO

**MEMORANDUM**

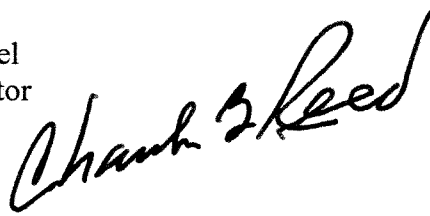
DOMINGUEZ HILLS

EAST BAY

FRESNO

TO: Mr. Larry Mandel  
University Auditor

FULLERTON

FROM: Charles B. Reed  
Chancellor


HUMBOLDT

LONG BEACH

SUBJECT: Draft Final Report Number 05-31 on *Housing and Residential Services*, San Francisco State University

LOS ANGELES

MARITIME ACADEMY

In response to your memorandum of March 24, 2006, I accept the response as submitted with the draft final report on *Housing and Residential Services*, San Francisco State University.

MONTEREY BAY

NORTHRIDGE

POMONA

CBR/jt

SACRAMENTO

Enclosure

SAN BERNARDINO

cc: Dr. Robert A. Corrigan, President  
Mr. Franz Lozano, Internal Auditor

SAN DIEGO

SAN FRANCISCO

SAN JOSÉ

SAN LUIS OBISPO

SAN MARCOS

SONOMA

STANISLAUS