



Office of Internal Audit

December 5, 2019

Dr. Sandra Woodley, President
The University of Texas of the Permian Basin
4901 E. University Boulevard
Odessa, Texas 79762

Dear Dr. Woodley:

We have completed our audit of Student Housing as included in the FY 2019 annual audit plan. The purpose of this audit was to examine procedures and controls over collections and receipts, and to determine if they vouch to account balances. We conducted this audit in accordance with guidelines set forth in UTS129, the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*, and *Generally Accepted Government Auditing Standards* (GAGAS) as issued by the Comptroller General of the United States.

Our review of housing records for the Fall 2018 and Spring 2019 semesters resulted in four high-risk findings, and revealed that inadequate policies, procedures and controls led to charges not being consistently applied to both student and faculty/staff housing accounts, resulting in lost revenue. For additional detail, please refer to the attached audit report.

We express our appreciation to the management and staff of UT Permian Basin for the courtesy and cooperation extended to us during this audit. We wish to note that management has already implemented corrective action, or is in the process of doing so, as explained in the report.

Sincerely,

A handwritten signature in black ink that reads "Glenn S. Spencer".

Glenn Spencer, CPA
Chief Audit Executive

cc: Dr. Rebecca Spurlock, Vice President for Student Services and Leadership
Chermae Peel, Director of Student Housing

The University of Texas

Permian Basin

STUDENT HOUSING – FY 2019

December 2019



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4901 E. University Boulevard
Odessa, Texas 79762**

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Executive Summary

We have completed our audit of Student Housing as included in the FY 2019 annual audit plan. The purpose of this audit was to examine procedures and controls over collections and receipts, and to determine if they vouch to account balances. The audit covered traditional student housing, as well as on-campus student housing for faculty and staff. The period reviewed was Fall 2018 and Spring 2019.

From the results of our work, we noted the following observations:

Risk Rank	Finding
High	Student housing fees are not being properly tracked and billed on all student accounts, resulting in lost revenue.
High	Contract terms for student housing for faculty and staff are not being followed or enforced, resulting in lost revenue
High	Most housing agreements for faculty and staff are unsigned by the occupant
High	There is no approved policy regarding faculty and staff housing

OVERALL CONCLUSION

Inadequate policies, procedures and controls have resulted in charges not being consistently applied to both student and faculty/staff housing accounts, resulting in lost revenue.

Additional information, along with our recommendations and management's response/action plan, is detailed in the section entitled "Audit Results".

Audit Objective

The objective of our audit was to examine procedures and controls over collections and receipts, and to determine if they vouch to account balances.

Scope and Methodology

The scope covered the Fall 2018 and Spring 2019 semesters, and included the following procedures:

- Gained an understanding of the student and faculty/staff housing process through interviews
- Reviewed student housing contracts
- Reviewed faculty and staff housing agreements, rent payment information, and employment offer letters and related documentation for faculty and staff housing terms
- Reviewed a sample of student housing and faculty and staff housing accounts

Our audit was conducted in accordance with guidelines set forth in UTS 129; with the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*; and with *Generally Accepted Government Auditing Standards* (GAGAS) as issued by the Comptroller General of the United States.

Risk Ranking Criteria

Risk Level	Definition
PRIORITY	An issue identified by an internal audit, if not addressed immediately, has a high probability to directly impact achievement of a strategic or important operational objective of UT Permian Basin or UT System as a whole.
HIGH	Risk that is considered to be substantially undesirable and results in a medium to high probability of significant adverse effects to UT Permian Basin either as a whole or at the college/department/unit level.
MEDIUM	Risk that is considered to be undesirable and has a low to medium probability of adverse effects to UT Permian Basin either as a whole or at the college/department/unit level. Without appropriate controls, the risk will occur some of the time.
LOW	Considered to have minimal probability of adverse effects to the UT institution either as a whole or at the college/ school/unit level. Even with no controls, the exposure to UT Permian Basin will be minimal.

Audit Results

Finding No. 1: Student Housing Costs Not Charged to Student Accounts

From our testing of 31 student accounts for both the Fall 2018 and Spring 2019 semesters, we noted that 5 of 31 (16%) student accounts were not charged for housing, which resulted in lost revenue of \$28,582:

- A. \$16,375 in lost revenue was from four students not being charged for their housing, due to inaccurate or incomplete information not feeding from the student housing system (Mercury) into the student account module in PeopleSoft, which is controlled by the Accounting office. While both Student Housing and Accounting have been aware of this issue, no reconciliations between the two systems have been performed which could have identified uncollected student housing fees. This issue reportedly dates back to the implementation of PeopleSoft Campus Solutions in 2016, and there has not been any follow-up to obtain payment from past periods.

While our sample size was not large enough to be considered statistically valid, applying the tested error rate to all student housing accounts would result in a *potential* loss of up to \$400,000 in revenue for FY 2019 alone.

- B. The remaining \$12,207 in lost revenue was due to one student in a family mobile home housing unit not being charged from Fall 2017 until vacating the unit during the Fall of 2018. This occurred per a decision by the former Senior Associate Vice President for Student Services, who was unable to provide a justification.

Assessed Level of Risk: High

Recommendation

- A. Since Student Housing can identify all students living on campus, they should initiate action with the Information Resources Department and, if necessary, with UT Shared Information Services (SIS) to ensure that the information transfer from Mercury to PeopleSoft student accounts is fully accurate. Until that time, Student Housing should manually reconcile student housing charges to PeopleSoft student accounts. Such a reconciliation can take the form of viewing online student account data in PeopleSoft and comparing it against Student Housing records. This should be performed on a regular basis to ensure that charges are being accurately applied to all student accounts and to minimize uncollected revenues.
- B. An official policy should be implemented that prescribes the procedure and approval process for waiving housing fees. Any waiving of housing fees should be documented, including the approval and justification.

Management's Response/Action Plan

Management concurs with the recommendations.

- A. Background: The way the interface was built for financials for People Soft requires a customization from Mercury. Credits and charges are required to be in separate files. Over the last 4 semesters there have been issues when the credits process that have required adjustments within Mercury. Unfortunately, those issues emerge when a discrepancy is found. The technical set-up was not redone when the University moved from Poise to People Soft, which is the source of the issue. Both UT SIS and RMS contend it may not be needed, but UTPB has essentially come to that process, just in pieces.

Within the housing department, the internal issue emerged as several individuals stepped in to complete the room assignments and charges to fulfill the duties of the missing business accounts manager. For the interface issue, there are several steps involved in the process for Mercury and People Soft to “talk” to one another. Summer 2019, housing staff reviewed the way the file was transferred and the parameters of the information that was used for information from PS to Mercury. UT SIS was only gathering data for one semester that was limiting the data set. It was expanded to provide better data.

Late in Spring 2020 while reviewing applicant data, some of the requested data is no longer being transferred. Housing will request for a return to the mapping of the interface and data. A full review of how all the accounts are set up is scheduled for Summer 2020.

Phase I: Residence Life and Dining Services hired a Business Accounts Manager, Stacy Olivas, who began working for the department mid-January 2020. This position allows for a dedicated staff member to develop and implement processes to verify correct assignments and placement in Mercury (housing management software system), and then verify the charges and information on individual student accounts.

Phase II: During the summer of 2019, Residence Life Staff worked closely with IT and UT SIS to review the processes and interfaces that run between People Soft and Mercury. While there were improvements, a sample of accounts checked in spring 2020 indicated that there may still be some discrepancies. In the summer of 2020, the Business Accounts Manager will again review the processes in the interfaces, including a review of the data that is transferred between the systems including financials and student information.

Phase III: Beginning late February 2020, Residence Life staff began to check a sample of students to ensure that both housing and dining were charged correctly in Mercury, and that the data was transferred and posted correctly to student accounts. After review, the sample indicated that not all students were charged appropriately. As the department began to review all student accounts, staff time shifted to refunds for COVID-19 for both dining and housing. As credits were processed for COVID-19, charges were verified for each student. That review will continue for the remainder of the spring semester into the summer of 2020. Residence Life and Dining Services will verify student assignments and dining plans, and the charges within Mercury. Then staff will verify if the housing and dining charges posted on the student account are correct to be complete by the 20th class day beginning Fall 2020. Dependent upon the results of the 20th class day check, there will be a weekly check of any errors found until all students show the correct charges on their student accounts.

Auditors' Note

To summarize subsequent discussions with Management, they are in the process of implementing Auditors' recommendation and expect to have completed this in September 2020.

- B. Residence Life and Dining Services will write a policy for waiving housing fees. Upon approval, procedures will be published, and all cases will be documented in Mercury (housing management system). The policy will be submitted for review by July 15.

Implementation Date

September 20, 2020

Person Responsible for Implementation

Chermae Peel, Director of Student Housing

Finding No. 2: Contract terms for student housing for faculty and staff are not being followed

Some of the terms of faculty and staff housing agreements are not being followed. These include required deposits, late payment fees, and discounts for non-ACH payments. This results in reduced revenue to the university.

Assessed Level of Risk: High

Recommendation

The Student Housing Department should ensure that the terms of all faculty and staff housing contracts are enforced. If necessary, existing and future contracts should be revised to include the desired provisions.

Management's Response/Action Plan

Management concurs with the recommendation.

Action Plan: Files have already been audited by staff in the Vice President for Student Affairs and Leadership Office. New contracts were issues in the fall term to set standard terms and in all new or re-signed contracts since October 2019 have followed the same terms. As contracts are renewed and new contracts issued this spring/summer, standard language will be used so all terms can be enforced.

Implementation Date

June 1, 2020

Person Responsible for Implementation

Dr. Rebecca Spurlock, Vice President for Student Affairs

Finding No. 3: Unsigned contracts for student housing for faculty and staff

Eight out of the ten faculty and staff housing contracts reviewed were not signed by the resident. Signed contracts should be in place for all residents in order spell out the rights and responsibilities of both parties and to eliminate ambiguities.

Assessed Level of Risk: High

Recommendation

The Student Housing Department should obtain ensure that all existing faculty and staff housing contracts are current and have been signed by the occupant.

Management's Response/Action Plan

Management concurs with the recommendation.

Action Plan: Prior to the results of this audit, staff in the VPSAL Office learned that many contracts were unsigned and not stored in a common location. Beginning in October, team of employees in the Division of Student Affairs and Leadership were appointed to rectify this issue. Over the course of the fall term, this team conducted an additional audit on contracts and went through a process to ensure all contracts have signed and updated. This process has been completed for this academic year. The paper copies are stored in the Vice President's Office and electronic copies are stored in a shared file in SharePoint.

Implementation Date

Completed

Person Responsible for Implementation

Dr. Rebecca Spurlock, Vice President for Student Affairs

Finding No. 4: No approved policy for student housing for faculty and staff

There is no approved faculty and staff housing policy. As a result, there is no official, approved guidance for how the program is run. Issues we noted included: rent amounts being charged that are not listed in any document; lack of documentation on offers of faculty and staff housing; no documentation on approval of offers; terms (time limits) on paid as well as complimentary housing is not consistent; language used in offers is sometimes vague and open ended; and the overall tracking of information on payments, agreements, approvals of offers of housing, extensions of housing agreements, is lacking.

Assessed Level of Risk: High

Recommendation

An approved faculty and staff housing policy should be implemented. The policy should be inclusive of the issues identified in this audit, including the above audit finding. It should set forth responsible parties and delineate who is responsible for enforcement of contracts, approval of contracts, approval of offers, rental rates, deposits, late fees, discount criteria, etc.

Management's Response/Action Plan

Management concurs with the recommendation.

Action Plan: In preparation for contract renewals or new employees arriving over the summer, a new policy will be developed and submitted for approval by Executive Council.

Implementation Date

May 31, 2020

Person Responsible for Implementation

Dr. Rebecca Spurlock, Vice President for Student Affairs

Conclusion

Overall, it is our opinion that inadequate policies, procedures and controls have resulted in charges not being consistently applied to both student and faculty/staff housing accounts, resulting in lost revenue.