UNIVERSITY OF HOUSTON SYSTEM

INTERNAL AUDIT REPORT

UNIVERSITY OF HOUSTON

STUDENT HOUSING

REPORT NO. AR2018-08

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 – UH 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 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, Student Housing and Residential Life is efficiently and effectively managing student housing operations. We noted no matters we considered to be significant risk exposures and control issues. However, we noted opportunities for improvement related to student housing in the following areas: information system access and deferred maintenance. Management is in the process of addressing the opportunities for improvement.

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
STUDENT HOUSING

BACKGROUND

Student Housing and Residential Life (SHRL) supports the mission of the University of Houston by fostering communities where academic success, student growth and development, diversity, and community are nurtured. The department exists to support students so that they will be successful in their college career while living on campus, to graduate in a timely manner, and to prepare them to continue their success after graduation. Within every interaction between residents and the department, our professional and paraprofessional staff members lead with our values of student success and satisfaction, whole person/student development, community development, building relationships, and leading with an ethic of care.

UH has nine residential buildings with a total of 8,008 beds. SHRL manages seven on-campus facilities, which contain 6,495 beds. In addition, SHRL partners with two privately managed on-campus facilities, Cambridge Oaks and Cullen Oaks, which contain 1,513 beds. Noted below is residential housing data for the nine student housing facilities for FY 2017.

Residential Building	Total Number of Beds	Fall 2016 Occupancy Rate	Spring 2017 Occupancy Rate	Total FY17 Revenue
Bayou Oaks	490	97%	96%	$3,389,089
Cougar Place	799	100%	96%	$5,368,692
Cougar Village I	1,152	96%	93%	$6,118,644
Cougar Village II	1,144	97%	92%	$5,908,999
Moody Towers	1,092	98%	91%	$4,741,364
Quadrangle	834	92%	83%	$3,269,459
University Lofts	984	99%	95%	$9,489,444
Cambridge Oaks	634	100%	94%	$3,172,855
Cullen Oaks	879	99%	97%	$7,343,749
Total	8,008	98%	93%	$48,802,295

During fiscal year 2018, with a staff of 190 FTE’s, the department administered 43 cost centers with an overall operating budget of $40,618,937.

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, Student Housing and Residential Life is efficiently and effectively managing student housing operations. We noted no matters we considered to be significant risk exposures and control issues. However, we noted opportunities for improvement related to student housing in the following areas: information system access and deferred maintenance. Management is in the process of addressing the opportunities for improvement.

Appendix A lists the areas where there are opportunities for improvement, and recommendations that will enhance the control environment in these areas, and management's responses.

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Don F. Guyton
Chief Audit Executive
October 6, 2017

APPENDIX A

OPPORTUNITIES FOR IMPROVEMENT

Student Housing System Access

Student Housing & Residential Life (SHRL) does not have adequate procedures to help ensure access to the student housing system is properly authorized and users are deactivated in a timely manner. Specifically, SHRL does not have formal procedures for granting access to the student housing system, use an access request form to grant access, maintain supporting documentation authorizing access, and deactivate users timely. In addition, SHRL was not performing periodic access reviews to help ensure access to the system was appropriate.

During the audit, SHRL upgraded its student housing system and restricted access to the system to current SHRL employees and certain university employees based on their job responsibilities. As a result, access relating to 71 of the 160 users was deactivated. Deactivated users were either former SHRL employees, former university employees, or the business justification for access was unknown. Our review of 10 of the 160 users revealed that there was no supporting documentation maintained by SHRL authorizing access for these users and 7 of these users were former SHRL or university employees.

Recommendation: SHRL should develop formal procedures to help ensure access to the student housing system is properly authorized, reviewed on a periodic basis, and users are deactivated in a timely manner.

Management's Response: SHRL is developing formal procedures for the authorization and review of access to the Student Housing Software (RMS) which will require:

- Employees to submit documentation requesting access to the Student Housing Software (RMS) for appropriate business usage. This process to ensure proper authorization will be in place by March 15, 2018.
- The SHRL Housing Office Manager or the SHRL Associate Director of Operations and Outreach will review annually (at minimum) the list of Student Housing Software (RMS) users to ensure proper authorized users are approved and deactivate other users. This process to review users and deactivate in a timely manner will be in place by March 15, 2018.

Deferred Maintenance

SHRL budgets for anticipated building repairs and maintenance for the residence halls annually. For FY 2017 and 2018, SHRL budgeted approximately $5 million each year for building repairs and maintenance. During FY 2016, SHRL established a reserve for emergencies and planned major projects and has accumulated approximately $9 million in the reserve during the previous two fiscal years. However, SHRL has not determined all of its deferred maintenance requirements.

In order to determine the deferred maintenance requirements for a building, Facilities Management performs a facilities condition audit that provides an assessment of a building's structural and systems condition and identifies areas requiring future repair and maintenance. The most recent facility condition audits for the residence halls were completed during FY 2011. According to the AVP for Facilities Management, he anticipates hiring a company to perform facility condition audits on UH buildings during FY 2018 and also completing facility condition audits on the residence halls during FY 2018.

Recommendation: After facility condition audits are completed on the residence halls, SHRL should determine its deferred maintenance requirements for each of the residence halls and develop a plan to fund the reserve for deferred maintenance, as appropriate.

Management's Response: SHRL has been working with Facilities, Planning, and Construction and Facilities Services for several years with the goal of creating a plan to address deferred maintenance and facilities related projects. We will determine the deferred maintenance requirements for each of the residence halls and develop a plan to fund the reserve for deferred maintenance by August 31, 2018.

Physical Access to Student Housing Facilities

Physical access to student housing facilities is controlled using electronic access or with physical keys. There appears to be adequate procedures to help ensure electronic access is working as intended, however, noted below are certain instances of non-compliance with SHRL procedures relating to the use of physical keys. The instances of non-compliance were discussed with the Executive Director of SHRL and he took appropriate action to help ensure procedures are followed in the future.

- Weekly key control audits at Moody Towers and Cougar Village 1 were not properly performed.
- A cabinet containing unassigned room keys for Cougar Village 1 was not adequately secured.
- Key lock changes for two rooms in Cougar Village 1 were not completed timely.

University of Houston System
Internal Auditing Department

UH Student Housing - AR2018-08
Action Plan

Est. Compl. Date	Responsibility for Action Name/Title	Action To Be Taken
Risk Level: High Medium Low		
March 15, 2018	Don Yackley Executive Director for Student Housing and Residential Life	Develop formal procedures for the authorization and review of access to the student housing system.
August 31, 2018	Don Yackley Executive Director for Student Housing and Residential Life	Determine deferred maintenance requirements for each of the residence halls and develop a plan to fund the reserve for deferred maintenance.

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.