

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

December 3, 2020

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

Dear Dr. Coley:

**Subject: Audit Report 20-05, Housing and Residential Services,  
California State Polytechnic University, Pomona**

We have completed an audit of *Housing and Residential Services* as part of our 2020-2021 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 has been 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: Timothy P. White, Chancellor  
Adam Day, Chair, Committee on Audit  
Jane W. Carney, Vice Chair, Committee on Audit

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## **HOUSING AND RESIDENTIAL SERVICES**

**California State Polytechnic University, Pomona**

Audit Report 20-05  
November 5, 2020

## EXECUTIVE SUMMARY

### OBJECTIVE

The objectives of the audit were to ascertain the effectiveness of operational, administrative, and financial controls related to housing and residential services (HRS) 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 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 HRS as of August 28, 2020, taken as a whole, provided reasonable assurance that risks were being managed and objectives were met.

Overall, we found that the campus had an effective framework for the administration of HRS, provided by University Housing Services (UHS). However, we did identify components of the program that needed improvement related to the administration of delinquent fees, overall work order administration, emergency plans, and management of housing system access. Specifically, UHS was not consistently enforcing remediation steps on delinquent student housing resident accounts, resulting in a significant fee delinquency balance. In addition, work order administration did not include a review of an aging report, a practice which may have mitigated issues we noted in the timely closure of completed work orders. We also noted that work orders were not always completed with all information required to effectively inform budgeting and planning. Further, UHS had not created a required emergency action plan and did not have required written procedures for administration of access to the StarRez housing system.

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

## OBSERVATIONS, RECOMMENDATIONS, AND RESPONSES

### 1. DELINQUENT FEES

#### OBSERVATION

UHS was not consistently enforcing remediation steps on delinquent student housing resident accounts.

Section 12 of the University Housing Services Student Housing License Agreement (License Agreement) states the university's rights in instances of a failure of residents to meet financial obligations, including assessment of a late fee, suspension of meal service, revocation of the license, and eviction. Section 7.1.3 specifically states that the university is required to initiate procedures to remove the resident from housing if the resident fails to pay housing fees.

Uncollected fees were approximately \$194,000 in academic year (AY) 2018/19 and increased to \$377,000 in AY 2019/20. A total of \$294,000 remained on the delinquency report at the time of fieldwork in August 2020. We found that UHS conducted some follow-up steps on delinquent accounts in accordance with the License Agreement, including issuance of delinquency notifications, escalation to student accounting to facilitate collection of delinquent fees and enforcement of evictions, but these efforts were inconsistent.

Specifically, we reviewed ten student housing resident accounts with delinquent fees in AY 2018/19 or AY 2019/20 and found that:

- Six out of ten residents with significantly aged delinquent fees remained in residential housing the entire academic year. All six had been subject to intermediate consequences, including meal plan and registration holds, but none were served with eviction notices in accordance with the UHS escalation process. In addition, these residents were not registered for classes in the spring semester due to the registration hold, and as such, did not meet resident eligibility requirements. Also, three of these residents were allowed to move into the newly built dormitory when it opened mid-semester, in January 2020, despite their delinquent status.
- Four of the ten residents with delinquent fees in the fall semesters were eventually served with eviction notices, but not until after they returned for the spring semester.
- Three residents served with eviction notices vacated residential housing but left their belongings in their rooms until the expiration of the license period. UHS removed and stored these items but did not charge the residents the inventory and disposal fees outlined in the license agreement.
- One resident was evicted in March 2018 for non-payment of fees but was allowed to sign a new license agreement for AY 2019/20, despite the remaining delinquent fee balance. This resident remained in the residence halls despite a subsequent registration hold due to non-payment but was not subject to eviction a second time, resulting in an ending delinquency balance of more than \$21,000.

- Nine of the ten delinquent residents were not assessed a late fee for housing payments made after the due date as outlined in the University Housing Services Student Housing License Agreement.

Consistent enforcement of escalation procedures for non-payment of housing fees provides greater assurance that budget expectations will be achieved and that on-campus housing opportunities will be provided to students on the waiting list.

#### **RECOMMENDATION**

We recommend that the campus consistently enforce remediation procedures to ensure compliance with the terms outlined in the License Agreement for residents delinquent in paying housing fees.

#### **MANAGEMENT RESPONSE**

We concur. The campus will enhance our procedures to ensure that we are in compliance with the terms outlined in the License Agreement for residents delinquent in paying housing fees.

Expected completion date: March 31, 2021

## **2. WORK ORDER ADMINISTRATION**

#### **OBSERVATION**

UHS facilities management work order administrative practices needed improvement.

UHS maintains its own facilities maintenance staff separate from the campus facilities staff and uses a work order module within its StarRez system to capture, assign, monitor, and analyze the status and completion of work orders and maintenance requests.

We reviewed the comprehensive work order reports for the audit scope period and 15 individual work orders, and we found that:

- UHS facilities was not performing a review of aged work orders to identify and prioritize pending tasks or to identify operational gaps. Aging reports we prepared using the campus data showed that 400 work orders in AY 2018/19 remained open for a year or more, and an additional 615 were aged from 30 to 359 days. In addition, more than 100 work orders remained open from 100 to 239 days in AY 2019/20, and 230 work orders remained open from 32 to 99 days.
- Work order closure practices were inconsistent, which contributed to the aging results above. We found that nine of the 15 individual work orders we reviewed were not closed timely in StarRez even though the work had been completed; two represented work orders in which the task had been completed timely, but the status had not been updated until 49 and 100 days later.

- Work orders did not consistently include all required information. In our review of the comprehensive work order reports, we noted that UHS facilities staff were not routinely including labor hours or the estimated time of completion in work orders. In our review of the 15 individual work orders, we found that three did not accurately reflect the staff technicians assigned to the task, and two did not show evidence of management review and did not include documentation of the progress made toward completing the work order task. These fields provide critical resource information to inform budgeting and planning.

Proper administration of the work order process enhances service levels and allows management to accurately report on state facilities and the resources necessary to maintain them.

### **RECOMMENDATION**

We recommend that the campus:

- a. Evaluate and revise the current work order backlog review process to include a review of a work order aging report to facilitate task prioritization and identification of operational gaps.
- b. Revise the current work order review procedures to enhance management oversight and ensure that work order status is updated timely and that all elements of completion, including labor hours and other task details, are completed.
- c. Communicate the updated procedures and provide training to key personnel.

### **MANAGEMENT RESPONSE**

We concur. The campus will:

- a. Evaluate and revise the current work order backlog review process to include a review of a work order aging report to facilitate task prioritization and identification of operational gaps.
- b. Revise the current work order review procedures to enhance management oversight and ensure that work order status is updated timely and that all elements of completion, including labor hours and other task details, are completed.
- c. Communicate the updated procedures and provide training to key personnel.

Expected completion date: April 16, 2021

### 3. EVACUATION PROCEDURES

#### OBSERVATION

UHS had not developed an emergency action plan (EAP) in accordance with campus requirements.

Although UHS is covered in the campus Emergency Operations Plan (EOP), the campus EOP further requires departments to develop their own EAP so that members of each department best understand the nature of their work, potential workplace hazards, the layout of their facilities, and special needs specific to their department.

We found that although UHS had ancillary procedures addressing emergency medical transports and fire alarm procedures, it had not developed an EAP in the format required by the EOP. Due to the lack of an EAP, housing had not addressed required topics such as procedures for reporting emergencies, accounting for all employees, performing rescue/medical duties, making accommodations for people with disabilities, and listing contact information for employees who may have questions regarding the plan.

Comprehensive department-level EAPs provide greater assurance that all campus locations will be prepared to effectively respond to emergency situations and ensures compliance with systemwide, state, and federal guidelines.

#### RECOMMENDATION

We recommend that the campus work with UHS to develop an EAP specific to UHS that includes the elements noted above, and distribute the EAP to all building marshals and other key emergency personnel.

#### MANAGEMENT RESPONSE

We concur. The campus will work with UHS to develop an EAP specific to UHS that includes the elements noted above, and distribute the EAP to all building marshals and other key emergency personnel.

Expected completion date: March 31, 2021

### 4. SYSTEM ACCESS ADMINISTRATION

#### OBSERVATION

The campus did not have documented policies and procedures for authorizing, revising, and terminating user access to StarRez, as required by systemwide policy.

StarRez is a housing management system with several capabilities, including management of UHS applications, resident accounts, residency status, reporting, and dashboards.

Although documented policies and procedures for authorizing, revising, and terminating user access to StarRez had not been established, we noted that housing management reviewed the user access listing on an annual basis. We selected 20 user accounts for testing and noted that the user role was approved by the appropriate individual and the signed confidentiality agreement was completed before the individual used StarRez.

Proper administration of user accounts and permissions and termination of system access decreases the risk of unauthorized access to restricted data and information.

**RECOMMENDATION**

We recommend that the campus establish documented policies and procedures for authorizing, revising, and terminating user access to StarRez.

**MANAGEMENT RESPONSE**

We concur. The campus will establish documented policies and procedures for authorizing, revising, and terminating user access to StarRez.

Expected completion date: February 15, 2021

## GENERAL INFORMATION

### BACKGROUND

The Board of Trustees (BOT) reaffirmed the importance of student housing as a means for realizing the educational mission of the California State University (CSU) in July 1982, when it issued Resolution of the Committee on Finance (RFIN) 9-82-10, Report of the Student Housing Policy Study Group. In this document, the Board resolved to encourage and support the development of on-campus student housing and outlined objectives that addressed both programmatic goals, such as activities that complement the academic programs of the institution, as well as practical goals, such as facility maintenance, strategic planning, and fiscal responsibility.

While individual campuses retain responsibility for the financial, operational and aspirational viability of their housing programs, new project funding has been achieved via systemwide revenue bonds since July 1994. Campuses that want to propose a student housing project funded by systemwide revenue bonds 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. The HPRC studies the housing proposal and submits its recommendations to the BOT for 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 can proceed. Debt service repayment is the responsibility of the campus and is generally a line item in housing budgets.

Housing licensing and other fees are category V fees under the current fee policy. Category V fees are defined as fees paid to self-support programs that do not receive state general fund appropriations, but instead fully support operations through fee revenue. The campus president is delegated authority for the establishment, oversight, and adjustment to category V fees. These fees are used for current operating expenses, maintenance and repair, improvements to facilities, and interest and principal payments on outstanding bonds. After payment of all authorized charges, the balances in any of these funds remain available for future program expenses.

At California State Polytechnic University, Pomona (CPP), UHS considers itself to be an integral element of a student's academic success, intellectual growth, and personal development. UHS has established a student-centered housing experience, including access to faculty, opportunity to participate in engaging and social activities, and a variety of support services for students' personal needs. The campus completed a new 980-bed residence hall in 2020, bringing its total resident capacity to 2,700, and moved residents in during the beginning of the spring 2020 semester. However, the residence halls were vacated in March 2020 in response to the global pandemic, and the campus refunded pro-rated housing and meal plan fees to evacuated residents in April 2020. Effective AY 2020/21 academic year, only 250 students were allowed to move into on-campus housing under a health and safety plan developed in response to the 2020 pandemic. During AY 2019/20, the last traditional year prior to the pandemic, UHS had a budget of \$5.2 million and a staff of 44. For AY 2020/21, UHS has a budget deficit of \$18.5 million. The campus continues to monitor federal, state, and local health requirements in its operations and in its planning for upcoming academic years.

**SCOPE**

Due to temporary operating procedures and limitations resulting from the COVID-19 public health emergency, we performed fieldwork remotely from July 20, 2020, through August 28, 2020. 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 January 1, 2018, through August 28, 2020.

Specifically, we reviewed and tested:

- Campus housing policies and procedures to determine whether they are current, comprehensive, and aligned with relevant state and federal regulations, Trustee policies, and CO directives.
- Clear lines of organizational authority and responsibility in the administration and management of campus housing and residential services.
- The student license 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, 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 they are adequately secured and protected against unauthorized access.
- Adequate control and monitoring of vending contracts and facility lease operations.
- 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 coordinators and advisors.
- Appropriate establishment of student housing reserves.
- 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.
- Adequate maintenance of facilities.
- 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 limited testing on certain aspects of the HRS function. The audit was limited to campus-administered housing and did not review the separate and independent operations of auxiliary-owned residence suites. Our review analyzed procedures in place during the previous, pre-pandemic operations but included consideration for operational changes necessary due to current events. Due to the fact that the audit was conducted remotely, it did not include site visits to HRS. Our review was limited to gaining reasonable assurance that essential elements of the HRS function were in place and did not 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 Cal Poly Pomona Foundation 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
- Education Code §66014.2
- Government Code §13402 and §13403
- Executive Order (EO) 803, *Immunization Requirements*
- EO 847, *Facility Maintenance*
- EO 994, *Financing and Debt Management Policy; Project Development and the Systemwide Revenue Bond Program*
- EO 1056, *California State University Emergency Management Program*
- EO 1073, *Student Conduct Procedures*
- EO 1095, *Systemwide Sex Discrimination, Sexual Harassment, Sexual Misconduct, Dating and Domestic Violence, and Stalking Policy*
- EO 1097, *Systemwide Policy Prohibiting Discrimination, Harassment & Retaliation, Sexual Misconduct, Dating & Domestic Violence, & Stalking Against Students & Procedure for Addressing*
- EO 1000, *Delegation of Fiscal Authority*
- EO 1102, *California State University Student Fee Policy*
- EO 1107, *Clergy Act Implementation*
- ICSUAM §8060.00, *Access Control*
- ICSUAM §3130.01, *Accounts Receivable Management*
- CSU Board of Trustees REP 07-01-03, *Alcohol Policies and Prevention Program Final Report*
- CSU Designated Balances and Reserves Policy
- CPP University Housing Services (UHS) Student Housing License Agreement
- CPP Resident Advisor Student Leader Responsibilities Agreement

## AUDIT TEAM

Senior Audit Manager: Ann Hough  
Internal Auditor: Cinthia Santamaria