

Residence Life Business Practices

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Submitted to:

Jennifer N. Hiatt, Executive Director, Residence Life

Copies to:

Audit Committee, Arizona Board of Regents

Ann Weaver Hart, President

Andrew C. Comrie, Senior Vice President for Academic Affairs and Provost

Gregg Goldman, Senior Vice President for Business Affairs and Chief Financial Officer

Melissa Vito, Senior Vice President for Student Affairs and Enrollment Management, and
Senior Vice Provost for Academic Initiatives and Student Success

Laura Todd Johnson, Vice President, Legal Affairs and General Counsel

Jon Dudas, Senior Associate to the President and Secretary of the University

Michele L. Norin, Vice President for Information Technology and Chief Information Officer

Duc D. Ma, Interim Associate Vice President, Financial Services Office

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Summary

Our audit of the Residence Life business practices was included in our approved Fiscal Year (“FY”) 2015 Audit Plan. The University of Arizona’s (“UA”) *Never Settle* plan calls for a business model that rewards productivity, effectiveness, and entrepreneurship. As an auxiliary enterprise of UA, Residence Life’s business practices are critical to its ability to meet its goals and support UA’s overall mission. While previous audits have covered portions of Residence Life’s processes, this is our first comprehensive audit of Residence Life’s business practices.

Background: Residence Life is a division of Student Affairs and handles on-campus housing for approximately 7,000 students in 24 residence halls. In addition, Residence Life houses students and conference guests during the summer. While the residence halls primarily serve undergraduate students, one hall, La Aldea, features apartments for graduate students. Residence Life also runs the Off-Campus Housing office, a resource for primarily non-freshman students seeking housing in the Tucson community, and Arizona Youth University, a summer camp program for elementary through high school students.

Residence Life offers a college learning community to students who choose to live in the halls. Their programs include:

- Live-in staff, community directors, and resident assistants,
- Faculty Fellows that pair UA faculty with residence halls,
- Themed communities that allow students with a common interest or major to live together in a specific hall wing,
- Leadership opportunities through the Residence Hall Association, Hall Councils, and the National Residence Hall Honorary,
- Student-run recycling and social justice programs, and
- Campus-wide social events led by students.



According to Residence Life statistics, students who live on-campus their first year have an almost 10% higher GPA compared to freshmen who live off-campus. In addition, their statistics show that students who live on-campus at least one year have a 50% higher 4-year graduation rate compared to students who never live on-campus.

Within UA’s decentralized model, Residence Life, like other UA departments, is responsible for developing and implementing business practices in compliance with UA policy.

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Audit Objective: Our primary audit objective was to ensure that Residence Life business practices were in compliance with University policies and procedures.

Scope: The scope of this audit included Residence Life business practices during FY 2015, as well as certain practices during the summer of FY 2014. Our risk assessment identified 11 higher-risk business processes that were selected for audit:

- Cell phones and stipends,
- Conference services,
- Purchasing card (“PCard”) use,
- Account reconciliations,
- Leased facilities,
- Non-traditional employees (including student employees and resident assistants),
- Information technology (“IT”) security,
- Building security (including electronic building access and metal keys),
- Contracts,
- Housing environment, and
- Revenue.

Methodology: Our audit objective was accomplished by performing the following:

- Meeting with 15 Residence Life administrators, directors, and managers, including the Executive Director, to discuss the audit process and gather general information regarding Residence Life’s business practices in order to plan the audit and complete a preliminary risk assessment.
- Performing a preliminary risk assessment of Residence Life business practices and selecting 11 higher-risk areas for audit (as listed under **Scope**).

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- Meeting with the following Residence Life staff to review and observe procedures and facilities, and to verify compliance with UA policies:
 - Director, Administrative Services,
 - Systems Administrator, Senior,
 - Manager, Continual Service Improvement,
 - Manager, Residence Life Operations,
 - Manager, Residence Life Budget and Revenues,
 - Interim Assistant Director, Business & Accounting Services and Human Resources,
 - Assistant Director, Student and Guest Services,
 - Shop Superintendent,
 - Manager, Residence Life Access Control,
 - Director, Residential Facilities,
 - Assistant Director, Housing Assignment Services,
 - Accountant,
 - Accountant, Senior,
 - Community Director,
 - Program Coordinator, Senior,
 - Administrative Assistant, and
 - Program Coordinator.

- Reviewing written Residence Life procedures and documentation to evaluate controls and verify compliance with UA policies in the following areas:
 - Cell phones and stipends,
 - PCards,
 - Building security, including metal key monitoring and electronic access administration,
 - Check deposit procedures,
 - Contracts with vendors,
 - Contracts with Conference Services customers, and
 - Leases.

- Contacting applicable staff in other UA departments to verify Residence Life's compliance with policies, including:
 - Procurement and Contracting Services,
 - Risk Management Services,
 - Surplus Property,
 - Real Estate Administration,
 - University Information Technology Services,
 - Financial Services Office, and
 - Office of Scholarships and Financial Aid.

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- Selecting a sample of transactions from the following areas to verify compliance with UA and/or Residence Life policies and procedures:
 - PCards,
 - Cell phone monthly payments and stipends,
 - Conference Services events,
 - Service billings from UA Bookstores, and
 - Employee access to enterprise systems.

For each sampled area, sample items were selected via blind pencil stab from the population of transactions queried from UAccess Analytics using the applicable object code, transaction type, or dashboard.

Conclusion: Residence Life's structure directs most business-related transactions through their administrative and business services staff. This ensures that the employees responsible for monitoring and approving transactions are centralized and trained. As a result, we did not identify any reportable opportunities for improvement in the 11 business areas reviewed. Minor issues were discussed with Residence Life administration and resolved during the course of the audit.

Residence Life has developed extensive business and administrative processes to ensure compliance with UA policies. Because Residence Life has many student and part-time employees, in-house training has been developed to ensure all employees are aware of their responsibilities and are able to comply with UA policies. For example, Residence Life empowers its staff to make purchasing decisions using the PCard; however, it has implemented strong controls within the business office to review these transactions prior to submission to the Financial Services Office in order to identify errors and opportunities to re-train users. The large size of the department as well as the commitment to compliance has allowed Residence Life to implement strong controls across business and administrative functions.

Residence Life's business processes have also been updated in recent years to take advantage of efficiencies offered by UA's enterprise systems, especially UAccess Analytics, the data management tool that allows campus users to view data from the other enterprise systems in custom ways. Residence Life modified its procedures as needed when the new enterprise systems were implemented. For example, the number of accounts used by Residence Life was reduced and sub-accounts were implemented to make it easier for users to monitor financial transactions. Residence Life has also ensured that its business office staff have extensive knowledge in using UAccess Analytics, and the staff are then able to train administrators in other areas of Residence Life to monitor their own financial data in the system. This has reduced the need for shadow systems and custom reports, and increased the efficiency of financial monitoring.

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One area that Residence Life has chosen to handle internally, separately from other UA departments, is building security, including the handling of metal keys and electronic building access. Residence Life has determined that it has a very low risk tolerance as it relates to the safety and security of its students living in residence halls. As a result, the department has made a significant investment in staff and supplies in order to ensure access to the halls is limited to only those with authorized access. Additionally, as a security sensitive department, Residence Life performs background checks on all staff who are granted access to departmental facilities. Residence Life has developed strong controls over master and sub-master keys and is able to monitor daily for keys that may be missing. This reduces the risk that a set of keys could be lost or stolen and compromise the security of a Residence Life building. Residence Life also uses electronic building access to control the entrances of each of its halls. While it uses the same vendor as the rest of campus, Residence Life has implemented additional controls over adding and removing electronic access and works closely with the vendor to troubleshoot any issues that may arise.

Residence Life also has information technology staff who manage employee email separately from the main campus email system, administer key Residence Life information systems, and maintain a server room and back-ups, among other IT-related tasks. Although this structure is currently functioning well, we do recommend that Residence Life continue to evaluate their IT needs, as technology may change such that certain tasks, such as email and server rooms, could better be handled by University Information Technology Services to free up Residence Life IT staff to focus on more specific needs.

According to the Institute of Internal Auditors International Professional Practices Framework, an organization is expected to establish and maintain effective risk management and control processes. These control processes are expected to ensure, among other things, that:

- The organization's strategic objectives are achieved;
- Financial and operational information is reliable and possesses integrity;
- Operations are performed efficiently and achieve established objectives;
- Assets are safeguarded; and
- Actions and decisions of the organization are in compliance with laws, regulations, and contracts.

Our assessment of these control objectives as they relate to the Residence Life's business practices is presented on the following page.

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General Control Objectives	Control Environment	Audit Result	
		No.	Page
Achievement of the Organization's Strategic Objectives			
<ul style="list-style-type: none"> Residence Life's business practices support its position as a UA auxiliary unit. 	Reasonable to Strong Controls in Place		
Reliability and Integrity of Financial and Operational Information			
<ul style="list-style-type: none"> Revenue, including that received for conference services and contracts, is accurately recorded and monitored. 	Reasonable to Strong Controls in Place		
<ul style="list-style-type: none"> Regular account reviews and reconciliations are performed to ensure accuracy and completeness. 	Reasonable to Strong Controls in Place		
Effectiveness and Efficiency of Operations			
<ul style="list-style-type: none"> IT resources are administered in support of Residence Life's operations. 	Reasonable to Strong Controls in Place		
Safeguarding of Assets			
<ul style="list-style-type: none"> Building security and the housing environment are maintained to ensure security of students, employees, and assets. 	Reasonable to Strong Controls in Place		
<ul style="list-style-type: none"> Cell phones owned by UA are monitored and protected, and employee cell phone stipends are administered accurately. 	Reasonable to Strong Controls in Place		
Compliance with Laws and Regulations			
<ul style="list-style-type: none"> Procedures for paying, monitoring, and supervising non-traditional employees are in compliance with UA, state, and federal laws and regulations. 	Reasonable to Strong Controls in Place		
<ul style="list-style-type: none"> PCards are utilized, reviewed, and recorded in compliance with UA policies. 	Reasonable to Strong Controls in Place		
<ul style="list-style-type: none"> Leased facilities are negotiated, contracted, and monitored in compliance with UA policies. 	Reasonable to Strong Controls in Place		

We appreciate the assistance of Residence Life and other UA employees during this audit.

 /s/
 Amanda L. Perkins, CPA
 Auditor-In-Charge
 (520) 626-3726
 alperkin@email.arizona.edu

 /s/
 Sara J. Click, CPA
 Chief Auditor
 (520) 626-4155
 clicks@email.arizona.edu