



Internal Audit Department

Housing and Residence Life

August 2015
Report Number FY 16-01

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Northern Arizona University
Housing and Residence Life
Audit Report
August 11, 2015

Summary

Our audit of NAU's Housing and Residence Life is in our Annual Audit Plan for FY 2016, as approved by the Audit Committee of the Arizona Board of Regents. This audit links to Northern Arizona University's goal of having efficient, effective, and accountable practices.

Background: With an administrative and housing staff of approximately 945 employees that is comprised of 57 full-time employees, 18 graduate assistants, 700 student workers, 80 trades/custodial personnel and 90 trades student workers, Housing and Residence Life is responsible for managing all residence halls and family housing communities, including staffing, programming, maintenance, applications, room assignments, transfers, billings and facility enhancements. To help in this endeavor, Housing and Residence Life utilizes StarRez, which is a comprehensive and convenient housing management system that includes: online housing applications, online roommate and room self-selection, core staff administrative functions such as billing, reporting, key management, personnel management, room inventory and maintenance management, incident management, student conduct tracking/reporting, email and mail merge. The system is integrated with a range of campus systems including: student information, student financials, online payment processors, single sign-on via LOUIE, security access cards and meal plans. Housing and Residence Life offers 21 living styles on campus that include:

- 12 freshman connection halls;
- 2 upper division suite-style halls;
- 8 upper division apartment-style halls; and
- Family housing apartments

Each of the 21 residence halls is managed by a residence hall director who oversees student residence assistants (RA) assigned to a particular section of the hall. RAs work directly with the residents of their assigned hall.

To be eligible for on-campus housing, a student must be registered for, and complete, a minimum of 12 credit hours of coursework per semester (9 credit hours for graduate students) and be pursuing a degree. Once the student accepts an offer of admission and pays their enrollment deposit, he or she is granted access to the housing portal. For students new to housing, a housing rent confirmation payment of \$175 is due in May to reserve a room for the upcoming academic year. In the housing portal, the student has access to an electronic housing application. Housing charges are created in StarRez and

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uploaded daily to PeopleSoft. Housing payments are applied through Student and Departmental Account Services with payments reflected in PeopleSoft as well.

Rates for the 2014-2015 academic year ranged from \$4,600 to \$6,120 for single students and family housing rates ranged from \$809 to \$894 per month. Single students are billed in four installments per semester and families are billed monthly. Students are charged 50% of the academic year rent for fall and 50% for spring. Utilities, cable television and high-speed internet access are included in the rent.

Housing and Residence Life budgets \$7 to \$7.5 million per year to maintain/refurbish the halls/apartments by replacing mattresses, carpet, and furniture; and to upgrade infrastructure. The most recent project completed was the installation of fire sprinklers in halls that did not have them.

Audit Objectives: The primary objectives of the audit are to determine whether:

- there is effective control over Housing and Residence Life's revenues and expenditures; and
- Housing and Residence Life is in compliance with NAU and ABOR policies and procedures.

Scope: The scope of our audit included a review of documents and system reports supporting transactions that occurred from fall 2014 to spring 2015, as well as current practices and procedures.

Methodology:

- Audit reviewed ABOR and NAU policies and procedures related to housing rates, billings and collections; and the StarRez system and corresponding StarRez reports to understand the functionality and automated billing system.
- Audit reviewed customized accounting reports related to housing revenues and expenditures to understand the management review process.
- Audit interviewed housing staff and NAU's Fire Marshal and Fire Life Safety staff to gain an understanding of training and fire safety procedures.

The audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*.

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Conclusion:

- Fiscal year 2015 housing rates were properly approved by ABOR. Housing billing and collection procedures were consistent with policies and procedures and are automated. Because billings and collections are numerous, the automated system allows for increased efficiencies in the process.
- Management's oversight of housing revenues and expenditures allows for educated decision making as well as immediate identification and correction of errors.
- Housing staff and emergency training as well as fire safety procedures exist. Periodic training is provided to housing staff related to policies and procedures for residence management as well as evacuation procedures. Fire drills are conducted by fire life safety personnel each year. Fire equipment is tested/maintained periodically. Residence halls are constantly being evaluated for safety concerns followed by timely corrections of those concerns.

Observations: We noted that:

- As of August 1, 2015, forms used in each hall were revised to allow for consistent application and cross-training.
- Utility meters have been installed at each residence hall so utilities will be expensed to each residence hall based on actual consumption for fiscal year 2016.
- Beginning August 2015, Fire Life Safety parts will be stocked at Campus Supply to ensure prompt correction of fire life safety issues.

The control standards we considered during this audit and the status of the related control environment are provided in the following table.

General Control Standard (The bulleted Items are internal control objectives that apply to the general control standards, and will differ for each audit.)	Control Environment	Recommendation No.	Page No.
Reliability and Integrity of Financial and Operational Information			
<ul style="list-style-type: none"> • System is automated to allow students access to housing portal. 	Reasonable to Strong Controls in Place		
<ul style="list-style-type: none"> • Housing rates used in billing residents were approved by ABOR. 	Reasonable to Strong Controls in Place		

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General Control Standard (The bulleted Items are internal control objectives that apply to the general control standards, and will differ for each audit.)	Control Environment	Recommendation No.	Page No.
<ul style="list-style-type: none"> • Periodic reconciliations of P/S Financials to StarRez are performed. 	Reasonable to Strong Controls in Place		
<ul style="list-style-type: none"> • System is automated to allow for efficient billing of miscellaneous charges (i.e. damages, rekeying, etc.). 	Reasonable to Strong Controls in Place		
<ul style="list-style-type: none"> • Scholarship allowances are calculated within PeopleSoft and recognized at year-end according to NAU and ABOR policies. 	Reasonable to Strong Controls in Place		
<ul style="list-style-type: none"> • Accounting management reviews housing accounts receivable aging schedule for collectability and determine allowance for doubtful accounts. 	Reasonable to Strong Controls in Place		
<ul style="list-style-type: none"> • Accounting management determine deferred revenue at year-end for rent deposits received in advance for following academic year. 	Reasonable to Strong Controls in Place		
<ul style="list-style-type: none"> • Periodic review of damages to ensure prompt notification to insurance company to cover damages. 	Reasonable to Strong Controls in Place		
<ul style="list-style-type: none"> • GL detail review of expense accounts is performed to ensure charges belong to Housing and Residence Life. 	Reasonable to Strong Controls in Place		
<ul style="list-style-type: none"> • Proper approval and budget comparison performed for small residence hall purchases. 	Reasonable to Strong Controls in Place		
<ul style="list-style-type: none"> • Purchase orders properly used with the identification of the residence hall listed to ensure accurate allocation of expenses to residence halls. 	Reasonable to Strong Controls in Place		
<ul style="list-style-type: none"> • Monthly management review of actual to budget of revenues and expenses with additional review of occupancy rates, maintenance costs and other operational reports. 	Reasonable to Strong Controls in Place		

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General Control Standard (The bulleted Items are internal control objectives that apply to the general control standards, and will differ for each audit.)	Control Environment	Recommen- Dation No.	Page No.
Effectiveness and Efficiency of Operations			
<ul style="list-style-type: none"> • Policies and procedures exist for housing activity, training activity and safety procedures. 	Reasonable to Strong Controls in Place		
<ul style="list-style-type: none"> • Processing procedures are efficient and in accordance with stated policies and procedures. 	Reasonable to Strong Controls in Place		
<ul style="list-style-type: none"> • Payments on accounts are properly segregated to the Student and Departmental Accounts Services and applied according to NAU payment hierarchy policy. 	Reasonable to Strong Controls in Place		
<ul style="list-style-type: none"> • The billing system is automated. 	Reasonable to Strong Controls in Place		
<ul style="list-style-type: none"> • Dashboards built into the StarRez system allow for real-time snap shot information provided to management. 	Reasonable to Strong Controls in Place		
<ul style="list-style-type: none"> • StarRez is utilized to document training of housing staff. 	Reasonable to Strong Controls in Place		
<ul style="list-style-type: none"> • StarRez is used to process rekeying of room keys and process miscellaneous charges. 	Reasonable to Strong Controls in Place		
<ul style="list-style-type: none"> • Housing maintains maintenance crew for immediate response to residents' repairs and maintenance requests. 	Reasonable to Strong Controls in Place		
Safeguarding of Assets			
<ul style="list-style-type: none"> • Room keys are adequately secured. 	Reasonable to Strong Controls in Place		

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General Control Standard (The bulleted Items are internal control objectives that apply to the general control standards, and will differ for each audit.)	Control Environment	Recommendation No.	Page No.
<ul style="list-style-type: none"> • Key inventories are performed weekly. 	Reasonable to Strong Controls in Place		
<ul style="list-style-type: none"> • Check-in and check-out procedures exist and are appropriately documented for damage to property. 	Reasonable to Strong Controls in Place		
<ul style="list-style-type: none"> • Evacuation procedures exist in each residence hall. 	Reasonable to Strong Controls in Place		
Compliance with Laws and Regulations			
<ul style="list-style-type: none"> • Fire drills are conducted several times annually. Training is provided to residents, residence assistants and residence hall directors. 	Reasonable to Strong Controls in Place		
<ul style="list-style-type: none"> • Building fire safety and fire safety equipment reports are used to identify and correct violations and/or concerns. 	Reasonable to Strong Controls in Place		
<ul style="list-style-type: none"> • Fire sprinklers, fire extinguishers and fire alarms are tested annually on all residence halls. 	Reasonable to Strong Controls in Place		

We appreciate the assistance of the staff of the Housing and Residence Life Office as well as the Comptroller's Office, Fire Marshal and Fire Life Safety Office.

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This report is intended for the information and use of the Arizona Board of Regents, NAU administration, the Arizona Office of the Auditor General, and federal awarding agencies and sub-recipients.