University Housing

Internal Audit Report No. R2014
June 22, 2020

Executive Summary

Audit Objective: To ensure the effectiveness of selected financial and operating controls related to University Housing.	

Conclusion: Overall, University Housing has effective controls for their financial and operating processes. Recommendations contained in this report will help enhance the business operations processes.

Observations by Risk Level: Management has reviewed the observations and has provided responses and anticipated implementation dates.

Observation	Risk Level	Management's Implementation Date
1. Develop Controls and Document Detailed Procedures for StarRez Data Upload	**Medium**	August 2020
2. Increase Frequency of Reconciliation between StarRez and Peoplesoft	**Medium**	Immediate

For details, engagement methodology, and explanation of risk levels, please see the attached report.

Observation #1: *Develop Controls to Ensure Housing Charges are Accurately Uploaded*

The following was noted upon review of the StarRez to PeopleSoft data upload process:

- The department has not documented formal processes or procedures for a successful upload to occur.
- Three failed uploads occurred because transactions were not placed in the correct file type for upload.
- Two failed uploads occurred because the correct term wasn't selected in StarRez before uploading.
- Collectively, the five failed uploads accounted for minimum of 10,072 transactions that either resulted in no billing to be applied to student accounts, billing to be applied in the wrong semester, or for incorrect debits and credits to be applied.

> **Medium Risk:** Without adequate controls, there is an increased risk regarding the accuracy of student billing.
>
> Unsuccessful uploads to PeopleSoft can either cause no billing to be applied to student accounts, billing to be applied in the wrong semester, or for incorrect debits and credits to be applied.

> **Recommendation:** Student Housing should develop controls to ensure debits and credits are applied to student accounts in the correct term. Additionally, Student Housing should document detailed procedures for the data upload.

Management's Action Plan: We concur. Currently we have invested in a module within our StarRez housing software that will allow for automated pro-ration and processing of debits and credits without a manual process. The five instances of failed uploads were due to human error with the manual process. This new program will improve processing and should reduce these previous errors.

Person Responsible for Implementation: Ted Biddulph, Senior Director of Business Services

Estimated Date of Implementation: August 2020

Observation #2: *Increase Frequency of Reconciliation between StarRez and PeopleSoft*

Medium Risk: Without timely completion of reconciliation, which serves as a monitoring control for the process, the possibility of inaccurate credits and debits being applied to student billing accounts increases.

There is an opportunity for process improvement regarding University Housing's reconciliation process between the StarRez housing system and Peoplesoft.

University Housing stated during interviews that a reconciliation between StarRez and PeopleSoft occurs monthly. The instances cited in recommendation (1) demonstrate the necessity for more frequent and continued monitoring.

Recommendation: Increase the frequency of Reconciliation between StarRez and PeopleSoft.

Management's Action Plan: Understood. University Housing Business Services has developed a procedure to perform reconciliations between StarRez and PeopleSoft on a weekly basis.

Person Responsible for Implementation: Ted Biddulph, Senior Director of Business Services

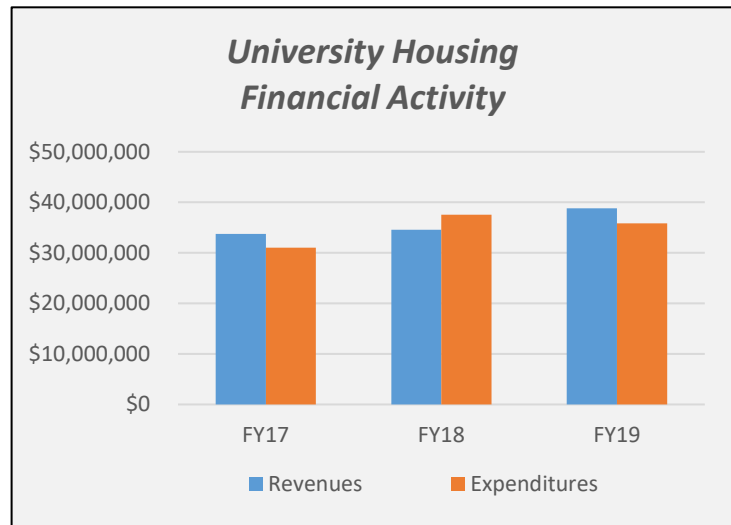**Estimated Date of Implementation:** Immediate

Appendix A: Methodology

Background

University Housing is responsible for oversight of the University's residence halls and apartments[1]. They started achieving their mission in 1989 by offering housing for 312 students. Since then, they have been an instrumental component to UT Dallas' growth. They now house over 5,500 students on the UT Dallas campus with various housing options ranging from residence halls to apartments. University Housing is supported by the initiatives of Residential Life, Housing Operations, Business Services, Housing Administration, Living Learning Communities, and Residential Camp and Conference Services. The management for University Housing was outsourced to American Campus Communities (ACC) prior to the fall of 2018. Expenses were handled by ACC and remaining revenues were transferred to UTD as part of the contractual agreement. When we assumed overall operations, all revenues and expenses were assumed by UT Dallas.

University Housing Financial Activity

[Bar chart showing Revenues and Expenditures for FY17, FY18, FY19. Y-axis ranges from $0 to $50,000,000. FY17: Revenues ~$33,500,000, Expenditures ~$31,000,000. FY18: Revenues ~$34,500,000, Expenditures ~$37,500,000. FY19: Revenues ~$38,500,000, Expenditures ~$36,000,000.]

Overall responsibility for the department lies with the Office of the Associate Vice President for Student Affairs. Direct reports include a number of administrative and professional staff and student workers. As of FY19, there were a total of 206 employees. The department's Senior Director or Business Services provides oversight for the financial processes and reports directly to the Associate Vice President for Student Affairs.

University Housing uses the StarRez system for its housing operations. StarRez's functionality ranges from housing applications, housing assignments, room inventory, to applying student billing. The financial data recorded in the StarRez system is uploaded daily to PeopleSoft, the University's accounting system.

Controls and Strengths

Our audit work indicated the following controls currently exist:
- ✓ Cost center reconciliations are completed in a timely manner.
- ✓ Controls over One Card and voucher expenditures are generally effective to ensure proper authorization, reasonableness, separation of duties, and compliance with applicable policies and procedures.

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[1] https://www.utdallas.edu/studentaffairs/units/

✓ Policies and procedures are in place for the management of system access to StarRez software. The department adhered to their policies and procedures which resulted in the successful removal of system access for terminated employees.

Scope and Procedures

The scope of this audit was September 1, 2018 through August 31, 2019 and our fieldwork concluded on March 27, 2020. To satisfy our objectives, we performed the following:

- Gained an understanding of University Housing's financial and operating processes and controls by reviewing related policies and procedures and interviewing employees.
- Tested the following financial and operating controls:
  - Cost center reconciliations
  - OneCard expenses
  - Voucher expenses
  - Administration approval for housing rates
  - StarRez access
  - Competitive bidding process
  - Data upload from StarRez housing system to PeopleSoft

We conducted our examination in conformance with the Texas Internal Auditing Act in conformance with the guidelines set forth in The Institute of Internal Auditor's *International Standards for the Professional Practice of Internal Auditing*. The *Standards* are statements of core requirements for the professional practice of internal auditing.

Follow-up Procedures

Though management is responsible for implementing the course of action outlined in the response, we will follow up on the status of implementation subsequent to the anticipated implementation dates. Requests for extension to the implementation dates may require approval from the UT Dallas Audit Committee. This process will help enhance accountability and ensure that timely action is taken to address the observations.

Thank You

We appreciate the courtesies and considerations extended to us from University Housing during our engagement. Please let me know if you have any questions or comments regarding this audit.

Toni Stephens, CPA, CIA, CRMA
Chief Audit Executive

Appendix B: Report Distribution

Members of the UT Dallas Institutional Audit Committee	UT Dallas Responsible Parties
External Members	*Responsible Vice President (VP)*
• Ms. Lisa Choate, Chair	• Dr. Gene Fitch, Vice President for Student Affairs
• Mr. Gurshaman Baweja	
• Mr. John Cullins	*Persons Responsible for Implementing Recommendations*
• Mr. Bill Keffler	• Mr. Ted Biddulph, Senior Director of Business Services
• Ms. Julie Knecht	
	Other Relevant Persons
UT Dallas Members	• Mr. Matthew Grief, Associate Vice President for Student Affairs
• Dr. Richard Benson, President	
• Mr. Rafael Martin, Vice President and Chief of Staff	
• Dr. Kyle Edgington, Vice President for Development and Alumni Relations	*External Agencies*
• Mr. Frank Feagans, Vice President and Chief Information Officer	*The University of Texas System*
• Dr. Gene Fitch, Vice President for Student Affairs	• System Audit Office
• Dr. Calvin Jamison, Vice President for Facilities and Economic Development	*State of Texas Agencies[2]*
• Dr. Inga Musselman, Provost and Vice President for Academic Affairs	• Legislative Budget Board
• Ms. Sanaz Okhovat, Chief Compliance Officer	• Governor's Office
• Dr. Joseph Pancrazio, Vice President for Research	• State Auditor's Office
• Mr. Terry Pankratz, Vice President for Budget and Finance	
• Mr. Timothy Shaw, University Attorney, ex-officio	

Engagement Team
Project Leader: Joshua Bennett, Staff Auditor II; Melissa Carley, CPA, CIA, Staff Auditor III

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[2] Per Texas Internal Auditing Act Requirements

Appendix C: Definition of Risks

Risk Level	Definition
Priority	High probability of occurrence that would significantly impact UT System and/or UT Dallas. Reported to UT System Audit, Compliance, and Risk Management Committee (ACRMC). Priority findings reported to the ACRMC are defined as "*an issue identified by an internal audit that, if not addressed timely, could directly impact achievement of a strategic or important operational objective of a UT institution or the UT System as a whole.*"
High	Risks are considered to be substantially undesirable and pose a moderate to significant level of exposure to UT Dallas operations. Without appropriate controls, the risk will happen on a consistent basis.
Medium	The risks are considered to be undesirable and could moderately expose UT Dallas. Without appropriate controls, the risk will occur some of the time.
Low	Low probability of various risk factors occurring. Even with no controls, the exposure to UT Dallas will be minimal.