

**Audit and Advisory Services**  
401 Golden Shore  
Long Beach, CA 90802-4210

February 23, 2022

Dr. Soraya M. Coley, President  
California State Polytechnic University, Pomona  
3801 W. Temple Avenue  
Pomona, CA 91768

Dear Dr. Coley:

**Subject: Audit Report 21-03, Auxiliary-Owned Housing,  
California State Polytechnic University, Pomona**

We have completed an audit of *Auxiliary-Owned Housing* as part of our 2021-2022 Audit Plan, and the final report is attached for your reference. The audit was conducted in accordance with the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*.

I have reviewed the management response and have concluded that it appropriately addresses our recommendations. The management response has been incorporated into the final audit report, which will be posted to Audit and Advisory Services' website. We will follow-up on the implementation of corrective actions outlined in the response and determine whether additional action is required.

Any observations not included in this report were discussed with your staff at the informal exit conference and may be subject to follow-up.

I wish to express my appreciation for the cooperation extended by the campus personnel over the course of this review.

Sincerely,



Vlad Marinescu  
Vice Chancellor and Chief Audit Officer

c: Steve Relyea, Acting Chancellor  
Adam Day, Chair, Committee on Audit  
Jane W. Carney, Vice Chair, Committee on Audit

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**AUXILIARY-OWNED HOUSING**  
**University Village**  
**California State Polytechnic University, Pomona**

Audit Report 21-03  
February 23, 2022

## EXECUTIVE SUMMARY

### OBJECTIVE

The objectives of the audit were to ascertain the effectiveness of operational, administrative, and financial controls related to the University Village (UV) student housing complex and to ensure compliance with relevant federal and state regulations; Trustee policy; Office of the Chancellor (CO) directives; and campus and Cal Poly Pomona Foundation (Foundation) procedures.

### CONCLUSION

Based upon the results of the work performed within the scope of the audit, the operational, administrative, and financial controls for the UV as of September 3, 2021, were unlikely to provide reasonable assurance that risks were being managed and objectives were met.

Our review revealed that recordkeeping and accounting processes needed improvement. We could not thoroughly review operational and financial activities because important business records had not been maintained.

Specifically, UV did not always obtain a signed license agreement from residents or otherwise maintain required resident records and did not maintain documentation showing that resident eligibility was verified. Also, UV did not adequately monitor delinquent fees and did not consistently facilitate collection efforts on delinquent housing resident accounts. Further, UV did not enforce certain UV license agreement terms and conditions related to resident cancellation of license agreements; specifically, UV did not consistently assess required cancellation fees and sometimes refunded fees that were designated as non-refundable, such as the application fee. In addition, individuals sometimes approved transactions in excess of their dollar authority. Also, UV did not have a process to accurately manage all room keys and did not perform reconciliations between the keys on-hand and the system records of key assignments. Additionally, human resources and employment practices needed improvement, as UV did not obtain contracts or other documentation to show terms of employment, and required training was not always enforced. UV also did not have written procedures for administration of access to the StarRez housing management system, as required.

Specific observations, recommendations, and management responses are detailed in the remainder of this report.

## OBSERVATIONS, RECOMMENDATIONS, AND RESPONSES

### 1. LICENSE AGREEMENT COMPLIANCE

#### OBSERVATION

UV did not obtain and enforce signed license agreements from residents in accordance with the operating agreement between the Foundation and the campus and did not include material disclosures in the COVID-19 Addendum mandated in 2020.

The Foundation operating agreement requires that UV comply with California Code of Regulations (CCR) Title 5, §42000-42023, the section addressing student housing. In accordance with Education Code (EC) §42001, residency terms and conditions should be outlined in a license agreement between the Foundation as the owner of UV and the resident.

We reviewed the contents of the license agreement, which establishes the terms and conditions of residency, for compliance with the CCR requirements and sound business practices. Additionally, we selected and reviewed files for 35 residents, including students from another local college and faculty/staff. We noted the following:

- UV did not maintain signed license agreements with each resident, in accordance with 5 CCR §42001, *License*, which states that “each licensee shall sign the license on or before the beginning of the fee period.” Instead, residents were provided with a link to create a StarRez account to apply online through the application portal and, once there, to read the license agreement and click on a button indicating that they read and understood the contents. This action created an email notification to the UV housing staff; DocuSign technology was not used, and UV did not maintain proof of the confirmation email for all residents.
- Conditions for cancelling a reservation were not included in the license agreement as required. 5 CCR §42017, *Acceptance of a Request to Cancel or Vacate*, states that the license agreement shall identify standards for determining whether to grant or deny a request to cancel a reservation without penalty when that request comes with less than 30 days’ notice. The current license agreement states that “determination whether to grant or deny a request to cancel a reservation less than thirty (30) days prior to the beginning of the Fee Period or a request to vacate will be based on Foundation Housing Services review criteria available at the front desk.”
- Resident applicant priority requirements were not being enforced. The license agreement states that “student housing assignments shall be given priority in accordance with section 42002,” which mandates that students of a campus shall have priority to use the housing facilities of that campus. Although UV allows students from another local college and university faculty and staff to reside at UV, it did not give priority to the students of the campus, instead admitting residents in the order in which they submitted acceptable applications.
- UV did not maintain proof of resident eligibility verification. UV residents are required to have completed at least 24 units and be at least 21 years of age to reside in the facility and

must maintain full-time status at the university. Staff indicated that these verifications were performed, but documentation was not maintained.

- UV did not enforce a requirement for new residents to complete a room inventory form attesting to the condition of the furniture and equipment in the room, which helps determine resident responsibility for damages upon checkout. The form was missing for 23 of the 35 resident files we reviewed.

In May 2021, the Office of General Counsel (OGC) released a template for an addendum to housing license agreements that addressed issues related to COVID-19 in student housing facilities. The template allowed for a certain amount of customization but included mandatory disclosures in the section *COVID-19 Occupancy Requirements*, providing two versions dependent on the policy on required vaccinations. Instructions indicated that the addendum was required for both campus and auxiliary housing entities. We reviewed the COVID-19 Addendum UV used in academic year (AY) 2021/22 and found that:

- UV did not include a COVID-19 addendum to the license agreement, but rather included certain COVID-19 disclosures in the community standards addendum to the license agreement. As noted above, we were unable to obtain signed copies of the license agreement or any of the addendums.
- The UV COVID-19 Addendum did not include provisions that licensees maintain certain personal protective equipment, including hand sanitizer, face masks, and a thermometer.
- The addendum section that addressed confirmed positive or exposure situations was placed in the license addendum under section IV, *Confirmed Positive Exposure to COVID-19 Guidelines*, but did not include all required information. The license agreement addendum did not provide the link to the campus COVID-19 webpage. It only provided a link to the Mt. San Antonio College (Mt. SAC) website, which detailed services available only to the UV residents attending Mt. SAC.
- UV did not initiate action to gain full compliance of all residents with vaccination requirements in the fall of 2021 despite information from campus student health indicating that there were students who had not met requirements.

Effective administration of license agreements and enforcement of their terms helps provide greater assurance that terms and conditions of both parties are clearly articulated, enhances resident safety and welfare, and protects the campus from potential claims.

### **RECOMMENDATION**

We recommend that the campus, in conjunction with the Foundation:

- a. Obtain and retain signed license agreements and required addendums from all residents.
- b. Review and update the license agreement to ensure it incorporates all required provisions, including proper disclosure of terms for canceling or vacating a unit.

- c. Develop and implement a process that ensures priority placement to eligible CPP students before students from other universities or faculty and staff.
- d. Implement procedures to maintain documentation verifying resident eligibility requirements prior to move-in and during the academic year.
- e. Enforce resident documentation policies, including the requirement to complete a room inventory attesting to the condition of the furniture and equipment.
- f. Review and assess the current methods for communicating information from the required COVID-19 Addendum in various documents rather than in a separate and complete addendum. Ensure that final practices include all disclosures and requirements, including protocols for resident-suspected exposure to COVID-19 and requirements to maintain personal protective equipment.
- g. Implement procedures to monitor resident vaccination requirements, as required in the COVID-19 Addendum.

**MANAGEMENT RESPONSE**

We concur. The campus, in conjunction with the Foundation, will:

- a. Develop a process to obtain and retain signed license agreements and required addendums from all residents.
- b. Review and update the license agreement to ensure it incorporates all required provisions, including proper disclosure of terms for canceling or vacating a unit.
- c. Develop and implement a process that ensures priority placement to eligible CPP students before students from other universities or faculty and staff.
- d. Implement procedures to maintain documentation verifying resident eligibility requirements prior to move-in and during the academic year.
- e. Enforce resident documentation policies, including the requirement to complete a room inventory attesting to the condition of the furniture and equipment.
- f. Review and assess the current methods for communicating information from the required COVID-19 Addendum in various documents rather than in a separate and complete addendum. Ensure that final practices include all disclosures and requirements, including protocols for resident-suspected exposure to COVID-19 and requirements to maintain personal protective equipment.
- g. Implement procedures to monitor resident vaccination requirements, as required in the COVID-19 Addendum.

Expected completion date: September 30, 2022

## 2. RESIDENT FEE MONITORING

### OBSERVATION

UV did not effectively monitor fee receivables and did not facilitate collection efforts.

The UV license agreement addresses the responsibilities for resident payment of rental and other related fees. It further states the Foundation's rights in the event a resident fails to meet financial obligations, which include assessing a late fee, placing a hold on transcripts and class registration, revoking the license, and evicting the resident.

We reviewed UV processes for capturing and resolving late or unpaid license and other housing-related fees, and we noted that:

- UV did not routinely monitor or have a process for the timely review of delinquent housing fees. We found that UV administration would follow up with residents at times, usually the end of the semester, if the resident's final account was a debit. However, delinquent fees were not monitored and followed up monthly, and collections were inconsistent.
- UV could not provide information regarding the status or resolution of delinquent fees for academic years 2019/20 and 2020/21, and therefore could not provide actual aged receivable amounts for that time frame. The housing application used by UV, StarRez, had the capability to run aging reports, but when resident accounts were closed at the end of the academic year, fields necessary to produce the reports for periods in the past or to identify individual delinquencies were eliminated.
- There were no formal efforts to collect on delinquent fees. UV made some effort to collect from delinquent residents but eventually cleared residents' balances and notified the Foundation accounting department of the potential collection opportunity for specific residents. However, because the Foundation accounting department posted revenues on a summary basis and did not have records at the individual resident level, there was no efficient method to post individual receivables for subsequent collection. We confirmed that there were no efforts to make collections once the UV closed the resident account in StarRez and the delinquency was reported to the Foundation.
- Because accurate aged receivable balances were not provided to the Foundation accounting department, bad debt was derived via an estimate. Also, bad debt was reduced by writing off entries once they reached two years.
- The Foundation did not effectively reconcile room and board fees in StarRez to the housing fee revenue posted to the Foundation general ledger (GL). Although deposits were reconciled daily, we found reconciling items for which explanations were not recorded in our review of the monthly profit and loss statements to StarRez records.

Consistent enforcement of escalation procedures for non-payment of housing fees provides greater assurance that budget expectations will be achieved. Effective oversight related to compliance, monitoring, and reconciliation of UV housing-related fees can provide greater assurance that fees are being charged and collected in accordance with license agreements

and Foundation budget projections, and that errors or unrecorded transactions are being detected and corrected promptly.

**RECOMMENDATION**

We recommend that the campus, in conjunction with the Foundation:

- a. Investigate the capabilities of StarRez to produce fee management reports, such as comprehensive aging reports, and determine whether previous periods can be reconstructed.
- b. Establish and document a process to ensure that delinquent housing-related fees are monitored and license agreement terms are enforced.
- c. Implement policies and procedures to capture, monitor, and resolve delinquencies, including standards for follow up, collections, and write offs.
- d. Develop and implement a process to perform periodic reconciliations of housing-related fees, including review of delinquent accounts, in StarRez to the housing fee revenue posted to the general ledger.

**MANAGEMENT RESPONSE**

We concur. The campus, in conjunction with the Foundation, will:

- a. Investigate the capabilities of StarRez to produce fee management reports, such as comprehensive aging reports, and determine whether previous periods can be reconstructed.
- b. Establish and document a process to ensure that delinquent housing-related fees are monitored and license agreement terms are enforced.
- c. Implement policies and procedures to capture, monitor, and resolve delinquencies, including standards for follow up, collections, and write offs.
- d. Develop and implement a process to perform periodic reconciliations of housing-related fees, including review of delinquent accounts, in StarRez to the housing fee revenue posted to the general ledger.

Expected completion date: September 30, 2022



### 3. CANCELLATIONS AND REFUNDS

#### OBSERVATION

UV did not enforce UV license agreement terms and conditions for residents who canceled their license prior to move-in or requested a mid-term early license release (ELR), including provisions regarding non-refundable fees and cancellation penalties.

Due to COVID-19 evacuations and exceptions, the number of license cancellations in AY 2019/20 and AY 2020/21 were unusually high, with 891 resident refunds processed during this time frame. To accommodate for ongoing uncertainties regarding the COVID-19 pandemic, UV provided an extended cancellation period during the summer of 2020 that allowed residents to cancel their license reservations with a reduced or cancelled penalty, should they wish to change their plans prior to the fall term. Beyond that exception, the AY 2020/21 license agreements required a cancellation fee of \$475 in all cases except graduation and studying abroad, as well as a prorated daily rate to the date of departure for those residents granted an ELR. Further, the license agreement stated that the application (\$50) and facilities (\$175) fees were non-refundable. Residents requesting a license cancellation were required to complete a form providing an explanation, and the bottom of this form included a section where UV staff analyzed the fees to determine whether an invoice or a refund was due. The campus did not provide evidence of any changes to the fee schedule beyond the summer timeframe accommodation noted above.

UV was unable to produce a report that detailed resident-specific information on cancelled or vacated units beyond a report of refunds for the time period. As such, we had difficulty selecting a representative sample of cancelled or vacated residents to review for license provisions because residents who left UV without a refund were not included on the list provided. We were eventually able to identify and select 20 residents who were granted cancellations, but from only AY 2020/21, because information from previous time frames was purged. We found that:

- Documentation was not maintained for nine of the 20 vacated residents. Without documentation, we were unable to confirm whether any pro-rated rent was due, or the validity of the refund. The amounts, however, indicated a refund of the non-refundable application and/or facilities fees. The residents were also not charged the \$475 penalty fee.
- Of the 11 selections for which we did receive documentation, nine were not charged the \$475 penalty fee and none met the conditions of the summer cancellation exception period.
- The required cancellation of the license agreement form was not maintained for four of the 20 residents; we were instead provided with email communications with the residents.

Effective administration of resident requests for cancellation or early release provides greater assurance that occupancy goals will be maintained and budget projections will be more accurately measured.

**RECOMMENDATION**

We recommend that the campus, in conjunction with the Foundation:

- a. Develop and implement resident cancellation/release procedures that reflect the requirements outlined in the license agreement; describe and account for decisions regarding releases both with and without penalty; and assure that penalty fees are charged or waived correctly.
- b. Investigate the capabilities of StarRez to provide standardized management reports on cancellations and early releases.

**MANAGEMENT RESPONSE**

We concur. The campus, in conjunction with the Foundation, will:

- a. Develop and implement resident cancellation/release procedures that reflect the requirements outlined in the license agreement; describe and account for decisions regarding releases both with and without penalty; and assure that penalty fees are charged or waived correctly.
- b. Investigate the capabilities of StarRez to provide standardized management reports on cancellations and early releases.

Expected completion date: September 30, 2022

**4. DISBURSEMENTS**

**OBSERVATION**

The process for review and approval of disbursements needed improvement.

According to UV management, expenditures of \$10,000 or more required approval from the Foundation executive director or the director of Foundation housing, and all expenditures less than \$10,000 were approved by the associate director of housing operations. Expenditures, payment requests, and the corresponding documentation were approved through the Workflow Model in One Solution, the Foundation financial system. Notifications for expenditure approvals were received via email with the webform link to the Workflow Model.

We reviewed 20 expenditures during the audit period and found that three expenditures of more than \$10,000 were approved by the associate director of housing operations. These expenditures included payments for utility billing for \$10,305 and two expenditures for contractual services for \$15,665 and \$29,524.

Effective oversight related to approval of expenditures helps to reduce the risk of incurring unallowable costs or misuse of funds.

**RECOMMENDATION**

We recommend that the campus, in conjunction with the Foundation, evaluate the current process and implement improvements to clarify the approval process for UV expenditures.

**MANAGEMENT RESPONSE**

We concur. The campus, in conjunction with the Foundation, will evaluate the current process and implement improvements to clarify the approval process for UV expenditures.

Expected completion date: March 31, 2022

**5. PHYSICAL ACCESS**

**OBSERVATION**

Administration of facilities access needed improvement, including management of rental unit keys and procedures for managing the office safe keys or combinations.

According to UV management, there is no card access to UV, and residents and professional staff use only physical hard keys. Keys assigned to residents are tracked in StarRez and documented on the key inventory form at check-in. UV relied on residents to return keys at the end of the license period as part of the checkout process, either at the main office or at the 24-hour drop box. However, we noted concerns related to the processes and controls for building access administration. Specifically:

- UV did not perform reconciliations of the room keys stored in a numbered-hook lock box to logs and to StarRez records upon move in, move out or mid-term. Because UV depends on residents to return keys upon move out, this step is necessary to determine whether keys are missing and decide when to change locks.
- The UV office was unable to verify or reconcile the keys issued to staff. The office did not maintain a master inventory of the keys and did not have procedures to verify that records were current. The UV office created logs for each staff member with a list of keys issued but could not locate the forms for six of 15 staff members who had been issued keys. In addition, the form did not capture relevant information such as the description of the location the key accessed, and fields were left blank on several of the forms.

Further, per the UV cash receipts policy in the *UV Policies and Procedures Operations Manual*, an accurate record must be maintained by the authorized signor/unit director, or their designee, of when the vault/safe combination and/or keys were last changed. Documentation of the date when the combination was last changed was not maintained.

Properly administering building access controls, authorizing proper access based on job responsibilities, maintaining necessary records, and completing an annual key inventory helps to increase security and reduces the potential risk associated with unauthorized access. Adherence to procedures established to safeguard the combinations and/or keys to office safes provides greater assurance that access is secured.

**RECOMMENDATION**

We recommend that the campus, in conjunction with the Foundation:

- a. Develop and implement a policy and procedure for the reconciliation of keys on hand to the resident key records in StarRez to include standards for changing locks when keys to units are determined to be missing.
- b. Develop and implement a policy and procedure for the maintenance of keys issued to management and staff, including steps to create a master inventory, identify the keys issued to staff, update and correct staff key logs, and perform routine reconciliations between the records and the keys on hand.
- c. Develop and implement a procedure to ensure that records are maintained when the vault/safe combination and keys are changed or redistributed.

**MANAGEMENT RESPONSE**

We concur. The campus, in conjunction with the Foundation, will:

- a. Develop and implement a policy and procedure for the reconciliation of keys on hand to the resident key records in StarRez to include standards for changing locks when keys to units are determined to be missing.
- b. Develop and implement a policy and procedure for the maintenance of keys issued to management and staff, including steps to create a master inventory, identify the keys issued to staff, update and correct staff key logs, and perform routine reconciliations between the records and the keys on hand.
- c. Develop and implement a procedure to ensure that records are maintained when the vault/safe combination and keys are changed or redistributed.

Expected completion date: April 30, 2022

**6. STAFF HIRING AND TRAINING**

**OBSERVATION**

UV did not obtain contracts or other written documentation to capture employment terms and conditions and did not comply with other employment requirements, including training.

We reviewed personnel and training records for 20 residential staff members, including 14 student resident advisors (RA) and six full-time professional staff members, and we found that:

- A background check was either not performed or a record of the background check was not maintained for all six professional staff members.

- UV did not maintain contracts or signed position descriptions for any of the employees we reviewed. RAs are hired on an annual basis for a specific term and have a unique compensation schedule that includes both monetary and rent reduction benefits. However, UV could not provide offer letters or other signed contractual documentation to demonstrate agreement to the terms and conditions of employment. We received signed position descriptions for three of the professional staff; however, two from appointments made in 2019 were signed shortly before we requested the documents, and one was for a previous position held by the employee.
- RA training was incomplete. We found that one RA did not complete Title IX training, nine did not complete Clery Act training, and ten did not complete emergency management training.
- UV had not always retained documentation to verify that any of the staff attended campus facilitated training regarding alcohol and drugs provided by the Campus Health and Wellness Center. According to the California State University (CSU) Board of Trustees, this training is required by all who regularly interact with students, such as RAs, to understand and identify alcohol-related problems and to link students with intervention services.

Completion and retention of required background checks and training helps to ensure compliance with legal requirements, provides evidence that UV staff are properly trained and qualified for their position, and reduces exposure to litigation.

#### **RECOMMENDATION**

We recommend that the campus, in conjunction with the Foundation:

- a. Develop and implement a process to ensure that background checks are completed for staff members and that employees sign position descriptions and offer letters before beginning employment.
- b. Develop and implement a process to identify all staff who are required to take initial and refresher training, including the specialized training noted above, and track and notify staff with overdue or incomplete training.
- c. Maintain required records to support all UV training and hiring activities.

#### **MANAGEMENT RESPONSE**

We concur. The campus, in conjunction with the Foundation, will:

- a. Develop and implement a process to ensure that background checks are completed for staff members and that employees sign position descriptions and offer letters before beginning employment.
- b. Develop and implement a process to identify all staff who are required to take initial and refresher training, including the specialized training noted above, and track and notify staff with overdue or incomplete training.

- c. Maintain required records to support all UV training and hiring activities.

Expected completion date: May 31, 2022

## 7. SYSTEM ACCESS ADMINISTRATION

### OBSERVATION

UV did not always require UV staff who had access to StarRez to complete confidentiality or non-disclosure agreements and did not timely remove employees who separated from UV from StarRez.

StarRez is a housing management system with several capabilities, including management of UV applications, resident accounts, residency status, reporting, and dashboards. We reviewed 16 StarRez users from the report of active users for the audit scope period and found that:

- Eight users were no longer active employees, including one graduate assistant and seven resident advisors. The inactive users had separated from UV between July 2020 and August 2021. Access removal forms for these former employees had been completed, and the employees' access to single sign on in the active directory had been removed. However, their access to the StarRez system had not been deactivated.
- None of the 16 employees completed a confidentiality agreement or non-disclosure agreement before gaining access.

Further, UV did not have documented policies and procedures for authorizing, revising, and terminating user access to StarRez, as required by systemwide policy. There was no formal annual review of user-access rights during the audit scope period, as required by systemwide policy.

Completion of confidentiality or non-disclosure agreements raises awareness of the importance of keeping private data secured, and timely removal of system access from StarRez helps to prevent unauthorized access to restricted data and confidential student information. Proper administration of user accounts and permissions and terminations of system access decrease the risk of unauthorized access to restricted data and information.

### RECOMMENDATION

We recommend that the campus, in conjunction with the Foundation:

- a. Retain documentation showing all requests for user access to StarRez and completed confidentiality or non-disclosure agreements from UV staff who have been granted access to StarRez.
- b. Remind IT of the responsibility to timely deactivate user access from StarRez for all employees who separate from UV.

- c. Establish documented policies and procedures for authorizing, revising, and terminating user access to StarRez.

**MANAGEMENT RESPONSE**

We concur. The campus, in conjunction with the Foundation, will:

- a. Retain documentation showing all requests for user access to StarRez and completed confidentiality or non-disclosure agreements from UV staff who have been granted access to StarRez.
- b. Remind IT of the responsibility to timely deactivate user access from StarRez for all employees who separate from UV.
- c. Establish documented policies and procedures for authorizing, revising, and terminating user access to StarRez.

Expected completion date: April 30, 2022

## GENERAL INFORMATION

### BACKGROUND

UV is apartment-style housing located in the southwest corner of the California State Polytechnic University, Pomona (CPP) campus, within walking distance of the center of the campus. Built in three phases between 1985 and 2005, the complex is owned by the Foundation and sits on land leased from the campus. The property consists of 328 units with a capacity of 1,300 beds, as well as community recreation and study areas. The UV also has 16 units that have been modified to accommodate students with accessibility or special needs. Applicants for residency must be age 21 or older or must have completed at least 24 semester units. Residents are mostly CPP students, but students from other local higher-education institutions may also apply for residency, and the assignments are granted on a first-come, first-serve basis.

UV operates under a supplemental operating agreement between the campus and the Foundation that was established in 2000 and expires in 2025. Though as an auxiliary-owned entity, UV is not technically required to comply with 5 CCR §42000-42103, the education code section that addresses student housing, it committed in the supplemental operating agreement to meet these requirements.

UV, like campus housing, was vacated in March 2020 in response to the global pandemic, and the campus refunded prorated housing and meal plan fees to evacuated residents in April 2020. In AY 2020/21, occupancy was limited to accommodate social distancing; UV accepted just 123 students in the fall and 145 in the spring. During AY 2019/20, the last traditional year before the pandemic, UV had a budget of \$3.5 million. Due to the reduction in the number of residents for AY 2021/22, the budget was reduced to \$357,000. UV is led by an executive director and a director of housing, as well as 13 professional staff members in operations, leadership development, community standards, and housing technology. UV also has ten student RAs who report to the leadership development department, live in the complex, and provide support to residents.

### SCOPE

Due to temporary operating procedures and limitations resulting from the COVID-19 public health emergency, we performed fieldwork remotely from July 12, 2021, through September 3, 2021. Our audit and evaluation included the audit tests we considered necessary in determining whether operational, administrative, and financial controls are in place and operative. The audit focused on procedures in effect from July 1, 2019, through September 3, 2021.

Specifically, we reviewed and tested:

- Cal Poly Foundation-University Village policies and procedures to determine whether they are current, comprehensive, and aligned with relevant state and federal regulations, Trustee policies, CO directives, and agreements between the campus and the Foundation.
- Clear lines of organizational authority and responsibility in the administration and management of housing and residential services.



- The resident license agreement to ensure it is comprehensive, timely executed, and enforced; and residential revocations, cancellations, and notices to vacate to ensure they are adequately supported and properly processed.
- The resident placement process to determine whether it is adequately documented and fairly applied to all applicants, and properly considers required priority student populations.
- Adequate enforcement of guest and visitor policies.
- Hard-copy and online confidential residential information to ensure it is adequately secured and protected against unauthorized access.
- Proper approval of residential fees and accurate recording, adequate safeguarding, proper processing, and timely collection of all housing revenues.
- The process to refund housing and meal plan costs to residents forced to vacate at the onset of the pandemic.
- Screening, training, and campus employment qualifications for residential advisors.
- Residence hall programs and activities to ensure they are planned and implemented in accordance with established guidelines and are reflective of campus initiatives and missions.
- The emergency evacuation plan and safety procedures.

As a result of changing conditions and the degree of compliance with procedures, the effectiveness of controls changes over time. Specific limitations that may hinder the effectiveness of an otherwise adequate system of controls include, but are not limited to, resource constraints, faulty judgments, unintentional errors, circumvention by collusion, and management overrides. Establishing controls that would prevent all these limitations would not be cost-effective; moreover, an audit may not always detect these limitations.

Our testing and methodology, which was designed to provide a review of key operational, administrative, and financial controls, included interviews and detailed testing on certain aspects of the University Village operations. Our review was limited to gaining reasonable assurance that essential elements of the auxiliary-owned housing administration were in place and did not examine all aspects of the program. Specifically, we were not able to verify the vacancy rate by visiting a selection of unoccupied units during the low occupancy period resulting from the COVID-19 evacuation, and we were not able to interview any resident advisors.

## CRITERIA

Our audit was based upon standards as set forth in federal and state regulations and guidance; Trustee policy; Office of the Chancellor directives; and campus (and auxiliary, if applicable) procedures; as well as sound administrative practices and consideration of the potential impact of significant risks. This audit was conducted in conformance with the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*.

This review emphasized, but was not limited to, compliance with:

- California Code of Regulations, Title 5 §42000-42103
- Government Code §13402 and §13403
- Executive Order (EO) 803, *Immunization Requirements*
- EO 847, *Facility Management*
- EO 1000, *Delegation of Fiscal Authority*
- EO 1056, *California State University Emergency Management Plan*
- EO 1059, *Utilization of Campus Auxiliary Organizations*
- *CSU Auxiliary Organizations Compliance Guide*
- *CSU Auxiliary Organizations Sound Business Practices Guidelines*
- Integrated California State University Administrative Manual (ICSUAM) §8060.00, *Access Controls*
- ICSUAM §3130.01, *Accounts Receivable Management*
- *UV Policies and Procedures Operations Manual*
- *UV License Agreement*
- *UV License Agreement Addendum*
- *UV Community Standards*
- *UV Community Standards Addendum*

## AUDIT TEAM

Senior Audit Manager: Ann Hough  
Internal Auditor: Cinthia Santamaria