

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

562-951-4430
562-951-4955 (Fax)
lmandel@calstate.edu

November 15, 2019

Dr. Gayle E. Hutchinson, President
California State University, Chico
400 W. First Street
Chico, CA 95929

Dear Dr. Hutchinson:

Subject: Audit Report 19-08, Housing and Residential Services, California State University, Chico

We have completed an audit of *Housing and Residential Services* as part of our 2019 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,



Larry Mandel
Vice Chancellor and Chief Audit Officer

c: Timothy P. White, Chancellor

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The California State University
Audit and Advisory Services

HOUSING AND RESIDENTIAL SERVICES

California State University, Chico

Audit Report 19-08
October 15, 2019

EXECUTIVE SUMMARY

OBJECTIVE

The objectives of the audit were to ascertain the effectiveness of the operational, administrative, and financial controls for housing and residential services (HRS) and to ensure compliance with relevant governmental regulations, Trustee policy, Office of the Chancellor directives, and campus procedures.

CONCLUSION

Based upon the results of the work performed within the scope of the audit, the operational, administrative, and financial controls for housing and residential services as of August 15, 2019, were unlikely to provide reasonable assurance that risks were being managed and objectives were met.

Our review indicated poor recordkeeping in several areas of University Housing (UH), turnover in key management positions during the audit period reviewed, a need to enhance several processes, and slow progress in implementing the capabilities of StarRez, a housing management system. In several instances, we could not thoroughly review operational and financial activities because important business records were not maintained.

Specifically, UH did not always maintain resident records required by the campus license agreement and did not monitor residents' status and eligibility. In addition, oversight of the UH Emergency Housing (EH) Program, including compliance with eligibility requirements and maintenance of necessary records, needed improvement. Also, UH did not enforce certain UH license agreement terms and conditions related to the residents' cancellation of the license agreement and early vacating of assigned housing prior to the end of the fee period, did not have sufficient records to support all approved early license releases (ELR), and did not always comply with guest and visitor monitoring requirements set forth in campus policy or maintain necessary guest/visitor logs. We also noted that UH did not have an established process and did not maintain records showing the placement of applicants in confirmed residential spaces for group programs. Further, the campus did not always provide or review residential life activities (RLA) for themed living-learning communities (TLC), as set out in memoranda of understanding (MOU).

Also, administration of access to residence halls and the dining hall could not be verified due to a lack of records. We also found that UH did not have a process to accurately manage all residential hall room keys and did not have centralized storage for all key inventories and records. Additionally, administrative oversight of housing fees, including meal plan information, delinquent fees, and the UH budget needed improvement, and UH did not consistently retain documentation showing that all residential staff had received required training and that residential staff qualifications had been verified. Further, UH facilities, maintenance and operations (FMO) did not adequately manage all service requests or maintain a comprehensive schedule for all routine and deferred maintenance (DM), and the system used to manage UH work orders (WO) was incomplete. We noted that system access controls for StarRez related to managing user access and providing required training needed improvement.

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

OBSERVATIONS, RECOMMENDATIONS, AND RESPONSES

1. RECORDKEEPING AND RECORD RETENTION

OBSERVATION

UH did not always maintain required records to support its operational and fiscal activities and did not have a record retention plan to address the impact of staff turnover and the implementation of the housing management system, StarRez.

For the audit period reviewed, we found an overall lack of supporting documentation for UH operational and financial activities. As such, we were unable to verify several elements of our planned audit work, as noted in the following observations. In addition, we noted that UH did not always have sufficient resources to provide adequate oversight and did not establish responsibility for recordkeeping or have a plan to address the need for record retention.

Proper recordkeeping and a record retention plan help to ensure that business and financial activities are sufficiently supported and comply with regulatory requirements.

RECOMMENDATION

We recommend that the campus:

- a. Identify all required and necessary operational and financial records that must be retained.
- b. Implement a record retention plan and communicate it to all personnel involved in UH activities.

MANAGEMENT RESPONSE

We concur. The campus will:

- a. Identify all required and necessary operational and financial records that must be retained.
- b. Implement a record retention plan and communicate it to all personnel involved in UH activities.

Completion date: January 1, 2020

2. LICENSE AGREEMENT COMPLIANCE

OBSERVATION

UH did not always maintain specific resident records required by the campus license agreement and did not monitor residents' eligibility.

From StarRez, we reviewed 15 resident files for academic year (AY) 2018/19, including staff and students, to determine whether UH maintained required records and monitored residents' eligibility. We found that:

- None of the files included a license agreement showing that the resident agreed to the specified terms and was provided with a copy of the terms and conditions. California Code of Regulations (CCR) Title 5, §42001, *License*, requires each resident to sign the license agreement on or before the beginning of the fee period, and any resident who is a minor is required to have a parent or guardian sign the license. The campus is required to retain the license agreement and a copy of the terms and conditions provided to the resident. In addition, 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."
- Eleven of 15 resident files did not include a signed room inventory card (RIC), as required by the campus license agreement.
- UH monitored student residents' number of enrolled units prior to the start of the semester, but not on or after the campus census day, when enrollment status becomes official. We noted that students might add, drop, and withdraw from classes prior to the campus census day, which could affect residents' number of enrolled units. The UH license agreement requires student residents to be enrolled in six or more units to be eligible to live in UH facilities.
- UH did not have a process to monitor or verify students' compliance with Executive Order (EO) 803, *Immunization Requirements*. Specifically, UH collected students' self-reported yes/no response from their housing applications to determine whether they had received the meningococcal immunization. However, UH did not maintain verification or records that it had reviewed these self-reported responses, such as verifying immunization requirements and corresponding documentation collected by the campus Office of the Registrar.
- Four of the 15 residents were not on the separate StarRez list of UH applicants for AY 2018/19.

Proper monitoring of students' eligibility helps to ensure compliance, and maintaining required records protects the campus from potentially unenforceable agreements.

RECOMMENDATION

We recommend that the campus:

- a. Review and update the license agreement to include the elements noted above, and maintain signed license agreements for all residents, including documentation required by the license agreement.
- b. Develop a process to monitor eligibility status of students and document enrolled units each semester on the campus census day in accordance with campus requirements.

- c. Establish a process for documenting verification of residents' eligibility status regarding immunization requirements, including documentation of signed response forms in accordance with EO 803.
- d. Establish a process to monitor housing applicants, and update the StarRez system to reflect all current and prior resident information.

MANAGEMENT RESPONSE

We concur. The campus will:

- a. Review and update the license agreement to include the elements noted above, and maintain signed license agreements for all residents, including documentation required by the license agreement.
- b. Develop a process to monitor eligibility status of students and document enrolled units each semester on the campus census day in accordance with campus requirements.
- c. Establish a process for documenting verification of residents' eligibility status regarding immunization requirements, including documentation of signed response forms in accordance with EO 803.
- d. Establish a process to monitor housing applicants, and update the StarRez system to reflect all current and prior resident information.

Completion date: March 1, 2020

3. EMERGENCY HOUSING PROGRAM

OBSERVATION

Administrative oversight of the UH Emergency Housing Program, including compliance with eligibility requirements and maintenance of necessary records, needed improvement.

UH provides eligible students who are experiencing displacement or homelessness with short-term assistance by placing them in off-campus housing for a period of one to 14 days. UH owns the off-campus housing and performs the placement efforts alongside community housing partners. Occupants must vacate the off-campus housing after 14 days under the EH license agreement, unless an extended-stay (ES) request is approved.

We found that UH did not maintain EH program records for fiscal year (FY) 2017/18. Therefore, we obtained the listing of the 32 EH occupants and corresponding records for FY 2018/19 and performed a limited review to verify certain UH oversight responsibilities and maintenance of necessary program records. We found that:

- UH did not verify the eligibility status of all of the 32 students and did not retain records showing that EH program requirements were met. To qualify for the program, applicants must be currently enrolled and/or matriculated at the university, cannot owe any debt to

the university, must specifically document the nature of their housing crisis and their urgent financial situation, and must complete the Free Application for Federal Student Aid (FAFSA) or California Dream Act Application (CADAA).

- EH license agreements did not properly address the amount owed by the resident, as required by 5 CCR §42000-42103. In addition, UH did not bill any students for the cost of EH or include written documentation explaining exceptions that were granted.
- EH-related activities were not included in StarRez or in the UH billing and payment process.
- Signed room-inspection forms were not retained as required by the EH license agreement.
- EH license agreement terms and conditions 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.”
- There was no formal process for review and approval of ES requests. Instead, ES requests were discussed and approved via email, and supporting documentation validating the reason for a student’s request was not included in the emails or resident files.

Current and complete license agreements, along with proper supporting records and administrative oversight, can help to improve compliance and fiscal administration of housing programs.

RECOMMENDATION

We recommend that the campus:

- a. Develop and implement a process that establishes the responsibilities for administering the EH program. This process should address the areas noted above, including verification and monitoring of the eligibility status of students in the EH program; development of appropriate EH fees and procedures to document all granted exceptions; the use of StarRez to manage EH program records and activities; and formal documentation of the review and approval of all ES requests.
- b. Review and update the EH license agreement to include the required statement noted above.
- c. Maintain required records to support all EH program activities, including a signed room-inspection form for all occupants placed in EH and records related to the review and approval of ES requests.

MANAGEMENT RESPONSE

We concur. The campus will:

- a. Develop and implement a process that establishes the responsibilities for administering the EH program. This process should address the areas noted above, including verification

and monitoring of the eligibility status of students in the EH program; development of appropriate EH fees and procedures to document all granted exceptions; the use of StarRez to manage EH program records and activities; and formal documentation of the review and approval of all ES requests.

- b. Review and update the EH license agreement to include the required statement noted above.
- c. Maintain required records to support all EH program activities, including a signed room-inspection form for all occupants placed in EH and records related to the review and approval of ES requests.

Completion date: March 15, 2020

4. EARLY LICENSE RELEASE

OBSERVATION

UH did not enforce certain UH license agreement terms and conditions for students who canceled their licenses or vacated housing before the end of the fee period and did not have sufficient records to support all approved ELRs.

We selected 15 students who were granted ELRs, which are also referred to as cancellations or terminations, and we found that:

- All 15 residents vacated housing before the end of the fee period without providing UH with at least 30 days written notice, and none of the 15 completed the required form, the Request to Cancel Housing License Agreement.
- UH did not always maintain supporting documentation to validate ELRs. Specifically, one occupant did not return to UH after the fall semester, and no documentation was maintained showing that an ELR had been requested or approved or that the student had withdrawn from the university. In addition, UH did not bill this student the appropriate fees for abandonment. Per the license agreement, abandonment of the premises does not release the resident from financial obligations. We also noted that this resident was not included in the separate StarRez list of applicants noted in observation 2.
- Residents were not correctly charged prorated rent for dates of occupancy, which should include the number of days occupied plus the 30-day notice period, as required by the license agreement.
- One student resident was granted approval for an ELR and normal charges were waived, but there was no documentation to validate the approved exception. UH staff indicated that the occupant initially had a valid reason for the exception related to a Title IX incident and had planned to withdraw from the university. Subsequently, however, the resident elected not to leave the university, but UH did not bill the occupant the prorated rent for days of occupancy plus the 30-day notice charge.

- UH did not retain documentation to validate that all checkout procedures were completed, including express checkouts and closing RIC.

Effective administration of license agreements helps to ensure consistent practices for student residents who cancel their agreements or vacate housing before the end of the fee period, promote more efficient use of the residence hall space, and help to ensure consistent administration of fees.

RECOMMENDATION

We recommend that the campus:

- a. Develop and implement a process that establishes responsibilities for administering all ELR activities. This process should address the areas noted above, including a formal process for submitting, reviewing, and approving ELR requests; a process for granting exceptions to the cancellation standards noted in the license agreement; and a process for reviewing and billing fees accordingly.
- b. Maintain required records to support all ELR activities.

MANAGEMENT RESPONSE

We concur. The campus will:

- a. Develop and implement a process that establishes responsibilities for administering all ELR activities. This process should address the areas noted above, including a formal process for submitting, reviewing, and approving ELR requests; a process for granting exceptions to the cancellation standards noted in the license agreement; and a process for reviewing and billing fees accordingly.
- b. Maintain required records to support all ELR activities.

Completion date: March 1, 2020

5. GUEST AND VISITOR POLICIES

OBSERVATION

UH did not always comply with guest and visitor monitoring requirements as required by campus policy and did not maintain necessary guest/visitor logs.

Per the UH *Policy Guide*, a visitor is defined as a resident of a UH community, or a student with a current license agreement with UH, while a guest is an individual who does not have a UH license agreement, such as a family member or student not residing in campus housing.

We found that UH did not maintain all guest and visitor logs for AY 2017/18, and therefore, we could not validate the data from the proprietary information system or verify the effectiveness of internal controls over guest and visitor monitoring for this period. However,

we reviewed guest and visitor logs for four of the eight residence halls for AY 2018/19, and we found that:

- Guests visited or stayed overnight during the winter break at the ES communities. According to the *UH Policy Guide*, guests are not permitted in any of the ES communities during no-guest time periods, including the fall, winter, and spring breaks. We also found that guests visited or stayed overnight during the no-guest weekends, including Labor Day, Halloween, and Cesar Chavez Day.
- Overnight guests and visitors stayed more than three consecutive nights and more than nine nights total per semester, which is not permitted per the *Chico Community Standards for UH Residents*.
- Minor guests stayed overnight unaccompanied by a parent and checked in without identification, as required by the *UH Policy Guide*.
- Guests and visitor logs did not indicate who checked in or stayed overnight or whether proper identification was verified upon check-in. Additionally, some guests checked in with a university identification card, which is not permitted per the *UH Policy Guide*.
- Two ES communities did not have a 24-hour front desk to collect guest and visitor information. For one of the two communities, we noted that residents were required to check in at the nearest residence hall.

Compliance with the UH guest and visitor policy can help to improve the security and safety at residential halls and reduce the potential of risk and liability to the campus. Complete records of guests and visitors to residential communities help to ensure the safety and security of UH residents.

RECOMMENDATION

We recommend that the campus:

- a. Review the guest/visitation policy in the *Chico Community Standards for UH Residents* and the *UH Policy Guide* noted above and determine whether they are current. If so, develop a process to enforce compliance; if not, update the policies accordingly.
- b. Implement the use of guest and visitor registration logs at the ES communities noted above, and require all UH residential halls to maintain complete guest and visitor registration logs, including documentation showing that proper identification was provided by guests and visitors.

MANAGEMENT RESPONSE

We concur. The campus will:

- a. Review the guest/visitation policy in the *Chico Community Standards for UH Residents* and the *UH Policy Guide* noted above and determine whether they are current. If so, develop a process to enforce compliance; if not, update the policies accordingly.
- b. Implement the use of guest and visitor registration logs at the ES communities noted above, and require all UH residential halls to maintain complete guest and visitor registration logs, including documentation showing that proper identification was provided by guests and visitors.

Completion date: February 15, 2020

6. ACCESS TO RESIDENCE HALLS AND DINING

OBSERVATION

Administration of access to residence halls and the dining hall could not be verified due to a lack of records. In addition, UH did not have a process to accurately manage all residential hall room keys and did not have centralized storage for all key inventories and records.

UH uses the Continental 3000 system in which students access residence halls and the dining hall with an assigned Wildcat Card. According to UH staff, the system has limited capacity, and access is granted and removed in separate processes. For example, at the end of every semester, individuals with assigned access are removed from the system, and before the start of a new semester, new and returning individuals are added to the system. However, we were unable to verify that authorized access was appropriately administered, including the completeness and timeliness of removals and additions to the system, because UH did not always maintain records of these changes, including those that indicated when an individual's access was removed from their Wildcat Card.

In addition, UH did not have a process or system to accurately manage room keys, including a current inventory for each of its eight residential halls, corresponding records to track all issued and unissued keys, and a centralized storage for all inventories and records. We performed a walkthrough of the physical key storage area and found that:

- There was no centralized storage for the inventory of residential hall keys and records. Instead, keys were stored in multiple locations, and there was no master record or inventory maintained for the audit period.
- For the spring 2019 semester, the only available inventory was a handwritten record of lost residential hall keys maintained by the locksmiths who replaced and/or changed locks in the residence halls. We noted that UH had not maintained an inventory of lost keys for the fall 2018 semester or for any of FY 2017/18.
- UH did not perform or document a reconciliation of all residential hall keys, including issued and unissued keys.

Effective administration of authorized access and residential hall keys increases the safety and security of the residential community and reduces the potential of liability to the campus.

RECOMMENDATION

We recommend that the campus:

- a. Implement a process for periodically reviewing authorized access to UH residential and dining halls, and maintain the necessary records to show when access has been added or removed from a resident’s Wildcat Card.
- b. Establish a process for managing all residential hall keys and records in a centralized location.
- c. Document and maintain an inventory of all residential hall keys, including issued and unissued keys, and maintain a record of periodic reconciliations.

MANAGEMENT RESPONSE

We concur. The campus will:

- a. Implement a process for periodically reviewing authorized access to UH residential and dining halls, and maintain the necessary records to show when access has been added or removed from a resident’s Wildcat Card.
- b. Establish a process for managing all residential hall keys and records in a centralized location.
- c. Document and maintain an inventory of all residential hall keys, including issued and unissued keys, and maintain a record of periodic reconciliations.

Completion date: April 1, 2020

7. FISCAL ADMINISTRATION

OBSERVATION

Administrative oversight of housing fees, including meal plan information, delinquent fees, and the budget needed improvement.

Specifically, we noted that UH did not monitor or reconcile room and board fees, including meal plan information, or monitor residents’ status and eligibility for housing, including delinquent payment of housing-related fees. We reviewed available records for 15 residents (staff and students) and found that:

- For all of the residents, the amount noted in StarRez for room and board fees for fall 2018 did not agree to the FY 2018/19 room and board fees schedule or to payments posted to the campus account in Student Financial Services. We also noted that UH did not

reconcile the room and board fees and meal plan information in StarRez to the housing fee revenue posted to the general ledger.

- UH did not monitor and did not have a process for timely review of delinquent housing-related fees. Specifically, we found that five residents with delinquent housing-related fees remained in residential housing through the fall 2018 semester. Further, one resident who had delinquent housing-related fees for the entire academic year remained in residential housing through May 2019. In addition, UH did not review delinquent payments until the semester after a hold was placed on the resident’s campus account.
- UH did not have documentation to verify that a budget had been maintained for the past three years, as required by Integrated California State University Administrative Manual (ICSUAM) §2002.00, *Budget Oversight*.

Periodic reconciliations of room and board fees and meal plan information can provide greater assurance that errors or unrecorded transactions will be detected and corrected promptly and can help the campus prevent potential losses. Monitoring delinquent fees helps to improve fiscal administration, and maintaining a formal budget helps with forecasting operational and financial needs.

RECOMMENDATION

We recommend that the campus:

- a. Develop and implement a process to perform periodic reconciliations of housing-related fees, including meal plan information, in StarRez to the housing fee revenue posted to the general ledger.
- b. Establish and document a process to ensure that delinquent housing-related fees are monitored and license agreement terms are enforced.
- c. Develop and implement a process to maintain and routinely review a formal budget in compliance with ICSUAM §2002.00.

MANAGEMENT RESPONSE

We concur. The campus will:

- a. Develop and implement a process to perform periodic reconciliations of housing-related fees, including meal plan information, in StarRez to the housing fee revenue posted to the general ledger.
- b. Establish and document a process to ensure that delinquent housing-related fees are monitored and license agreement terms are enforced.
- c. Develop and implement a process to maintain and routinely review a formal budget in compliance with ICSUAM §2002.00.

Completion date: April 15, 2020

8. UH STAFF TRAINING AND QUALIFICATIONS

OBSERVATION

UH did not consistently retain documentation to verify that all UH residential staff had received required training, did not assign required training to staff who had access to records related to residents' medical withdrawals, and did not always verify residential staff qualifications.

We found that training was provided to UH professional staff through the CSU Learn system, and in-house training presentations were provided to student staff members who served as resident advisors (RA). We noted that UH did not maintain training records prior to August 2017. As such, we could not perform certain procedures to verify that all employees received initial training upon hire.

However, we reviewed the files of 20 residential staff members from AY 2018/19, including five professional staff members and 15 student RAs, to verify whether they were provided with required training. In general, we found that UH did not consistently retain records of individual attendance or participation in training. Specifically, we found that:

- There were no training sign-in sheets to verify that any of the RAs received Emergency Action Plan (EAP) training in 2019 or 2017, nor was there evidence that EAP training was included in the RA training schedules for the same period.
- There were no training sign-in sheets to verify that any of the RAs received Clery training, nor was there evidence that Clery training was included in the RA training schedule for FY 2017/18 or the winter 2019 semester. There was also no evidence that this training was provided upon hire and annually for the fall 2017, winter 2018, and winter 2019 semesters.
- UH had not retained documentation to verify that any of the RAs attended campus-facilitated training regarding alcohol and drugs. 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.
- Training records were not provided for the professional staff members to verify that they had been assigned and had completed required Clery training upon hire and annually.

In addition, UH did not assign Health Insurance Portability and Accountability Act (HIPAA) training to staff workers who had access to stored ELR records related to medical withdrawal documentation.

Also, we found that UH did not consistently retain required records related to UH responsibilities for job screening and review of staff qualifications, which limited our review.

Specifically, we found that:

- UH did not retain records to verify that RAs were subject to a background check through Live Scan, performed by the University Police Department.
- UH did not retain documentation verifying that any of the RAs were subject to a student eligibility and academic performance review, as required by the *RA Manual*.
- UH did not maintain records related to signed position descriptions prior to 2018 or to indicate a student RA's hire date. We noted that RAs were required to sign the RA Manual Acknowledgement form annually, at the start of every academic term, because the RA position is a temporary appointment from August to May. However, a signed acknowledgement form for 2018 was not retained for one RA.
- UH did not retain records showing that the professional staff had completed a performance assessment every semester for each RA.

Maintaining documentation of training provided to employees and of recruitment activities helps ensure that residential housing staff have been properly trained and are qualified for their positions.

RECOMMENDATION

We recommend that the campus:

- a. Develop and implement a process that identifies all employees who are required to take initial and refresher training, including specialized training noted above; tracks and notifies employees with overdue or incomplete training; and documents and maintains training records.
- b. Develop and implement a process that ensures that all required employment activities are performed and documented, as noted above, including review of staff qualifications and performance of background checks and assessments.
- c. Maintain required records to support all UH training and hiring activities.

MANAGEMENT RESPONSE

We concur. The campus will:

- a. Develop and implement a process that identifies all employees who are required to take initial and refresher training, including specialized training noted above; tracks and notifies employees with overdue or incomplete training; and documents and maintains training records.
- b. Develop and implement a process that ensures that all required employment activities are performed and documented, as noted above, including review of staff qualifications and performance of background checks and assessments.
- c. Maintain required records to support all UH training and hiring activities.

Completion date: February 15, 2020

9. FACILITIES MAINTENANCE

OBSERVATION

UH FMO did not adequately manage all service requests or maintain a comprehensive schedule for all routine and DM, and the system used to manage UH WOs was incomplete.

UH uses the Facilities Maintenance Connection (FMC) system to manage service requests and WOs. The system has the capability to track the progress, timing, and cost of each project. UH residents use the campus online portal to request service from FMO; these requests are entered into the FMC system, issued a WO number, and assigned to the appropriate section of FMO. Service requests are also entered into the FMC system directly by FMO staff, as needed. However, FMO staff indicated that the campus portal is not user-friendly and allows for errors in collecting necessary information to make a service request. The listing of FMO service requests captured from the FMC system by WO number for FYs 2017/18 and 2018/19 was incomplete, and did not reflect all service requests that had been submitted by students and staff.

Specifically, we found that:

- The FMC system is not used to track routine, scheduled, and DM projects, which would allow FMO to plan, allocate, and account for available resources.
- According to FMO staff, many service requests initiated by residents are abandoned before they are submitted or are routed incorrectly because of limited or ambiguous drop-down menu options in the system.
- The FMC system is not used to or cannot produce WO aging reports that would allow FMO staff to monitor progress and help to ensure timely completion of service requests.
- In our review of documents for one resident, we found a signed RIC indicating that a room window did not close completely. We found that this same issue was noted on the resident's RIC at checkout; however, we did not find a corresponding service request in the listing of open WOs.
- The FMC system did not provide residents with the status of their service request.

We also noted that UH could not provide a current, comprehensive schedule and task descriptions for all scheduled maintenance or a log of all routine maintenance performed on buildings or equipment, as required by EO 847, *Facility Maintenance*.

EO 847 also requires the campus to develop and document materials management policies and procedures and to prepare and submit an annual five-year projection of DM, among other information. However, we found that UH did not have a documented DM schedule and did not perform a formal review of DM as required by EO 847.

Effective administration of service requests, routine maintenance, and DM enhances service levels, provides greater assurance that assets will be well maintained, and allows management to accurately report on the state of facilities and the resources necessary to maintain them.

RECOMMENDATION

We recommend that the campus:

- a. Develop and implement a process to enhance administration of FMO service requests, including capture of all service requests, WO creation, timely status updates, and regular monitoring.
- b. Review the use and capabilities of the FMC system to manage WOs, including aging reports, and determine whether another system, such as StarRez, would be more effective.
- c. Develop a comprehensive schedule and task descriptions for all scheduled and routine maintenance and develop a DM schedule, and document formal review in accordance with EO 847.

MANAGEMENT RESPONSE

We concur. The campus will:

- a. Develop and implement a process to enhance administration of FMO service requests, including capture of all service requests, WO creation, timely status updates, and regular monitoring.
- b. Review the use and capabilities of the FMC system to manage WOs, including aging reports, and determine whether another system, such as StarRez, would be more effective.
- c. Develop a comprehensive schedule and task descriptions for all scheduled and routine maintenance and develop a DM schedule, and document formal review in accordance with EO 847.

Completion date: April 15, 2020

10. SYSTEM ACCESS CONTROLS

OBSERVATION

System access controls for StarRez related to managing user access and providing required training needed improvement.

As noted earlier, StarRez is a housing management system with several capabilities, including management of UH applications, accounts, status, reporting, and dashboards. StarRez is used

only by UH staff members, who are granted access after they complete data security (DS) training and are enrolled with dual authentication.

We reviewed the current list of 243 StarRez users, and we found that:

- Three users were no longer active employees, including two desk attendants and one UH professional staff member.
- Two users did not complete the required DS training.
- Two users were not enrolled with dual authentication.
- The professional staff member noted above was not enrolled with dual authentication and did not complete DS training.

We noted that UH does not have a documented process for provisioning approved additions, changes, and terminations of access rights or for reviewing the access of existing account holders for StarRez.

We also found that UH did not maintain signed confidentiality agreements for all professional staff, which is required because StarRez contains level 1 data imported from PeopleSoft. In addition, we found during a walkthrough that hard-copy resident file information was stored in unsecured plastic bins in an unlocked UH office.

Proper administration of system access and controls increases the security and accountability of transactions, and providing necessary training and periodic review of user-access roles, permissions, and deactivation of system access raises awareness of the importance of keeping private data secured and provides steps that employees can take to help maintain the security and confidentiality of private information.

RECOMMENDATION

We recommend that the campus:

- a. Establish and document a process for verifying that all StarRez users have completed DS training and are enrolled with dual authentication before they are granted access.
- b. Periodically review user-access roles and permissions in StarRez, and document management approval of additions, changes, and termination of access rights and review of access of existing account holders in accordance with ICSUAM §8060.00, *Access Control*.
- c. Ensure that all UH staff, including students, with access to protected data and information understand and acknowledge confidentiality requirements in accordance with ICSUAM §8035.00, *Information Security Awareness and Training*, and ICSUAM §8030.00, *Information Security Policy*.
- d. Develop and implement physical security controls to ensure that hard-copy residents' information is adequately stored and secured.

MANAGEMENT RESPONSE

We concur. The campus will:

- a. Establish and document a process for verifying that all StarRez users have completed DS training and are enrolled with dual authentication before they are granted access.
- b. Periodically review user-access roles and permissions in StarRez, and document management approval of additions, changes, and termination of access rights and review of access of existing account holders in accordance with ICSUAM §8060.00, *Access Control*.
- c. Ensure that all UH staff, including students, with access to protected data and information understand and acknowledge confidentiality requirements in accordance with ICSUAM §8035.00, *Information Security Awareness and Training*, and ICSUAM §8030.00, *Information Security Policy*.
- d. Develop and implement physical security controls to ensure that hard-copy residents' information is adequately stored and secured.

Completion date: February 15, 2020

11. GROUP HOUSING AND THEMED LIVING-LEARNING COMMUNITIES

OBSERVATION

UH did not have an established process for documenting and maintaining records regarding the placement of applicants in confirmed residential spaces for group programs and did not always provide or review RLAs for themed TLCs as set out in MOUs.

For FYs 2017/18 and 2018/19, we could not verify that eligible students who participated in group programs were given priority to confirmed residence hall room spaces listed in the signed MOUs because data from the UH proprietary information system could not be validated for this period.

We noted that UH offers TLCs that align with students' academic major, personal identity, and/or general interests, information that is included in the initial UH application. However, we could not verify that RLAs were in fact developed for each of the specific TLCs as described on the UH website because no records to support these activities were maintained. Further, there was no evidence that TLC program guidelines, goals, and learning outcomes were monitored or met.

Established processes and record retention help to ensure compliance with MOUs and that program goals and learning outcomes are developed and monitored.

RECOMMENDATION

We recommend that the campus:

- a. Develop and implement a process that establishes the responsibilities for providing priority placement to eligible students who participate in group programs and/or TLCs to confirmed residence hall room spaces listed in the signed MOUs.
- b. Develop a process to review the program guidelines, goals, or learning outcomes included in the MOUs and RLAs for TLCs to ensure they are current and accurate prior to the next application period. Additionally, develop an assessment to ensure that these programs are provided as described and are meeting desired outcomes.
- c. Maintain all necessary records to support TLC and RLA activities.

MANAGEMENT RESPONSE

We concur. The campus will:

- a. Develop and implement a process that establishes the responsibilities for providing priority placement to eligible students who participate in group programs and/or TLCs to confirmed residence hall room spaces listed in the signed MOUs.
- b. Develop a process to review the program guidelines, goals, or learning outcomes included in the MOUs and RLAs for TLCs to ensure they are current and accurate prior to the next application period. Additionally, develop an assessment to ensure that these programs are provided as described and are meeting desired outcomes.
- c. Maintain all necessary records to support TLC and RLA activities.

Completion date: April 1, 2020

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.

Prior to July 1994, the responsibility for student housing, both financially and operationally, was with the Office of the Chancellor (CO). However, faced with a declining student housing occupancy rate beginning in the late 1980s/early 1990s, combined with an erosion of housing system reserves, the CO began working with the BOT in January 1993 to identify practical solutions. A task force was convened, and its study recommended a transition plan, designed to decentralize responsibilities for student housing, that transferred responsibility for housing operations to the campuses while leaving the primary financing responsibility at the CO. The proposed solution allowed each campus to assume full responsibility for the financial viability of its housing program, including facility maintenance and establishment of reserves, as well as programmatic objectives targeting the personal and academic development of student residents. In addition, the proposal stated that the CO would continue to coordinate the sale of housing system revenue bonds and monitor and report on housing financial activities, retaining the advantages and requirements for systemwide debt financing. The plan was accepted and implemented in July 1994.

Currently, 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.

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.

California State University, Chico (Chico State) has eight residential halls with a total capacity for approximately 2,300 students. Four residential halls (Sutter, Whitney, Shasta, and Lassen) are in the central campus area, three (Mechoopda, Esken, and Konkow) are in the north campus area, and the University Village is about 0.7 miles from campus. Chico State offers themed living-learning experiences with specific residential communities that align with students' academic major, personal identity, and or general interests. In addition, each residential hall is staffed 24/7 by professionals and trained student employees who are

committed to students' personal development, academic achievement, and transition to campus living. UH is within the Division of Student Affairs and is led by an executive director, four associate directors, for UH administration, residential life, facility operations and projects, and custodial and grounds. There are approximately 55 full-time staff and 230 student staff to handle day-to-day operations of the campus residential communities.

SCOPE

We visited the Chico State campus from July 15, 2019, through August 15, 2019. 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, 2017, through August 15, 2019.

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, which included interviews, walkthroughs, and detailed testing on a limited number of resident and other financial transactions. 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 function.

CRITERIA

Our audit was based upon standards as set forth in CSU Board of Trustee policies; Office of the Chancellor policies, letters, and directives; campus procedures; and other sound administrative practices. 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:

- 5 CCR §42000-42103
- Education Code §66014.2
- Government Code §13402 and §13403
- BOT REP 07-01-03, *Alcohol Policies and Prevention Program Final Report*
- EO 625, *Delegation to Establish and Change Housing Fees*
- EO 803, *Immunization Requirements*
- EO 847, *Facility Maintenance*
- EO 994, *Financing and Debt Management Program*
- EO 1000, *Delegation of Fiscal Authority*
- EO 1031, *CSU Records Retention and Disposition Schedules*
- EO 1056, *California State University Emergency Management Program*
- EO 1095, *Systemwide Sex Discrimination, Sexual Harassment, Sexual Misconduct, Dating and Domestic Violence, and Stalking Policy*
- EO 1097 Revised, *Systemwide Harassment and Retaliation, Sexual Misconduct, Dating and Domestic Violence, and Stalking against Students and Systemwide Procedure for Addressing Such Complaints by Students*
- EO 1102, *California State University Student Fee Policy*
- EO 1107, *Clery Act Implementation*
- ICSUAM §2002.00, *Budget*
- ICSUAM §2001.00, *Campus Reserves*
- ICSUAM §8060.00, *Access Control*
- CSU Chico University Housing License (UH) Agreement
- CSU Chico Emergency Housing License Agreement
- CSU Chico UH Policy Guide
- CSU Chico Community Standards for UH Residents
- CSU Chico UH Welcome Home Brochure
- CSU Chico UH Memorandums of Understandings
- CSU Chico Resident Advisor Manual

AUDIT TEAM

Audit Manager: Joanna McDonald
Internal Auditor: Cinthia Santamaria