

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

November 20, 2020

Dr. Lynnette Zelezny, President  
California State University, Bakersfield  
9001 Stockdale Highway  
Bakersfield, CA 93311

Dear Dr. Zelezny:

**Subject: Audit Report 20-18, Housing and Residential Services, California State University, Bakersfield**

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  
Interim 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 University,  
Bakersfield**

Audit Report 20-18  
October 22, 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 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 11, 2020, taken as a whole, provided reasonable assurance that risks were being managed and objectives were met.

In general, we noted the campus had an appropriate framework for the administration of HRS, provided by University Housing (UH); however, we identified some areas needing improvement. For instance, UH did not consistently complete the required forms, assess required fees, or maintain records when exceptions were granted to students who did not maintain eligibility. In addition, UH did not consistently comply with guest and visitor monitoring requirements or resident training requirements for overnight guest violations. We also found that the administration of UH resident activities and events needed improvement related to review and approval from safety and risk management (SRM). Additionally, administrative oversight related to access to the residence halls and the StarRez system, maintenance of records of completed training, reconciliation of housing revenue, processing of event chargebacks, and review of expenditures needed improvement.

## OBSERVATIONS, RECOMMENDATIONS, AND RESPONSES

### 1. STUDENT LICENSE AGREEMENT AND CANCELLATION

#### OBSERVATION

UH did not consistently complete the required forms properly, assess required fees, or maintain records when students who did not maintain eligibility for occupancy were granted exceptions, as specified by the UH license agreement or the *UH Student Housing Residence Life Handbook*, and the license agreement and *UH Student Housing Residence Life Handbook* did not align with current cancellation practices.

For academic years (AY) 2018/19 and 2019/20, student residents occupied, on average, 387 of the 500 available beds each semester. All housing residents are required to sign a license agreement on or before the beginning of the fee period and complete a Room Condition Report (RCR) form upon check-in and checkout. The license agreement contains terms and conditions for residents who cancel their license agreement or vacate housing before the end of the fee period.

We reviewed the licensee files for 15 residents, and we found that:

- In 12 instances, the RCR forms did not include the condition of the room at check-in and/or checkout. In six of the 12 instances, UH did not assess the \$5 fee to residents who did not return the RCR form to the Office of Student Housing and Residence Life within 48 hours of check-in, as required by the *UH Student Housing Residence Life Handbook*.
- In one instance, UH did not assess damage fees for wall repair and carpet stains documented on the RCR form upon checkout. According to the license agreement, a damage fee will be assessed to the resident's student account if the resident fails to maintain the room in good condition, other than normal wear and tear. The Repair and Charge List listed the wall repair at approximately \$20 an hour and carpet cleaning at \$50.
- In one instance, a licensee did not maintain eligibility for occupancy during the fall 2018 semester because they were not enrolled in a minimum of 12 undergraduate units, as required by the license agreement. The director of housing and residential life or a designee is authorized to grant an exception to this requirement, but UH had not maintained supporting documentation to validate that the exception had been approved.

For AY 2018/19 and 2019/20, 91 residents were granted an early release from the license agreement. In AY 2018/19, UH was required to assess a \$400 cancellation fee and a prorated daily rate for the number of days the unit was occupied to those residents granted an early release. In AY 2019/20, UH was required to assess a \$50 cancellation fee and a prorated daily rate, which included the number of days the unit was occupied, plus the 30-day notice period, to those residents granted an early release.

We reviewed the documentation for 10 residents who were granted an early release, and we found that:

- In one instance, the prorated adjusted amount of \$1,839.60 and the cancellation fee of \$50 were not processed timely. The license agreement was cancelled effective March 27, 2020, and the fees were adjusted and assessed on July 8, 2020, during audit fieldwork.
- In two instances during AY 2019/20, UH did not correctly charge the residents as required by the license agreement because it used the AY 2018/19 rules described above. As a result, a total of \$205 was refunded to the residents in error.
- In two instances, the cancellation fees of \$50 and \$400 for AY 2018/19 and AY 2019/20, respectively, were waived because one student graduated early and the other started a study-abroad program. However, the fee waiver exceptions were not explicitly stated on the license agreement or in the UH policy. Additionally, UH did not maintain documentation to validate the approved exception.

We also found that the terms and conditions of the UH license agreement did not include the following required statement: “The use of housing facilities is subject to Articles 5 and 6 of Subchapter 5 of Chapter 1 of Part V (§42000-42103) of Title 5 of the California Code of Regulations.” Additionally, the *2019/20 UH Student Housing Residence Life Handbook* was not updated to reflect the change in the cancellation fee from \$400 to \$50.

Proper monitoring of students’ compliance with housing license agreements protects the campus from potentially unenforceable agreements; effective administration of license agreements helps to ensure consistent application of fees; and using required language in student license agreements helps to ensure compliance and protect the campus from potential claims.

**RECOMMENDATION**

We recommend that the campus:

- a. Reiterate to residents that failure to properly complete the RCR form means that they accept the conditions of the room and any related consequences.
- b. Implement a process to consistently assess and collect all UH charges required by the *UH Student Housing Residence Life Handbook*.
- c. Implement a record retention plan to maintain documentation of waiver exemptions to the license agreement or UH processes and communicate it to all personnel involved in UH activities.
- d. Reiterate to personnel responsible for processing license agreement cancellation requests that prorated daily rates should be assessed accurately and timely.
- e. Update the UH license agreement to include the required statement noted above.
- f. Update the *UH Student Housing Residence Life Handbook* to reflect current processes.

**MANAGEMENT RESPONSE**

UH will develop and implement a plan and process as it relates to RCR forms and update all processes in the *Student Housing Residence Life Handbook* by December 1, 2020.

UH will conduct a review of the *Student Housing Residence Life Handbook* and agrees to develop and implement a process to consistently assess and collect fees to student accounts, according to the deadlines necessary for each fee, at the close of each semester.

UH will implement a record retention plan to maintain documentation of waiver exemptions to the license agreement and all UH processes, with access granted to all UH personnel involved in contract management. Decision letters and documentation will be uploaded, including exemptions made to the policy by the director of UH, or the university administration. This will be implemented by December 1, 2020.

UH personnel responsible for processing license agreement cancellation requests will be re-trained on the process to ensure rates are assessed accurately and timely. This training will be completed by December 31, 2020.

The UH license agreement will be updated to include the required language by December 1, 2020.

The UH *Student Housing Life Handbook* will be updated to reflect the current process by December 1, 2020.

**2. GUEST AND VISITOR POLICIES**

**OBSERVATION**

UH did not consistently comply with overnight guest registration requirements as required by campus policy and did not maintain a training record for a resident who violated the overnight guest policy.

Per the *UH Student Housing Residence Life Handbook*, a visitor/guest is any person who does not stay overnight, while an overnight guest is an individual who does not have a UH license agreement and stays overnight.

All resident hosts are required to submit an *Overnight Guest Registration Request* form and obtain approvals from their roommate and the Student Housing and Residence Life Office. All overnight guests who stay between Monday and Thursday must be registered no later than 1 p.m. on the date of arrival. Overnight guests who stay between Friday and Sunday must be registered no later than 3 p.m. on Thursday. Additionally, UH sends an email to the resident host to confirm the approval or denial of the overnight guest request and retains a copy of the email.

For AY 2018/19 and AY 2019/20, 62 overnight guests were requested. We reviewed 15 of those requests and found that:

- In two instances, UH did not maintain the Overnight Guest Request email to show that the request was approved or denied by UH. In one of the two instances, the overnight guest requested six nights, although the maximum number of nights is five during a 30-day period.
- In one instance, UH did not maintain a training record for a resident who violated the overnight guest policy. Based on a review of the overnight guest violation by a housing judicial committee, the resident host was required to complete this training.

Compliance with UH guest and visitor monitoring requirements can help to improve campus security and safety and reduce the potential risk and liability to the campus.

#### **RECOMMENDATION**

We recommend that the campus:

- a. Implement a record retention plan to address the issues noted above and communicate it to all personnel involved in UH activities.
- b. Develop and implement a process to perform a periodic review of housing judicial committee requirements.

#### **MANAGEMENT RESPONSE**

University Housing will develop and implement a plan and process as it relates to record retention issues noted above and for conducting a periodic review of housing judicial requirements, and communicate the process to all personnel involved in these UH activities. All overnight guest requests will be reviewed by UH personnel Monday through Friday between 3:30 and 5 p.m. After reviewing the request, UH personnel will either approve or deny the request based upon our overnight guest policy. A copy of all approval or denial letters will be retained using Box. All UH staff will have access to a shared document of approved guests. This process will be implemented by February 1, 2021.

### **3. RESIDENT ACTIVITIES AND EVENTS**

#### **OBSERVATION**

Administration of UH resident activities and events needed improvement related to approval by SRM.

RAs are required to complete a Program Proposal form and obtain approval from their supervisor, complete a Program Evaluation and Student Affairs Event Tracking Sheet, and ensure the residents who participate in the event complete the Resident Program Evaluation form. If applicable, the Release of Liability, Promise Not to Sue, Assumption of Risk and Agreement to Pay Claims form for residential activities and events should also be completed. Additionally, all activities and events must be reviewed and approved by SRM.

For AY 2018/19 and AY 2019/20, UH held 177 resident activities and events, and we reviewed five. We found that for three events, review and approval from SRM was not completed or maintained. UH management indicated that the approval was completed but had been maintained on the computer of a former housing staff, and as such, was no longer available.

Proper administration of housing resident activities and events provides greater assurance that UH activities will be conducted in a safe and well-controlled manner and helps to reduce the risk of campus exposure to potential litigation.

**RECOMMENDATION**

We recommend that the campus ensure that SRM review and approval are completed for all UH activities and events, and retain all necessary documentation.

**MANAGEMENT RESPONSE**

For all university activities and events, on and off-campus, 25-Live will be used for approvals and retention of the necessary documentation, including SRM reviews and approvals. This will be implemented by December 1, 2020.

**4. RESIDENCE HALL ACCESS AND UH STAFF TRAINING**

**OBSERVATION**

Administrative oversight related to access to the residence halls and the StarRez system, as well as maintenance of records of completed training, needed improvement.

We found that:

- UH did not consistently deactivate the Runner ID Card for former housing residents and facility staff. To maximize the security of the residential community, all buildings are locked, and access is granted through a Runner ID Card, via the Onity system. We obtained a report listing 478 individuals assigned key access as of March 2, 2020. The list included residents, UH staff, facilities staff, University Police Department staff, and vendors. We found that access for three former residents and one former facilities staff had not been properly deactivated. Specifically, two residents had moved out in September 2019, another resident had moved out in February 2020, and one facilities staff had retired in December 2019, but their key access was still active. The former residents and facilities staff had not accessed the residence buildings in the time since their access should have been deactivated.
- UH did not consistently retain documentation to show that all residential staff had completed required training. We reviewed 10 residential staff, and we found that in one instance, sexual misconduct training had not been completed. Additionally, UH had not maintained training documentation for two former RAs. According to UH management who inquired with campus IT, training records for former RAs are not accessible in the online training system after the RA’s employment is terminated. Therefore, we could not verify that various training had been completed, including emergency preparedness,

sexual misconduct prevention, food and safety handling, injury and illness prevention program, data security, and FERPA training.

Effective administration of residential building access cards increases the safety and security of the residential community and reduces potential liability to the campus. Additionally, completion of training helps to ensure compliance with legal requirements, provides evidence that RAs are properly trained and qualified for their positions, and reduces exposure to potential litigation.

**RECOMMENDATION**

We recommend that the campus:

- a. Establish a process to timely update or deactivate Runner ID cards.
- b. Maintain required records to support all UH training activities.

**MANAGEMENT RESPONSE**

UH will develop a process to timely update or deactivate Runner ID cards once a staff member no longer needs access to student housing. This process will be implemented by January 25, 2021.

UH will implement a Training Tracking Sheet for each staff member who completes all UH required training. This document will be maintained by the supervisor and retained in the employee’s personnel folder. This process will be implemented by December 1, 2020.

**5. FISCAL ADMINISTRATION**

**OBSERVATION**

Administrative oversight related to reconciling housing revenue, processing event chargebacks, and reviewing expenditures needed improvement.

Specifically, we found that:

- UH did not reconcile the room and board fees in StarRez to the housing fee revenue posted to the campus general ledger (GL). We noted that UH management had not identified any variances in the recording of housing revenue. Instead, UH responded to periodic exception reports from IT indicating that the StarRez file did not upload to PeopleSoft.
- For AY 2018/19 and AY 2019/20, UH held 20 summer group conference events, and we reviewed five. In one instance, a required chargeback of \$3,500 was not made. During audit fieldwork, UH management indicated that the person primarily responsible for managing summer group events was no longer a member of UH staff, which contributed to the lack of compliance.

- We reviewed 15 expenditures and found one instance of an overcharge of approximately \$220 that was approved and paid to the vendor, Aramark. UH management indicated that previous overcharges by the vendor had been identified, but the one instance identified during audit fieldwork was an oversight.

Effective oversight related to reconciliation of UH-related fees can provide greater assurance that errors or unrecorded transactions will be detected and corrected promptly. Additionally, timely processing of event chargebacks and review of the accuracy of vendor invoices can help to increase UH revenue.

#### **RECOMMENDATION**

We recommend that the campus:

- a. Develop and implement a process to perform periodic reconciliations of housing-related fees, including review of summer group events, in StarRez to the housing fee revenue posted to the general ledger.
- b. Document the actions taken to correct the chargeback and overcharge payments noted above.
- c. Reiterate the process related to summer group conference events and the review of UH expenditures to personnel involved in UH activities.

#### **MANAGEMENT RESPONSE**

The Housing Auxiliary will begin to reconcile housing-related fees, including a review of summer group events, in StarRez, to the housing fee revenue from the general ledger. The fees will be reconciled after fall/spring/summer fees are applied, and again at the midway point to review any fees applied subsequently. This process will be implemented by February 1, 2021.

The Housing Auxiliary will work with Aramark to correct any overpayments noted above and will also work with the originator of the group to bill for the payment not charged. This will be completed by February 1, 2021.

The manager responsible for business services will review all invoices and complete billing within 20 days of a guest's stay.

Currently, guest stays and conferences are not allowed due to COVID-19. The Housing Auxiliary will begin developing a process. This process will be implemented by March 31, 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 expense, maintenance and repair, improvement 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 University, Bakersfield (CSUB), University Housing Services (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, the opportunity to participate in engaging and social activities, and a variety of support services for the students' personal needs. With the recent completion of additional housing and refurbishment, the campus has capacity for approximately 500 residents in two residence halls. However, the residence halls were 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. Only 236 students were allowed to move into on-campus housing for AY 2020/21 under a health and safety plan developed in response to the 2020 pandemic. During AY 2019/20, the last traditional year before the pandemic, UHS had a budget of \$3.5 million and a staff of 11. 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 June 21, 2020, through August 11, 2020. Additionally, due to limited access to the campus housing facilities and management constraints the sample sizes for various objectives were reduced. 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 11, 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.
- 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 housing and residential services function. 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 housing and residential services. Our review was limited to gaining reasonable assurance that essential elements of the housing and residential services 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 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*
- CSU Board of Trustees REP 07-01-03, *Alcohol Policies and Prevention Program Final Report*
- CSU Designated Balances and Reserves Policy
- CSUB UH Student Housing and Residence Life License Agreement
- CSUB Student Housing Residence Life Handbook
- CSUB RA Programming Handbook
- CSUB Maintenance Request Guidelines and Policies Student Housing
- CSUB ProCard Handbook

## AUDIT TEAM

Senior Audit Manager: Joanna McDonald  
 Senior Auditor: Alexandra Gonzalez