The California State University
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401 Golden Shore
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August 4, 2022

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

Dear Dr. Coley:

Subject: Audit Report 21-12, *Facilities Management*, California State Polytechnic University, Pomona

We have completed an audit of *Facilities Management* 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: Jolene Koester, Interim Chancellor
   Lateefah Simon, Chair, Committee on Audit
   Yammilette Rodriguez, Vice Chair, Committee on Audit

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FACILITIES MANAGEMENT

California State Polytechnic University, Pomona

Audit Report 21-12
August 4, 2022

EXECUTIVE SUMMARY

OBJECTIVE

The objectives of the audit were to ascertain the effectiveness of operational, administrative, and financial controls related to facilities management operations and to ensure compliance with relevant federal and state regulations, Trustee policy, Office of the Chancellor (CO) directives, and campus procedures.

CONCLUSION

Based upon the results of the work performed within the scope of the audit, except for the weaknesses described below, the operational, administrative, and financial controls for facilities management in facilities planning and management, University Housing Services, Cal Poly Pomona Foundation, Inc., and Associated Students, Inc. as of May 13, 2022, taken as a whole, provided reasonable assurance that risks were being managed and objectives were met.

A summary of key observations for each of the areas reviewed is noted below.

Facilities Planning and Management (FP&M)

We found that policies and procedures addressing routine use of WebTMA, the computerized maintenance management system (CMMS) used by campus FP&M, needed improvement. Specifically, standard operating procedures (SOP) providing instructions on work order administration to staff responsible for facilitating the completion and review of maintenance requests were incomplete. Further, overall work order administration within FP&M needed improvement to ensure that all work orders were prepared to include required information, were updated as the status changed, and were reviewed by management. In addition, we noted that preventive maintenance work orders were often aged significantly and were closed without indication of completion or notes indicating the reason for closure. Also, the process for ensuring that costs for performing non-routine maintenance services were reimbursed required improvement, as we noted instances in which tasks eligible for chargebacks were not invoiced to the requesting department, and administration of physical keys, including the performance of required key audits, needed improvement.

University Housing Services (UHS)

We found that policies and procedures addressing routine use of the maintenance module in StarRez, the CMMS used by UHS, needed improvement. Specifically, UHS's SOPs providing instructions on work order administration to staff responsible for facilitating the completion and review of maintenance requests were incomplete. In addition, overall work order administration within UHS needed improvement to ensure that all work orders were prepared to include required information, were updated as the status changed, and were reviewed by management.

<u>Cal Poly Pomona Foundation, Inc.</u> (Foundation)

We found that policies and procedures addressing routine use of Manager+, the CMMS used by the Foundation, needed improvement. Specifically, the Foundation's SOPs providing instructions on work order administration to staff responsible for facilitating the completion and review of maintenance requests were incomplete. Also, we found that overall work order administration within the Foundation needed improvement to ensure that all work orders were prepared to include required information, were updated as the status changed, and were reviewed by management.

<u>Associated Students, Inc.</u> (ASI)

Our review indicated that overall work order administration within Main Boss, the CMMS used by ASI, needed improvement to ensure that all work orders were updated as the status changed, and were reviewed by management. Additionally, the ASI management review process and overall oversight over aged work orders required improvement.

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

OBSERVATIONS, RECOMMENDATIONS, AND RESPONSES

FACILITIES PLANNING AND MANAGEMENT

1. WORK ORDER PROCEDURES

OBSERVATION

Policies and procedures addressing routine use of WebTMA, the CMMS used by campus FP&M, needed improvement.

FP&M had numerous standard procedures and desk manuals for various work order, maintenance, and administrative functions. However, we found that FP&M's written SOPs providing instructions on work order administration to staff responsible for facilitating the completion of maintenance requests were incomplete, which may have contributed to some of the observations noted below.

Specifically, FP&M's SOPs did not fully address:

- Standards for review, acceptance, and creation of new work orders, including scheduling, prioritization, and assignment of work orders.

- Clearly defined maintenance work order categories that differentiated tasks into types such as routine, scheduled, preventive, and deferred.

- Standards for the content and timing of work order updates made by trade and administrative personnel assigned to tasks.

- Standards and/or expectations for quality assurance protocols, review of work orders, and escalation when standards are not being met.

- Standards for management oversight, closing out of work orders in the work order system, and administration of access in the CMMS.

- Standards specific to the preventive maintenance (PM) program that aligns with facilities and equipment lifecycles and standard maintenance expectations.

Comprehensive policies and procedures for work-order administration help to ensure that assets are well maintained, service levels are enhanced, and resource needs for the maintenance of campus facilities are accurately reported.

RECOMMENDATION

We recommend that the campus:

a. Develop and implement comprehensive written SOPs for staff responsible for facilitating the completion of FP&M work order requests, which at a minimum should address the areas noted in the observation.

b. Communicate the written FP&M work order procedures and standards to applicable personnel and provide training if necessary.

MANAGEMENT RESPONSE

We concur. The campus will:

a. Develop and implement comprehensive written SOPs for staff responsible for facilitating the completion of FP&M work order requests, which at a minimum should address the areas noted in the observation.

b. Communicate the written FP&M work order procedures and standards to applicable personnel and provide training if necessary.

Expected completion date: January 31, 2023

2. WORK ORDER ADMINISTRATION

OBSERVATION

Administration, maintenance, and review of aged and closed FP&M work orders needed improvement.

The campus uses WebTMA as its CMMS to capture, assign, monitor, and analyze the status and completion of work orders. Dashboards have been established in management groups within WebTMA to allow managers to track the status of work orders within their areas. Additionally, an administrator generates a monthly aging report and reviews the list with the responsible trade shop for explanations and updates.

A listing of open work orders in WebTMA as of March 31, 2022, listed 6,193 unique open work orders, of which 45 percent were open for more than 120 days. See Charts 1 and 2 below for details.
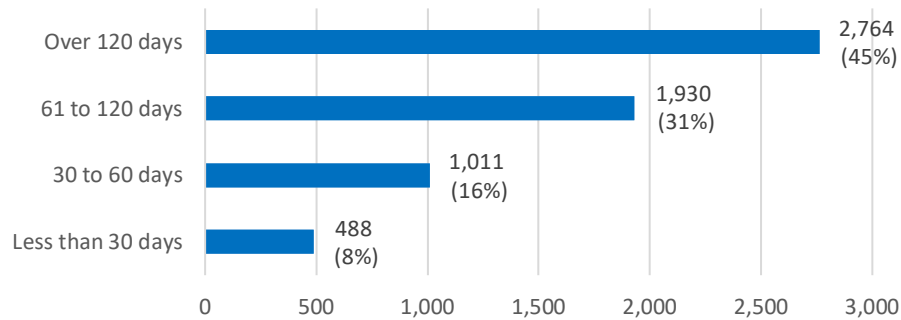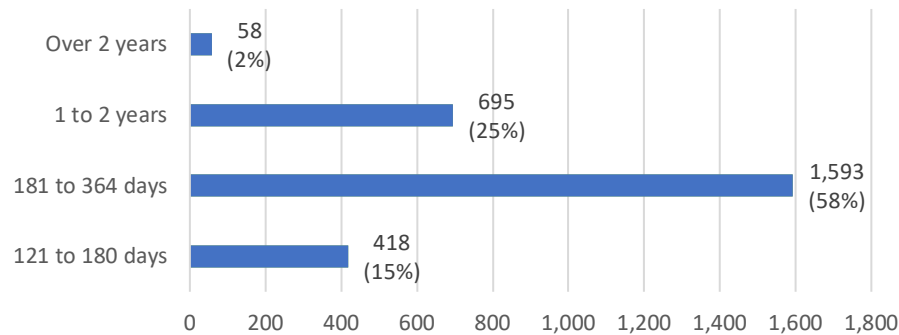
Chart 1: Open Work Order Aging

Aging Category	Count	Percent
Over 120 days	2,764	(45%)
61 to 120 days	1,930	(31%)
30 to 60 days	1,011	(16%)
Less than 30 days	488	(8%)

Chart 2: Open Work Orders Over 120 Days

From the work orders aged for more than 120 days, we selected 20 for detailed review, and we found that:

- In eight instances, the work orders had no notes or indication of progress or justification for keeping them open.

- In five instances, the work orders had notes indicating that the work was likely completed, but the work order status had not been updated.

- In one instance, the work order was issued in error but was not cancelled, remaining open for 870 days.

In addition, we selected 30 work orders closed during the review period to determine whether the tasks were completed and the records were closed upon completion. We found that:

- In six instances, the work order remained open for a length of time after the task was completed. These were closed out an average of 245 days from the requested date.

- One work order was closed after 463 days without any indication of work performed for more than a year and no notes indicating the reason for the delay.

Proper administration of the work order process enhances service levels, provides greater assurance that assets will be maintained, and allows management to accurately report on state facilities and the resources necessary to maintain them.

RECOMMENDATION

We recommend that the campus:

a. Evaluate the current work order review process and implement improvements to enhance management review of open and aged work orders for compliance with FP&M SOPs.

b. Review and update the current procedures to improve management of work orders, including the issues noted above related to disposition of aged work orders, timely completion and closing of work orders, and documentation of work order task details, notes, disposition, and other necessary information before the closing of work orders.

c. Communicate the updated FP&M procedures to appropriate personnel, and provide training as necessary.

MANAGEMENT RESPONSE

We concur. The campus will:

a. Evaluate the current work order review process and implement improvements to enhance management review of open and aged work orders for compliance with FP&M SOPs.

b. Review and update the current procedures to improve management of work orders, including the issues noted above related to disposition of aged work orders, timely completion and closing of work orders, and documentation of work order task details, notes, disposition, and other necessary information before the closing of work orders.

c. Communicate the updated FP&M procedures to appropriate personnel, and provide training as necessary.

Expected completion date: January 31, 2023

3. PREVENTIVE MAINTENANCE

OBSERVATION

Administration of the campus PM program needed improvement.

FP&M uses WebTMA to manage identifying information and required preventive or scheduled maintenance for campus assets and fixed equipment, including warranty information; the specific task, maintenance, or inspection to be performed; and the required interval or frequency. When an asset is set up in WebTMA, the system autogenerates work orders when tasks are due.

However, we found that scheduled PM tasks were not consistently completed during the audit period. We reviewed 30 PM work orders marked as complete and found that:

- In ten instances, the work was not performed, and the PM work order was closed as deferred.

- In five instances, PM work orders were closed out without explanation or indication that the work had been started or completed.

- In two instances, PM work orders were cancelled before completion.

Consistent completion of PM provides greater assurance that assets and equipment will be properly maintained and perform at peak efficiency and decreases the risk of deterioration.

RECOMMENDATION

We recommend that the campus:

a. Review and update current processes to improve monitoring of and compliance with established PM intervals.

b. Communicate the updated PM standards to applicable personnel, and provide training as necessary.

MANAGEMENT RESPONSE

We concur. The campus will:

a. Review and update current processes to improve monitoring of and compliance with established PM intervals.

b. Communicate the updated PM standards to applicable personnel, and provide training as necessary.

Expected completion date: January 31, 2023

4. COST RECOVERY

OBSERVATION

Cost recovery practices in FP&M needed improvement to ensure that chargeable services were captured and invoiced.

FP&M's budget covers basic maintenance requirements in accordance with definitions provided in Executive Order (EO) 847, *Facility Maintenance*. These include routine maintenance, capital renewal of facilities, utility infrastructure services, roads, and grounds, among others. The EO indicates that facilities departments should also provide non-maintenance services and improvements (i.e., non-routine services) but should recover both direct and indirect costs associated with these services from the appropriate requesting party. WebTMA provides fields to capture the work orders eligible for reimbursement and to collect all labor and costs associated with the task based on agreed-upon hourly rates for work assigned to each trade on campus and approved as part of the annual cost allocation plan by the campus VP for administration and finance and CFO. Additionally, the campus has developed service agreements with self-support units and campus auxiliaries that outline the responsibilities, scope, and cost of billable maintenance services provided by FP&M.

We reviewed summaries of work orders that were marked as completed and closed during August 2020, September 2020, January 2021, and January 2022 against corresponding monthly billings to determine whether work orders for non-routine services were billed to requesting departments or units. We found nine work orders totaling $5,225 for recovery-eligible tasks that were not coded correctly and therefore were not charged to the requesting

department.

Adequate processes to ensure that FP&M costs are fully recovered help to ensure that the campus operating fund is fully compensated for non-maintenance work performed for the campus and other support services provided to non-state funded entities.

RECOMMENDATION

We recommend that the campus:

a. Evaluate the current cost recovery process and implement changes necessary to ensure that all chargeable tasks are captured for invoicing.

b. Communicate the updated process to appropriate campus personnel, and provide training as necessary.

MANAGEMENT RESPONSE

We concur. The campus will:

a. Evaluate the current cost recovery process and implement changes necessary to ensure that all chargeable tasks are captured for invoicing.

b. Communicate the updated process to appropriate campus personnel, and provide training as necessary.

Expected completion date: January 31, 2023

5. KEY MANAGEMENT

OBSERVATION

Administration of physical keys needed improvement.

FP&M is subject to the campus key policy and procedures *University Key Issuance and Control,* as well as an internal policy regarding key administration. The campus policy requires that FP&M conduct periodic audits to ensure that each department and administrative unit is complying with the policy and procedures. The FP&M internal policy states that this review should be performed annually; however, we found that, per discussion with management, there were no records of when this review was last performed.

Additionally, we obtained and reviewed records for 50 keys on the current key listing and found that:

• Keys Request Forms were missing for four keys. Two of the missing Key Request forms were for Great Grand Master keys to the university and to the University Housing Services (UHS), respectively. These keys require special approval as they open all exterior and interior doors in multiple buildings within the university and UHS.

- FP&M did not update key records for two returned keys to remove them from FP&M's list of currently issued keys.

- Twenty-nine keys were not returned to FP&M at the end of an individual's employment, as required by the campus key policy and procedures. Of these, 19 were master keys, one was a special approval key, and nine were standard keys.

Proper administration and management of keys, including maintaining and updating necessary records, and completing required key audits helps to increase security and reduces the potential risk associated with unauthorized access.

RECOMMENDATION

We recommend that the campus:

a. Complete the required audit of all physical keys in accordance with the campus key policy and procedures.

b. Review and update the current process to improve compliance with and administration of key management controls, including ensuring that required supporting records are maintained, key records are timely updated, and keys are returned by employees when they separate from the university or when the keys are no longer needed for an employee to perform their job duties.

c. Determine whether rekeying of locks should be performed, especially for the unreturned master keys and the special approval key noted above.

d. Communicate the updated processes to appropriate personnel, and provide training as necessary.

MANAGEMENT RESPONSE

We concur. The campus will:

a. Complete the required audit of all physical keys in accordance with the campus key policy and procedures.

b. Review and update the current process to improve compliance with and administration of key management controls, including ensuring that required supporting records are maintained, key records are timely updated, and keys are returned by employees when they separate from the university or when the keys are no longer needed for an employee to perform their job duties.

c. Determine whether rekeying of locks should be performed, especially for the unreturned master keys and the special approval key noted above.

d. Communicate the updated processes to appropriate personnel, and provide training as necessary.

Expected completion date: January 31, 2023

UNIVERSITY HOUSING SERVICES

6. WORK ORDER PROCEDURES

OBSERVATION

Policies and procedures addressing routine use of the maintenance module in StarRez, the CMMS used by UHS, needed improvement.

UHS had standard procedures and desk manuals for various work order, maintenance, and administrative functions. However, we found that UHS did not have SOPs providing instructions on work order administration to staff responsible for facilitating the completion of maintenance requests, which may have contributed to the work order administration issue noted below. Work order procedures that should be documented include, but are not limited to:

- Standards for review, acceptance, and creation of new work orders, including scheduling, prioritization, and assignment of work orders.

- Clearly defined maintenance work-order categories that differentiate tasks into type (routine, scheduled, preventive, or deferred, for example).

- Standards for the content and timing of work order updates made by trade and administrative personnel assigned to tasks.

- Standards and/or expectations for quality assurance protocols, review of work orders, and escalation when standards are not being met.

- Standards for management oversight, closing out of work orders in the work order system, and administration of access in the CMMS.

- Standards specific to the PM program that align with facilities and equipment lifecycles and standard maintenance expectations.

Comprehensive policies and procedures for work order administration help to ensure that assets are well maintained, service levels are enhanced, and resource needs for the maintenance of UHS facilities are accurately reported.

RECOMMENDATION

We recommend that the campus, in conjunction with UHS:

a. Develop and implement comprehensive written SOPs for staff responsible for facilitating the completion of UHS work order requests, which at a minimum should address the areas noted in the observation.

    b.   Communicate the written UHS work order procedures and standards to appropriate personnel, and provide training as necessary.

MANAGEMENT RESPONSE

We concur. The campus, in conjunction with UHS, will:

    a.   Develop and implement comprehensive written SOPs for staff responsible for facilitating the completion of UHS work order requests, which at a minimum should address the areas noted in the observation.

    b.   Communicate the written UHS work order procedures and standards to appropriate personnel, and provide training as necessary.

Expected completion date: November 30, 2022

7. WORK ORDER ADMINISTRATION

OBSERVATION

Administration, maintenance, and review of UHS work orders needed improvement.

We reviewed 40 closed work orders to determine whether they were authorized and approved, and whether a record of work was documented and cleared in accordance with housing maintenance standards. We found that:

- Eleven of the work orders did not contain enough information to determine what work, if any, was done. In five instances, the work order was closed with no information or explanation for the closure. These work orders were closed after 157 to 193 days. The other six had some notations, but the history of the work was unclear and, based on subsequent follow-up with management, not recorded.

- Two of the work orders mentioned above were for permits that were late due to delays with the state inspector. There was no documentation indicating when the inspector arrived and when the work orders were closed.

- Eight work orders related to equipment warranties were closed after aging significantly. Management indicated that these items required input or action by the vendor, which caused delays outside of management control. However, none were categorized as vendor work orders or had notes about the service call with the vendor or the dates or nature of the repair.

- One work order was transferred to FP&M for completion, but the order remained open for 517 days in the UHS system, and the ticket did not indicate periodic follow up with FP&M prior to closure.

Proper administration of the work order process enhances service levels, provides greater

assurance that UHS assets will be maintained, and allows management to accurately report on state facilities and the resources necessary to maintain them.

RECOMMENDATION

We recommend that UHS and the campus:

a. Evaluate the current UHS work order administration procedures and implement improvements to ensure that work orders meet standards for review, follow up, update, and documentation of work order task details/notes and other necessary information; and for eventual closure or other disposition of the work order.

b. Communicate the updated procedures to appropriate UHS personnel, and provide training as necessary.

MANAGEMENT RESPONSE

We concur. The campus, in conjunction with UHS will:

a. Evaluate the current UHS work order administration procedures and implement improvements to ensure that work orders meet standards for review, follow up, update, and documentation of work order task details/notes and other necessary information; and for eventual closure or other disposition of the work order.

b. Communicate the updated procedures to appropriate UHS personnel, and provide training as necessary.

Expected completion date: December 19, 2022

CAL POLY POMONA FOUNDATION, INC.

8. WORK ORDER PROCEDURES

OBSERVATION

Policies and procedures addressing routine use of Manager+, the CMMS used by the Foundation, needed improvement.

We found that the Foundation did not have SOPs providing instructions on work order administration to staff responsible for facilitating the completion of maintenance requests, which may have contributed to the work order administration issue noted below. Work order procedures that should be documented include, but are not limited to:

- Standards for review, acceptance, and creation of new work orders, including scheduling, prioritization, and assignment of work orders.

- Clearly defined maintenance work order categories that differentiate tasks into type (routine, scheduled, preventive, and deferred, for example).

- Standards for the content and timing of work order updates made by trade and administrative personnel assigned to tasks.

- Standards and/or expectations for quality assurance protocols, review of work orders, and escalation when standards are not being met.

- Standards for management oversight, closing out of work orders in the work order system, and administration of access in the CMMS.

- Standards specific to the PM program that aligns with facilities and equipment lifecycles and standard maintenance expectations.

Comprehensive policies and procedures for work order administration help to ensure that assets are well maintained, service levels are enhanced, and resource needs for the maintenance of Foundation facilities are accurately reported.

RECOMMENDATION

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

a. Develop and implement comprehensive written SOPs for staff responsible for facilitating the completion of Foundation work order requests, which at a minimum should address the areas noted above.

b. Communicate the written Foundation work order procedures and standards to applicable personnel, and provide training as necessary.

MANAGEMENT RESPONSE

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

a. Develop and implement comprehensive written SOPs for staff responsible for facilitating the completion of Foundation work order requests, which at a minimum should address the areas noted above.

b. Communicate the written Foundation work order procedures and standards to applicable personnel, and provide training as necessary.

Expected completion date: October 31, 2022

9. WORK ORDER ADMINISTRATION

OBSERVATION

Administration, maintenance, and review of aged and closed Foundation work orders needed improvement.

During the timeframe under review, Foundation management did not routinely review aged work orders.

We reviewed 20 of the 43 work orders that were open as of April 12, 2022, and found that in four instances, work orders remained open in the CMMS, without any records or notes in the work order system to support progress toward starting or completing the work.

In addition, we reviewed 40 work orders closed during the review period to determine whether they were authorized and approved, and whether a record of work was documented and cleared in accordance with the Foundation's maintenance standards. We found that:

- In 18 instances, work orders were closed or cancelled after aging significantly. They were marked as completed in the CMMS an average of 224 days from the requested date, with one work order completed 604 days after the requested date.

- In eight instances, work orders were marked as completed but did not contain any notes to record the nature and timing of the work performed.

- In four instances, work orders were assigned a normal priority; however, based on the nature of the reported issue, it appeared the work order should have been assessed at a higher priority level in the work order system.

Proper administration of the work order process enhances service levels, provides greater assurance that Foundation assets will be maintained and allows management to accurately report on state facilities and the resources necessary to maintain them.

RECOMMENDATION

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

a. Evaluate the current work order review process and implement improvements to ensure that management reviews open and aged work orders for compliance with Foundation SOPs and documents these reviews.

b. Review and update the current procedures to improve management of Foundation work orders, including the issues noted above related to disposition of aged work orders, prioritization of work orders, timely completing and closing of work orders, and documenting work order task details, notes, disposition, and other necessary information before closing them.

c. Communicate the updated Foundation procedures to appropriate personnel, and provide training as necessary.

MANAGEMENT RESPONSE

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

a. Evaluate the current work order review process and implement improvements to ensure that management reviews open and aged work orders for compliance with Foundation SOPs and documents these reviews.

b. Review and update the current procedures to improve management of Foundation work orders, including the issues noted above related to disposition of aged work orders, prioritization of work orders, timely completing and closing of work orders, and documenting work order task details, notes, disposition, and other necessary information before closing them.

c. Communicate the updated Foundation procedures to appropriate personnel, and provide training as necessary.

Expected completion date: November 30, 2022

ASSOCIATED STUDENTS, INC.
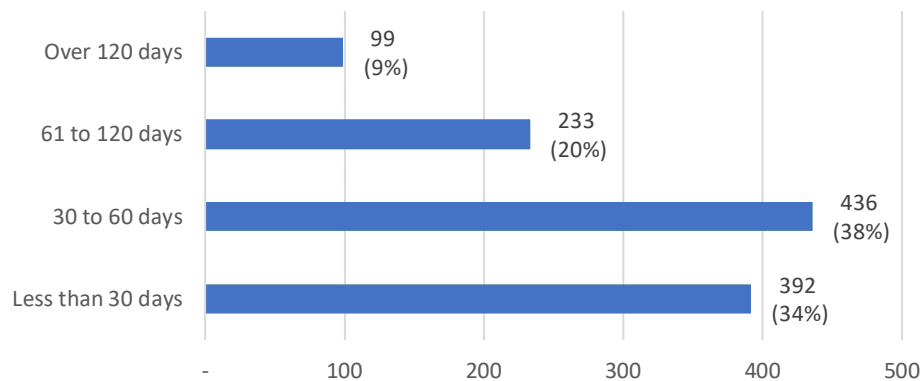
10. WORK ORDER ADMINISTRATION

OBSERVATION

Administration, maintenance, and review of aged and closed ASI work orders needed improvement.

Historically, ASI management has not performed an overall review of aged work orders to identify and prioritize pending tasks or to identify operational gaps. Instead, the facilities management administrative coordinator monitors a list of overdue work orders generated from the CMMS system and provides a report to the supervising building services engineer for review and follow-up and to determine the next steps toward closing out the work orders.

A listing of open ASI work orders as of April 14, 2022, showed 1,160 open work orders, with 768 of these, or about 66 percent, open for 30 days or more. See Chart 3 below for details.

Chart 3: Open Work Order Aging

Chart 3: Open Work Order Aging

Over 120 days: 99 (9%)
61 to 120 days: 233 (20%)
30 to 60 days: 436 (38%)
Less than 30 days: 392 (34%)

We selected 25 open work orders aged between 113 and 269 days for detailed review, and we found that in 16 instances, ASI staff determined that the work orders had been completed. However, the work order had not been recorded as closed in the work order system.

In addition, we reviewed 40 closed work orders and confirmed with ASI that the work orders had not been closed timely after work was completed. The 40 work orders were closed an average of 383 days from the requested date, with one work order closed 576 days after the requested date.

Timely closure of open work orders enhances efficiency, prevents misunderstandings or duplication of work, and allows management to accurately report on ASI facilities and the resources necessary to maintain them.

RECOMMENDATION

We recommend that the campus, in conjunction with ASI:

a. Evaluate the current work order review process and implement improvements to ensure that management reviews open and aged work orders for compliance with ASI SOPs and documents these reviews.

b. Communicate the updated process to appropriate personnel, and provide training as necessary.

MANAGEMENT RESPONSE

We concur. The campus, in conjunction with ASI, will:

a. Evaluate the current work order review process and implement improvements to ensure that management reviews open and aged work orders for compliance with ASI SOPs and documents these reviews.

b. Communicate the updated process to appropriate personnel, and provide training as necessary.

Expected completion date: November 30, 2022

GENERAL INFORMATION

BACKGROUND

Facilities management departments support the CSU by providing services to ensure safe, functional, and sustainable facilities and infrastructure for the campus community. Facilities management responsibilities generally include areas such as building maintenance and repair, the automotive shop, custodial services, logistics, and grounds and landscaping.

EO 847, *Facility Maintenance*, requires each campus president to ensure that appropriate resources are directed toward meeting the requirement of proper operations and maintenance of the campus physical plant, including maintenance, capital renewal, utility infrastructure, roads, and grounds, in order to allow the university to meet its educational mission.

The Capital Planning, Design and Construction (CPDC) department at the CO maintains a space and facilities database (SFDB), a centralized system that provides information about capacity and facilities at each of the 23 campuses. It also provides details regarding custodial space and farm acreage on the campuses and contains information on each facility, including the condition, construction type, gross square footage, and master plan status. CPDC requires each campus to annually update its facility file in the SFDB; this information provides the basis for the capital outlay program, including funding for any required deferred maintenance, for the immediate and subsequent years.

In recent years, funding appropriation challenges in the CSU system have affected facilities maintenance. Each year, CPDC must not only determine how much funding is necessary to maintain the 89 million square feet of facilities systemwide, but also identify, prioritize, and find funds for the backlog of deferred renewal projects. The CSU budget for 2022/23 identified $5.8 billion in potential costs for deferred maintenance, as well as an ongoing capital renewal need of $284 million to keep the backlog from growing.

Cal Poly Pomona (CPP) is a large campus on 1,438 acres of land in Pomona, a largely suburban city that is part of the Los Angeles metropolitan area. The campus includes 115 facilities encompassing almost 4.8 million square feet of general, education, administrative, housing, dining, recreational, infrastructure, athletics, and support space, and the average age of the buildings is about 34 years. According to the 2018 FCA for CPP, the total 10-year facility renewal need is estimated to be more than $515 million. CPP facilities management is within the FP&M department in the division of Administrative Affairs. FP&M's primary duty is managing day-to-day building operations for most of the campus, such as providing utilities, operating heating and cooling systems, and responding to emergencies. ASI, the Foundation, and UHS have their own internal facilities departments; the campus FP&M has agreements with them for limited scopes of work and provides special-request services on a charge-back basis.

SCOPE

We performed fieldwork from April 28, 2022, through May 13, 2022. 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 review included the main campus FP&M, as well as the separate facilities operations within ASI, the Foundation, and UHS. The audit focused on procedures in effect from July 1, 2020, to May 13, 2022.

Specifically, we reviewed and tested:

- Facilities management administration and organization in FP&M, ASI, the Foundation, and UHS to determine whether department organizations included clear lines of organizational authority and responsibility and current and comprehensive policies and procedures.

- The comprehensive planned/programmed maintenance schedule, to ensure that it captured all categories of maintenance, including routine, preventive, and deferred.

- The process by which the campus identified facility conditions, including deferred maintenance and capital renewal needs, and annually reported the information to the CO.

- Campus implementation of an effective CMMS to ensure proper administration of maintenance tasks, including scheduling, cost management reporting, and productivity tools to account for resource utilization.

- The campus process to establish, approve, and periodically review a cost allocation plan that recovers the cost for all services performed/provided by FP&M to the campus state facilities, including campus self-support units, as well as campus auxiliaries.

- The FP&M process to ensure proper capture, tracking, and collection of costs for non-routine maintenance projects requested by auxiliary and self-support agencies that are outside of agreed-upon services.

- The campus process to ensure authorized physical access to keys to facilities and to adequately safeguard the inventory of keys.

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, walkthroughs, and detailed testing on certain aspects of the facilities management operation. Our review was limited to gaining reasonable assurance that essential elements of the facilities management operation were in place and did not assess the quality of any repair or maintenance tasks or examine all aspects of the program.

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 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:

- EO 649, *Safeguarding State Property*
- EO 847, *Facility Maintenance*
- EO 1000, *Delegation of Fiscal Authority and Responsibility*
- Government Code (GC) §13402 and §13403
- Integrated California State University Administrative Manual (ICSUAM) §3552.01, *Cost Allocation/Reimbursement Plans for the CSU Operating Fund*
- ICSUAM §8060.00, *Access Control*
- ICSUAM §8080.00, *Physical Security*
- ICSUAM §9047.01, *Space Facilities Database*
- CPP *University Key Issuance and Control Policies and Procedures*

AUDIT TEAM

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