UNIVERSITY OF HOUSTON SYSTEM

INTERNAL AUDIT REPORT

UNIVERSITY OF HOUSTON-VICTORIA

STUDENT HOUSING

REPORT NO. AR2018-03

UNIVERSITY OF HOUSTON SYSTEM
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MEMORANDUM

TO: Mr. Roger F. Welder
Chair, Audit and Compliance Committee

Dr. Renu Khator
Chancellor/President, UHS/UH

FROM: Don F. Guyton
Chief Audit Executive

DATE: October 30, 2017

SUBJ: Internal Audit Report – UHV Student Housing

I have attached for your review the final draft of the above referenced internal audit report. This report has been distributed to/discussed with key personnel of the University of Houston – Victoria and University of Houston System. This report is summarized as follows:

Executive Summary:

The Internal Auditing Department conducted a review of Student Housing. The primary objectives of our review was to determine whether student housing fees are properly approved; students are charged the appropriate housing fee; the student information system is adequately controlled; deferred maintenance reserves are adequately funded; and access to rooms is adequately restricted. In our opinion, the Department of Residence Life should more efficiently and effectively manage its student housing operations. We noted no matters we considered to be significant risk exposures and control issues. We recommended that UHV management work with UH Student Housing to determine the appropriate policies and procedures to implement in order to effectively and efficiently manage the residence halls.

This audit report is scheduled to be included in the agenda materials for the November 16, 2017, meeting of the Audit and Compliance Committee of the Board of Regents. Please let me know if you have any questions.

Attachment

UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT

UNIVERSITY OF HOUSTON-VICTORIA
STUDENT HOUSING

BACKGROUND:

The mission of the Department of Residence Life is to provide a living and learning environment that is supportive to the University's academic mission, by stimulating the learning process, integrating the in-class and out-of-class experiences through activities and knowledge essential to students' preparation for a life of leadership and success as professionals and citizens in the global economy.

The Department of Residence Life manages three residence halls, Jaguar Court, Jaguar Hall and Jaguar Suites, with a total of 306 bedrooms and 660 beds available. The university requires all students with less than 60 completed semester credit hours or under 20 years of age to reside in the university residence halls. However, students under the required residence policy will be automatically exempt if they live with a parent or legal guardian within a 50 mile radius of Victoria, TX. Noted below is residential housing data for the three student housing facilities for FY 2017.

Residential Building	Total Number of Beds	Fall 2016 Occupancy Rate	Spring 2017 Occupancy Rate	Total FY17 Revenue
Jaguar Court	174	95%	88%	$784,901
Jaguar Hall	264	95%	84%	$1,103,310
Jaguar Suites	222	95%	82%	$1,171,520
Total	660	95%	85%	$3,059,731

During fiscal year 2018, with a staff of 4 FTE, the Department administered seven cost centers with an overall operating budget of $2,968,965.

OBJECTIVES:

The objectives of our review were as follows:

1. Determine whether student housing fees are properly approved.

2. Determine whether students are charged the appropriate housing fee.

3. Determine whether the student housing information system is adequately controlled.

4. Determine whether deferred maintenance reserves are adequately funded.

5. Determine whether access to rooms is adequately restricted.

SCOPE OF WORK:

We interviewed key personnel responsible for student housing, reviewed policies and procedures, reviewed applicable statutes and regulations, and performed other audit procedures, as appropriate.

CONCLUSION:

In our opinion, the Department of Residence Life should more efficiently and effectively manage its student housing operations. We noted no matters we considered to be significant risk exposures and control issues. We recommended that UHV management work with UH Student Housing to determine the appropriate policies and procedures to implement in order to effectively and efficiently manage the residence halls.

Appendix A lists the area where there is an opportunity for improvement, and a recommendation that will enhance the control environment in this area, and management's response.

Don F. Guyton
Chief Audit Executive
October 6, 2017

APPENDIX A

OPPORTUNITY FOR IMPROVEMENT

Efficient and Effective Management of Residence Halls

UHV began offering student housing in 2010, with the opening of Jaguar Hall, and subsequently added Jaguar Court and Jaguar Suites residence halls in 2012 and 2013, respectively. Initially, UHV engaged an external company to manage its student housing operations until January 2014. In January 2014, UHV hired the current Director of Residence Life to direct the operations of the residence halls, provide leadership for residence life programming, and to oversee university commons operations. The Director of Residence Life has implemented processes to manage the residence halls, however the processes do not help ensure that residence halls are being efficiently and effectively managed. During the audit, UHV management began working with UH Student Housing to assess operational and information system needs. Noted below are certain areas where there are opportunities for improvement.

- Policies and procedures relating to student housing operations have not been formalized.

- Student fees are being properly approved and publicized. In addition, a reconciliation to help ensure that all fees charged are collected was implemented for the Fall 2017 semester. However, students are not always charged the approved room rate and room rates have not been updated for several years.

- Routine maintenance has been performed on the residence halls. However, deferred maintenance requirements have not been determined and a reserve for deferred maintenance has not been established and adequately funded.

- The student housing information system is not being fully utilized. The system is being used for room assignments and residence life management, but is not being used for billing and facilities management. In addition, the system is not being adequately controlled. We noted the system is supported by a vendor that has full access to the system, including the ability to view and edit student information. In addition, there are no formal procedures to grant access to users, certain users were granted generic accounts, and users that were granted access to generic accounts were sharing passwords.

Recommendation: UHV management should work with UH Student Housing to determine the appropriate policies and procedures to implement in order to effectively and efficiently manage the residence halls, including deferred maintenance requirements and information system controls and functionality.

Management's Response: UH Student Housing has indicated that they will assist us in updating and/or developing policies and procedures for our residence halls. We will utilize their input to insure that our revised policies and procedures are in place by May 31, 2018. We will also work with Facilities Services to determine deferred maintenance requirements for the residence halls and develop a plan to fund these requirements by May 31, 2018. In addition, we plan to transition to a new student housing system fully utilizing its functionality by August 31, 2018.

University of Houston System
Internal Auditing Department

UHV Student Housing - AR2018-03
Action Plan

Est. Compl. Date	Responsibility for Action Name/Title	Action To Be Taken
Risk Level:	**High** **Medium** **Low**	
May 31, 2018	Brandon Lee Director for Residence Life and University Commons	Work with UH Student Housing to update and/or develop policies and procedures for residence halls.
May 31, 2018	Brandon Lee Director for Residence Life and University Commons	Work with Facilities Services to determine deferred maintenance requirements for residence halls and develop a plan to fund these requirements.
August 31, 2018	Brandon Lee Director for Residence Life and University Commons	Transition to a new student housing system fully utilizing its functionality.

Note: Supporting documentation for actions implemented or updated management's responses for actions partially or not implemented should be furnished to the Internal Auditing Department by the estimated completion date.