



Item: AF: I-4C

AUDIT AND FINANCE COMMITTEE

Wednesday, October 24, 2007

SUBJECT: REVIEW OF AUDITS: REPORT NO. FAU 06/07-6, AUDIT OF HOUSING AND RESIDENTIAL LIFE FOR THE FALL 2006 SEMESTER.

PROPOSED COMMITTEE ACTION

Information Only.

BACKGROUND INFORMATION

Audit objectives were to ensure that revenues were properly supported and accurately recorded, and security issues affecting housing residents and facilities were documented, with appropriate intervention by responsible employees.

We identified opportunities for improvements related to transaction documentation, safety & security, and asset accountability. Six recommendations were made to address our findings.

IMPLEMENTATION PLAN/DATE

Management has agreed to implement the audit recommendations during the period August 31, 2007 through March 31, 2008.

FISCAL IMPLICATIONS

Not Applicable.

Supporting Documentation: Report No. FAU 06/07-6.

Presented by: Mr. Morley Barnett, Inspector General

Phone: 561-297-3682

Report No. FAU 06/07-6
Report Issue Date: July 20, 2007

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Office of Inspector General

Audit Report: Housing and Residential Life
For the Fall 2006 Semester

Use of Report

We are employed by Florida Atlantic University. This report is intended solely for the internal use of Florida Atlantic University and its governing bodies and is not intended to be used for any other purpose. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

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**REPORT ON THE AUDIT OF
HOUSING AND RESIDENTIAL LIFE**

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OFFICE OF INSPECTOR GENERAL
Florida Atlantic University

MEMORANDUM

TO: Frank T. Brogan
President

FROM: Morley Barnett
Inspector General

DATE: July 20, 2007

SUBJ: AUDIT OF HOUSING AND RESIDENTIAL LIFE

In accordance with the University's Internal Audit Plan for fiscal year 2006-07, we have conducted an audit of Housing and Residential Life at Florida Atlantic University for the Fall 2006 semester. The report contained herein presents our scope and objectives and provides comments and conclusions resulting from procedures performed.

We have made six recommendations to address our findings. We concur with the responses of the auditee which have been incorporated into the report. In accordance with our established procedures, follow-up will be performed subsequent to the issuance of this report to determine effective implementation of our recommendations by management.

Please call me if you have any questions.

cc: University Provost
Vice Presidents
Auditee
FAU BOT Audit and Finance Committee
Chancellor, State University System of Florida
Florida Auditor General

EXECUTIVE SUMMARY

In accordance with the University's Internal Audit Plan for fiscal year 2006-07, we have conducted an audit of Housing and Residential Life at Florida Atlantic University for the Fall 2006 semester.

Our audit objectives were to ensure that revenue collected was properly supported and authorized, and accurately recorded in the university's accounting records; and, physical security measures for the safeguarding of student residents and housing facilities were adequate.

Audit procedures included, but were not limited to, the evaluation of internal controls as those controls relate to the accomplishment of the foregoing audit objectives, as well as the performance of compliance testing of student housing contracts, student meal plan contracts, and documentation relevant to safety and security of student residents and housing facilities, in order to determine whether control procedures were operating effectively.

Based on our observations and tests performed, we are of the opinion that the examined operations of the Housing and Residential Life Department were generally being conducted in compliance with all applicable laws, rules, regulations, policies, procedures, and sound business practices. However, we identified opportunities for improvement pertaining to transaction documentation, safety & security compliance, and asset accountability.

The details of all findings, as well as suggestions for corrective action, can be found in the Comments and Recommendations section of this report.

FAU
OFFICE OF INSPECTOR GENERAL
Florida Atlantic University

July 20, 2007

Frank T. Brogan
President
Florida Atlantic University
Boca Raton, Florida

Dear President Brogan:

SCOPE AND OBJECTIVES

In accordance with the University's Internal Audit Plan for fiscal year 2006-07, we have conducted an audit of Housing and Residential Life at Florida Atlantic University for the Fall 2006 semester.

Our audit objectives were to ensure that revenue collected was properly supported and authorized, and accurately recorded in the university's accounting records; and, physical security measures for the safeguarding of student residents and housing facilities were adequate. Audit procedures included, but were not limited to, the evaluation of internal controls as those controls relate to the accomplishment of the foregoing audit objectives, as well as the performance of compliance testing of student housing contracts, student meal plan contracts, and documentation relevant to safety and security of student residents and housing facilities, in order to determine whether control procedures were operating effectively.

We obtained an understanding of the operations of the Housing and Residential Life Department by reviewing written policies and procedures, interviewing key departmental personnel, performing analytical reviews of selected financial information pertaining to money collections, observing actual practices, and evaluating key internal controls. Our assessment of compliance with applicable laws, rules and regulations, and established policies and procedures was based on reviews of pertinent supporting documentation for judgementally selected student residents, physical observation of facilities, and evaluation of documentation relevant to safety and security of student residents and housing facilities. Populations, sample sizes, and selection methods were determined based on our evaluation of internal controls, our assessment of audit risk, the availability of pertinent University records, and other factors including auditor judgement.

We conducted our audit in accordance with the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing.

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BACKGROUND

Housing and Residential Life is an auxiliary unit of the University which offers housing to students and select housing employees at the Boca Raton and Jupiter (MacArthur) campuses. The department creates a seamless environment of living and learning in a safe and welcoming community. Through opportunities for leadership development, civic responsibility, self-exploration, and student involvement, they assist in building a life-long connection between the student and the University. During the 2006 – 2007 academic year, the three Boca Raton residence halls (RHs) - Heritage Park Towers, Indian River Towers, and Algonquin Hall - and the University Village Apartments housed approximately 1,834 undergraduate and graduate students; and, the two Jupiter RHs - Building 1 and Building 2 - accommodated approximately 286 undergraduate students.

The Housing rates set by the University are subject to approval by the Board of Trustees, and vary depending on the facility and accommodation type (i.e., single or double). During the Fall 2006 semester, the housing rates ranged from \$1,943.60 for a double bedroom in a four-bedroom suite in Algonquin Hall to \$3,192.25 for a single bedroom in a four-bedroom suite in Indian River Towers on the Boca Raton campus and the same living arrangements on the Jupiter campus. During the Fall 2006 semester, Housing and Residential Life was staffed by a director, four assistant directors, a support staff of 41 employees (6 of whom had live-in responsibilities), and 57 student resident assistants (45 at the Boca Raton campus and 12 at the Jupiter campus). For fiscal year 2005/06, Housing and Residential Life grossed approximately \$12.5 million in housing revenues.

COMMENTS AND RECOMMENDATIONS

Current Findings and Recommendations

Ineffective Monitoring of Residents Revenue

Compliance testing of a judgementally selected sample of 130 students (100 on the Boca Raton campus and 30 on the Jupiter campus) living in University housing for the Fall 2006 semester resulted in the following reportable exceptions:

- One student residing on the Boca Raton campus was charged \$2,582.05 instead of \$2,898.45, an undercharge of \$316.40.
- The *Housing Students Below 12 Hours* (SIS) report – used by management to determine academic eligibility for student housing – does not include students who do not enroll for any courses during a given semester. In addition, the review frequency of the report – once at the beginning of each semester and again after the drop/add period has closed – is not adequate to ensure that students are enrolled for courses during the entire semester.
- The collections report – used by management to track the outstanding account balance of each student living in University housing – is manually prepared at the beginning of each semester. In addition, this report is manually updated daily via review of the students' accounts on the Student Information System (SIS) during the course of the

semester. The manual preparation and update of the report is time-consuming and prone to human error.

- One student residing on the Boca Raton campus had a current balance due of \$11,052.94 as of 6/11/07. The student had not paid the entire housing or meal plan fees for the Fall 2006 and Spring 2007 semesters. This student did not appear on the *Housing Students Below 12 Hours* report despite not having enrolled for any courses during the Spring 2007 semester. In addition, this student did not appear on the collections report even though the resident had an outstanding balance of \$4,348.60 at the end of the Fall 2006 semester.
- Management was unable to locate the 2006–07 Housing Contracts for three students living on the Boca Raton campus.

Recommendation No. 1

We recommend that management take the appropriate actions to collect the fees from the students cited. In addition, we recommend that the *Housing Students Below 12 Hours* report be revised to include students who do not enroll for any courses during a given semester and be reviewed on at least a *monthly* basis. We also recommend that the collections report indicating students' account balances be automated in order to improve its reliability and integrity. To facilitate compliance in the future, the review frequency of the *Housing Students Below 12 Hours* report should be incorporated into the Standard Operation & Procedure Guide.

Management's Response

Action Plan:

(A) If the residents cited are still FAU students in the Fall 2007 semester, we will contact them via letter to notify and inform them of the billing error. Additionally, we will adjust their student account accordingly.

(B) We will meet with IRM to review the programming code for the *Housing Students Below 12 Hours* report to ensure that it will identify zero credit hours for those students living in housing. The report will be run on the first of every month to note changes. Those students with zero credit hours will be immediately contacted and a contract termination will be processed if after the drop/add period.

(C) We will meet with IRM to create an automated report in Banner regarding student accounts which are past due.

Implementation Dates:

(A) September 28, 2007; (B) January 31, 2008; (C) March 31, 2008

Responsible Auditee:

Jill Eckardt, University Housing Director

Inadequate Documentation of Security Walk-Throughs

Security walk-throughs are performed by Resident Assistants every night in all student housing facilities on the Boca Raton and Jupiter campuses. These safety inspections are to be documented on a *Duty Log*, and performed six times on Monday through Thursday; seven times on Friday; ten times on Saturday; and nine times on Sunday at the Boca Raton campus, and three times on Monday through Thursday; four times on Friday; five times on Saturday; and four times on Sunday at the Jupiter campus.

Compliance testing of the available daily duty logs for a judgementally selected sample of 20 days during the Fall 2006 semester for all eight student housing facilities, resulted in the following reportable exceptions:

<i><u>Housing Facilities</u></i>	<i><u>Number of Unlocated Daily Duty Logs</u></i>	<i><u>Number of Located Daily Duty Logs</u></i>	<i><u>Number of Located Daily Duty Logs Without Required Number of Safety Inspections</u></i>
Algonquin	12	8	1
Heritage Park Towers North	1	19	4
Heritage Park Towers South	9	11	1
Indian River Towers East	2	18	2
Indian River Towers West	20	0	0
Apartments/BPWSH*	2	18	1
Jupiter RH Building 1	2	18	3
Jupiter RH Building 2	1	19	3
Totals	49	111	15

*Business and Professional Women’s Scholarship House

In addition, two of the abovementioned daily Duty Logs without the required number of safety inspections for the Jupiter RH Building 1 did not indicate that the Multi-Purpose Room (MPR) TV & DVD were inspected.

Recommendation No. 2

We recommend that management enforce compliance with procedures established for nightly security walk-throughs of all student housing facilities.

Management's Response

Action Plan:

A weekly review of duty logs will occur during the first four weeks of each semester. Thereafter, monthly checks of duty logs will occur by staff other than the Resident Coordinators.

Implementation Date:

December 31, 2007

Responsible Auditee:

Jill Eckardt, University Housing Director

Untimely Announced Fire Drills

Under current written procedures, there is to be one posted (announced) fire drill within the first three weeks of the fall, spring, and summer A semesters. However, the announced fire drills at the Boca Raton and Jupiter campuses were not performed within the first three weeks of the Fall 2006 semester; instead they were conducted during the Safety and Security weeks in September. Under current practice, the announced fire drills for the fall semester are conducted during the Safety and Security weeks at the respective campuses, which occur more than three weeks after the commencement of the semester.

Recommendation No. 3

We recommend that Housing and Residential Life complies with the established procedures pertaining to fire drills.

Management's Response

Action Plan:

Fire drills will occur within the first three weeks of each semester as currently stated in the Housing Guidebook.

Implementation Date:

September 28, 2007

Responsible Auditee:

Jill Eckardt, University Housing Director

Inadequate Documentation of Health and Safety Inspections

Under current written procedures, the University Housing staff conducts health and safety inspections of all student rooms in the housing facilities on the Boca Raton and Jupiter campuses on a regular basis to check for necessary repairs, cleanliness, policy compliance, and safety guidelines. The inspections are announced at least twenty-four hours in advance through public posting of information. Any items found during an inspection which violate a University Housing policy or otherwise pose a safety violation or risk, will be removed by University Housing or other University officials. A violation form – used to document the violation and its correction – is given to the resident to notify them of the infringement and inform them that a re-inspection of the room will be conducted in 48 hours.

As a result of our review of the available records for all 711 student housing units (629 on the Boca Raton campus and 82 on the Jupiter campus) for the Fall 2006 semester to ensure that all 1,869 student rooms were inspected, and the health and safety inspection documentation was properly completed, we noted the following reportable issues:

<u><i>Housing Facilities</i></u>	<u><i>Number of Housing Units</i></u>	<u><i>Number of Housing Units with Unlocated Inspection Documentation</i></u>	<u><i>Number of Rooms With Violations</i></u>	<u><i>Number of Rooms With Violations With Unlocated Violation Forms</i></u>
Algonquin	94	3	6	2
Heritage Park Towers (HPT) North	82	7	4	0
Heritage Park Towers (HPT) South	83	7	23	4
Indian River Towers East	93	11	50	46
Indian River Towers West	93	3	36	0
Apartments/BPWSH	184	6	22	0
Jupiter RH Building 1	41	41	*	*
Jupiter RH Building 2	41	41	*	*
Totals	711	119	141	52

Note: Each housing unit may have one or more rooms.

*Unable to determine since there was no documentation available for review at the Jupiter campus

Other specific exceptions were as follows:

- The inspection reports for *five* RA rooms (two at Algonquin and three at the Apartments) indicated that the RAs inspected their own rooms.

- The violation forms for *eight* rooms (four at HPT North and four at the Apartments) did not indicate if the re-inspections of the rooms passed or failed.
- The violation forms for *six* rooms (two at HPT South and four at the Apartments) did not indicate the dates of the re-inspections of the rooms; therefore, we were unable to determine if the re-inspections of the rooms had been performed within 48 hours of the notification dates, as required by university policy. In addition, one of the abovementioned violation forms for the Apartments did not indicate the “staff signature” of the employee performing the re-inspection. Also, two of the abovementioned violation forms for the Apartments did not indicate the “notification dates” or “staff signatures” of the employees performing the inspections and re-inspections.

Recommendation No. 4

We recommend that management enforce compliance with the established health and safety inspection procedures pertaining to inspections of all student rooms in the housing facilities, including Resident Assistant rooms. In addition, we recommend that the detailed health and safety inspection forms used at the Boca Raton campus be used at the Jupiter campus in order to promote uniformity.

Management's Response

Action Plan:

A semesterly review of a sample of health & safety reports will be completed by staff outside of Residential Life. The Resident Assistant (RA) rooms at Heritage Park and Indian River Towers will be inspected by the Resident Coordinators (RCs) from the other Tower within the area, and Algonquin RC will inspect University Village RA rooms and vice versa. The University Housing Director will inspect Jupiter RA rooms. All health & safety forms will be uniform across campuses.

Implementation Date:

October 31, 2007

Responsible Auditee:

Jill Eckardt, University Housing Director

Lack of Training Session Logs

Under current procedures, all housing staff members are required to attend training sessions for housing administration, which includes, among other things, safety and security issues, prior to the start of the Fall and Spring semesters. Based on discussions with management, we noted that all Resident Assistants (RAs) and Resident Coordinators (RCs) are required to attend the training

sessions; however, a sign-in sheet to document their attendance at the training sessions is not being maintained.

Recommendation No. 5

We recommend that a sign-in sheet be established and maintained for all safety and security related training sessions conducted prior to the start of the Fall and Spring semesters. The sign-in sheet should indicate the date, title of training session, and names and signatures of the employees attending the training session.

Management's Response

Action Plan:

A sign-in process will be created and implemented for all safety and security related RA training sessions for each semester's training schedule.

Implementation Date:

August 31, 2007

Responsible Auditee:

Jill Eckardt, University Housing Director

Incomplete Employee Key Control Logs

Based on discussions with management, and our observations, we noted that key control logs – signed by the employee to acknowledge receipt of assigned keys – are being used to record the keys assigned to each employee. In addition, the logs are used to document the employees' return of his/her specific keys because of transfer, suspension, termination or other reasons.

Testwork to review the key control logs for a judgementally selected sample of ten full-time employees (eight at the Boca Raton campus and two at the Jupiter campus) indicated that management was unable to locate the key control logs for the two employees at the Jupiter campus. In addition, there is no field on the key control log to indicate the signature of the designated custodian who accepts the keys from an employee whenever he/she is required to turn-in his/her assigned keys because of transfer, suspension, termination, or other reasons, even though the locksmith signs and dates the logs to verify the return of all assigned keys.

Recommendation No. 6

We recommend that key control logs be established and maintained for each employee with assigned access to the various areas/storage facilities of the Housing and Residential Life Department. The logs should be signed by the employees to acknowledge receipt of assigned keys. In addition, we recommend that the format of

the key control log be revised to add a field to indicate the signature of the designated custodian who accepts the keys from an employee whenever he/she is required to turn-in his/her assigned keys because of transfer, suspension, termination, or other reasons.

Management's Response

Action Plan:

Uniform key control logs will be created and used for each individual full-time employee working for Housing and Residential Life. The logs will include custodian signature line(s) as well as locksmith signature line(s).

Implementation Date:

October 31, 2007

Responsible Auditee:

Jill Eckardt, University Housing Director

Prior Audit Recommendations

Our examination generally includes a follow-up on findings and recommendations of prior internal audits, where the subjects of such findings are applicable to the scope of the current audit being performed.

Within the past three years, our office has not conducted any audits related to the operations of the Housing and Residential Life Department. Accordingly, a follow-up on prior audit findings is not applicable.

CONCLUSION

Based on our observations and tests performed, we are of the opinion that the evaluated operations of the Housing and Residential Life Department were generally being conducted in compliance with all applicable laws, rules, regulations, policies, procedures, and sound business practices. We have identified opportunities to improve internal controls in the critical areas of transaction documentation, safety & security compliance, and asset accountability. It is our belief that the existing control weaknesses can be readily corrected in order to cost-effectively improve the overall internal control environment and enhance the mission of the department.

We wish to thank the staff of Housing and Residential Life for their kind cooperation and assistance which contributed to the successful completion of this audit.

A handwritten signature in cursive script, reading "Morley Barnett", written in a reddish-brown ink.

Morley Barnett, CPA, CFE
Inspector General

Audit Performed By: Morley Barnett, CPA, CFE
Allaire Vroman