



Office of Internal Audit

**AUDIT OF UNIVERSITY HOUSING
AND RESIDENTIAL LIFE**

Report No. 10/11-06

November 2, 2010



Date: November 2, 2010

To: Rosa Jones, Vice President of Student Affairs
James R. Wassenaar, Executive Director, Student Affairs Operations
and Auxiliary Services

From: Allen Vann, Audit Director 

Subject: **Audit Report of University Housing and Residential Life
Report No. 10/11-06**

We have completed an audit of University Housing and Residential Life (Housing). Housing fees provide the main source of revenues, while bond debt, personnel and maintenance are the major operating expenditures. The Housing's total revenues and expenditures for the fiscal year 2009-2010 totaled \$23.2 million and \$20.1 million, respectively.

Overall, our audit disclosed that Housing generally provides safe living accommodations to students and generates sufficient revenues to meet bond indebtedness and annual operating expenses. Also, Housing fees were properly assessed, collected, accounted for, and recorded in the University's records. Expenditures were appropriate, allowable, and in accordance with applicable laws, rules and regulations, and University policies and procedures. Nevertheless, during the period covered by our audit, we found weaknesses in internal controls over safety, asset management, temporary rental and miscellaneous revenues, University credit card administration, and monitoring telephone charges.

The audit resulted in 14 recommendations. Management agreed to implement all of our recommendations.

We wish to express our appreciation for the cooperation and courtesies extended to us by the University Housing Office while conducting the audit.

C: Albert Maury, Chair, and Members of the Finance and Audit Committee
Mark Rosenberg, University President
Douglas Wartzok, Provost & Executive Vice President
Kenneth Jessell, Chief Financial Officer and Senior Vice President
Jaffus Hardrick, Vice President, Human Resources
Javier I. Marques, Chief of Staff, Office of the President

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OBJECTIVES, SCOPE, AND METHODOLOGY

As part of the approved work plan for the fiscal year 2010-2011, we conducted an audit of University Housing and Residential Life for the period July 1, 2009 through June 30, 2010. The primary objectives of our audit were:

- I. To determine whether established policies and procedures over safety are adequate to provide safe living accommodations to students;
- II. To determine whether established internal controls and procedures are adequate to ensure that the administration over housing program exercises sound fiscal practices that minimize costs and generate sufficient funds to meet bonded indebtedness and annual operating expenses; and
- III. To ensure that the established University policies and procedures, and applicable Federal and State laws and regulations are being properly adhered to.

The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing and included tests of the accounting records and such other auditing procedures as we considered necessary under the circumstances. Audit fieldwork was conducted from July 9 to October 8, 2010.

We reviewed University policies and procedures, and applicable Federal and State laws and regulations, observed current practices and processing techniques, interviewed responsible personnel, and tested selected transactions. Sample sizes and number of samples selected for testing were determined on a judgmental basis.

The details of our audit sample are as follows:

<i>Audit Sample Size</i>		
<i>Audit period July 1, 2009 thru June 30, 2010</i>		
Type of Sample	Number of transactions tested	Total
Student Housing Invoices	38	\$ 63,709
Conference/Temporary Housing Rental Invoices	34	\$ 175,068
Telephone Lines	36	\$ 718,562
Expense (credit card, un-encumbrance, purchase order) Invoices	459	\$ 963,142
Property Items	157	\$ 401,265

As part of our audit, we reviewed internal and external audit reports issued in the past to determine whether there were any prior recommendations related to the scope and objectives of this audit and whether management had effectively addressed prior audit concerns. The status of these previous recommendations is noted on Appendix I.

BACKGROUND

The Department of Housing and Residential Life (Housing) is within the Division of Student Affairs of Florida International University (the University). Housing, an auxiliary service enterprise, owned and operated by the University, first opened its doors in 1984 with a 550 bed apartment style residence hall at the Biscayne Bay Campus called Bay Vista Housing. Today Housing is comprised of two suite style traditional residence halls and four apartment style buildings located at the Biscayne Bay and the Modesto A. Maidique Campuses (formerly University Park). The current housing bed spaces as of Fall 2010 totaled 2,952. The table below depicts Housing Fall 2010 bed space specifications.

Housing Residence Halls Specifications				
Name of Complex	Location of Complex	Number of Beds (space)	Year Built	Style of Complex
Bay Vista Housing	Biscayne Bay Campus	284	1984	1 four story apartment style building: one and two bedroom private suite apartments.
University Park Apartments	Modesto A. Maidique Campus	551	1986	10 apartment buildings: studios, 1 bedroom doubles, 2 bedroom quad singles and doubles and 4 bedroom singles.
Panther Hall	Modesto A. Maidique Campus	410	1996	Suite style single and double occupancy rooms.
University Park Towers*	Modesto A. Maidique Campus	495	2000	Studio, 2 and 4 bedroom apartments.
Everglades Hall	Modesto A. Maidique Campus	387	2002	3 bedroom single apartment style suites.
Lakeview Hall	Modesto A. Maidique Campus	825	2006	2 and 4 bedroom singles and doubles suite style rooms.
Total Bed Spaces		2,952		

*The Central Housing Office is located on the first floor.

The overall Housing operations are accounted for as part of the University's Auxiliary Trust Fund, which includes other auxiliary operations such as parking, student health services, and food services. Each auxiliary service enterprise, within the University's Auxiliary Trust Fund, is operated and accounted for as an individual self-supporting entity. The University financed the construction of the residence halls by the issuance of three series bonds; 2000, 1998 and 2004A¹, through the Division of Bond Finance of the State of Florida. The bonds are secured by the housing revenues and are set to mature on July 1, 2025, 2028 and 2034, respectively.

¹ Includes 2004 bond refinance matures in 2016.

Housing uses the Residential Management System (RMS), and the University's PantherSoft System to account for its revenues and expenditures. Each residence hall operation is managed as an individual self-supporting activity and is accounted for as such. Housing fees provide the main source of revenues, while bond debt, personnel and maintenance are the major operating expenditures. According to the University's records, revenues generated by Housing for the fiscal year ended June 30, 2010 totaled \$21.7 million² for the Modesto Maidique Campus and \$1.5 million for the Biscayne Bay Campus. For the same fiscal year, \$18.8 million³ were expended by the Modesto Maidique Campus and \$1.3 million by the Biscayne Bay Campus. Budgeted revenues and expenses for the 2011 fiscal year are depicted in the table below.

Housing and Residential Life 2011 Budget			
<i>(in thousands of dollars)</i>			
	Modesto Maidique Campus	Biscayne Bay Campus	Total Budget For 2011
Operating Revenues	\$21,713	\$1,575	\$23,288
<u>Expenditures</u>			
Salaries and Benefits	3,356	283	3,639
Other Professional Services	998	143	1,141
Other Operating Expenses	8,672	804	9,476
Operating Capital Outlay	65	10	75
Total Debt Service	<u>7,327</u>	<u>0</u>	<u>7,327</u>
Total Operating Expenses	<u>20,418</u>	<u>1,240</u>	<u>21,658</u>
Operating Income	<u>1,295</u>	<u>335</u>	<u>1,630</u>
Investment Revenues*	49		49
Transfer Out	<u>(234)</u>	<u>(845)</u>	<u>(1,079)</u>
<u>Change in Net Assets</u>	1,110	(510)	600
<u>Fund Balance</u>			
Beginning Balance Unrestricted Fund Balance	14,698	218	14,916
	<u>280</u>	<u>0</u>	<u>280</u>
<u>Total Fund Balance</u>	<u>\$16,088</u>	<u>(\$292)</u>	<u>\$15,796</u>

*Includes \$15,000 for 2009-10 forecast investment revenues

² Includes \$600,000 of revenue allocated to the Central Housing Office.

³ Includes \$11.1 million of expenditures for the Central Housing, Residential Life and Facilities Offices, 2004, 2004A bond payments, and meal plan cost.

FINDINGS AND RECOMMENDATIONS

Overall, our audit disclosed that Housing generally provides safe living accommodations to students and generates sufficient revenues to meet bond indebtedness and annual operating expenses. Also, Housing fees were properly assessed, collected, accounted for, and recorded in the University's records. And expenditures were appropriate, allowable, and in accordance with applicable laws, rules and regulations, and University policies and procedures. Nevertheless, during the period covered by our audit, we found weaknesses in internal controls over safety, asset management, temporary rental and miscellaneous revenues, University credit card administration, and monitoring telephone charges. In addition, our review of 13 prior recommendations disclosed that 9 were effectively implemented and 4 were not completely implemented (see Appendix I).

The areas of necessary improvement identified in our audit are detailed below.

1. Controls Over Safety

a) Safety Inspections and Fire Drill Compliance

Housing complexes at both campuses were inspected by the State Fire Marshal during the fiscal years 2008-2009 and 2009-2010. The inspections resulted in several safety violations. Samples of the types of safety violations cited by the State Fire Marshal are detailed below.

- Emergency call boxes not working;
- Missing fire alarm logs;
- Emergency lights not working (also noted in 2008-2009);
- Fire extinguisher location signs missing (also noted in 2008-2009);
- Fire extinguisher missing;
- Fire alarm control panel showing trouble condition (also noted in 2008-2009);
- Expired elevator certificates; and
- Inoperative and/or missing smoke detectors.

Fifty-three violations from the State Fire Marshal reports, 29 from the 2008-2009 report and 24 from the 2009-2010 report were selected for testing. We conducted a walkthrough on September 16 and 17, 2010 to determine whether the selected violations were corrected. Our walkthrough revealed that 14 violations (58%) from the 2009-2010 State Fire Marshal report were not corrected and that 11 violations (38%) from the earlier 2008-2009 report had not been addressed. Subsequent to our observation, Housing staff indicated that most of the violations noted above have been addressed.

Housing procedures require that a fire drill be performed at least once per semester at each of the residence halls. We reviewed housing safety inspection

files and found shortcomings in the methodology for documenting fire drills. The results of our review for the seven residence halls are summarized as follows:

- Lakeview Hall North – The fire drill reports for Spring '08 through Spring '10 were missing; one month after our request, only unsigned reports through Spring '09 were provided;
- Lakeview Hall South – The fire drill reports for Fall '08, Fall '09 and Spring '10 were missing;
- Everglades Hall – The fire drill reports for Fall '07, Spring '09 and Spring '10 were missing; one month after our request, an unsigned report for Spring '10 was provided;
- University Park Apartments – The fire drill reports for Spring '09 through Spring '10 were missing; one month after our request, unsigned reports for Fall '09 and Spring '10 were provided;
- University Park Towers – The fire drill reports for Fall '09 and Spring '10 were missing;
- Panther Hall – The fire drill reports were on file except for Spring '09; and
- Bay Vista Housing – The fire drill reports were on file except for Spring '09.

The fire drill reports, untimely provided to us, by the Housing staff were in electronic format and were not signed by the appropriate Resident Life Coordinators. Furthermore, the data on these forms, which are in electronic file format, can easily be changed.

We confirmed with the University's Fire Prevention Officer from the Department of Environmental Health and Safety that he physically observed all of the residence hall fire drills. Nevertheless, the reports to document the fire drill results were not always timely completed by Housing staff and turned in to him, nor may they be acceptable documentation in their present form and format. Failure to retain complete and timely signed and filed fire drill reports can ultimately result in the University being cited for fire safety violations by the State Fire Marshal.

b) Employee Background Checks

Effective March 31, 2009, University Policy No. 1710.257 requires the performance of criminal history checks on all newly hired employees. The policy also requires more in-depth criminal history checks including fingerprinting, through the Florida Department of Law Enforcement for new employees (or employees recently promoted) in sensitive positions. Included in this category of employees are individuals handling cash or managing cash transactions,

individuals who have unrestricted access to master keys, and those working in the Housing's residential halls.

Since the Policy went into effect, March 31, 2009, Housing hired 131 new employees. Based on our analysis, at least 107 worked directly with students and fall under the aforementioned policy. We reviewed employment files for 14 Housing employees who were hired or promoted on or after the effective date of the policy. None of the 14 employees were fingerprinted and 6 (43%) were not checked for possible criminal history. This creates a potential threat to students and staff alike who live and work at the residential halls.

Recommendations

Housing should:	
1.1	Promptly correct outstanding violations contained in the State Fire Marshal reports for the fiscal years 2008-2009 and 2009-2010.
1.2	Ensure that fire drill reports are timely completed and signed by appropriate Housing staff. Maintain reports to support that fire drill are conducted every semester at all of the residence halls.
1.3	Work with Human Resources to ensure that criminal background checks including fingerprinting are conducted for all applicable positions.

Management Responses/Action Plan:

- 1.1 Housing has inspected and corrected all outstanding violations contained in the State Fire Marshal's reports for the fiscal years 2008-2009 and 2009-2010 except for signage.

Implementation date: December 2010

- 1.2 Housing will work with University Fire Prevention Officer to improve documentation process to ensure that records are updated in a consistent and timely manner. Housing has verified that student housing facilities have routinely performed successful building evacuations each and every semester both planned and unplanned. Housing and Residential Life are working in collaboration with General Council Office and the University Fire Prevention Officer to update and revise the fire drill reporting and documentation process to ensure compliance with State and Federal statutes.

Implementation date: January 2011

- 1.3 Since the University's Pre-Employment Policy (#1710.257) was implemented in March 2009, Housing and Residential Life has hired 131 new employees. One hundred and eleven (111) or 85% of these were students. Housing and Residential Life began conversations with Human Resources in July of 2009 regarding the pre-employment requirement policy for ensuring the safety of the student body in residence halls and the protocol that currently exists for preventing theft and exposure to student possession. Based on these measures, HR agreed that Desk Assistants will not be subject to the pre-employment requirement. Subsequently, the University has been reviewing its process for background screening of student positions in general. Effectively immediately, the Housing and Residential Life Office will work together with HR to ensure that criminal background checks, including fingerprinting are conducted for ***applicable*** positions.

Implementation date: January 2011

2. Asset Management/Property Accounting

According to Section 273.02 of Florida Statute and the University Property Control Manual, a yearly inventory of all University's Accountable Property (with a value of \$1,000 or more) shall be conducted.

We reviewed Housing property report dated June 30, 2010, which included 461 property items with a total cost of approximately \$1.6 million, as follows:

<i>Housing Residence Halls Property Population</i>		
Property Location	Number of Items Recorded at Location	Original Cost of Items
Modesto Maidique Campus	392	\$1,344,259
Biscayne Bay Campus	69	293,273
Totals	461	\$1,637,532

During the fiscal year ended June 30, 2010, only 196 property items (less than half) were inventoried. The remaining 265 property items were not inventoried. For these un-inventoried items, 235 items, with a total cost over \$500,000, were less than ten years old. For the remaining 30 items, with a total cost over \$100,000, we could not determine the last time they were inventoried. Finally, the Housing property report contained 20 items reflecting negative values.

We selected 157 property items, with a total cost of \$401,265 for physical observation and found inaccuracies in the property records, as follows:

- Thirty items, with a total cost of \$92,424, could not be located.
- Fifteen items, with a total cost of \$40,668, were found in locations other than the ones reflected on the property report.
- Seven items, with a total cost of \$17,594, were never removed from the property records. Housing indicated that they were stolen in June 2004; however, there is no police report.
- Six items, with a total cost of \$9,765, were not tagged.
- Five items, with a total cost of \$13,639, still remained in the Housing's property records, although 2 of them were transferred to the Police Department in August 2007; 1 of them was surplus in December 2004; and 2 of them are currently being used by UTS.
- One laptop computer, with a cost of \$2,338, could not be located. According to the Assistant Director of Information Technology (Assistant IT Director) at Housing, on April 09, 2010, a Resident Coordinator (Coordinator) allowed a

student to use the laptop off campus without completing an off campus form, which authorizes its use off campus. Subsequent to our audit inquiry, Housing reported the laptop to the University's Police Department as stolen.

Additionally, we noted that Housing purchased a large quantity of appliances for the residence halls. The appliances are usually purchased using a purchase order or a University issued credit card. To test the existence of the property we selected appliance purchases, totaling \$12,292, made by seven Housing employees for the period August 2009 through March 2010. We noted that all of the appliances purchased cost less than \$1,000 each. We were informed that Housing employees picked up the appliances from the vendor and delivered them to various locations at the University. However, the exact campus location of the appliances could not always be determined. Further, we interviewed the administrator in charge of property to establish what methods are used to track Housing property which cost less than \$1,000. The administrator informed us that Housing property which cost less than \$1,000 are not inventoried and therefore not tracked.

The University Property Control Manual states that in order to ensure adequate property insurance coverage and proper safeguarding, each department must keep their own inventory list for items valued less than \$1,000 (attractive property).

Recommendations

Housing should:	
2.1	Investigate property items with negative values.
2.2	Work with Asset Management to <ol style="list-style-type: none"> a. complete a physical property inventory, b. investigate any missing items, c. tag those items where FIU tags are missing, and d. adjust property item locations as necessary.
2.3	Complete and submit an Off Campus form to Asset Management when property items are used off campus.
2.4	Notify the Police Department of any lost or stolen property in a timely manner.
2.5	Establish procedures to track attractive property purchases and prepare an inventory list of items valued less than \$1,000, which includes the type of property, cost and location. (Until a reliable system for tracking attractive property is implemented, Housing staff should be discontinued from picking up appliances directly from vendors. These items should be delivered to campus locations and be properly "received".)

Management Responses/Action Plan:

- 2.1 Property items with negative values were investigated and it was determined that the items had appropriate documentation indicating that they were previously disposed. A PantherTrack work order is in place to research why previously disposed items continue to depreciate in the system. This is a PantherSoft Asset Management system issue.

Implementation date: Immediately

- 2.2 a.) Asset Management began its inventory of blind scanning for Housing in September 2010. Asset Management will return to scan items not located during blind scan. This is ongoing with Asset Management as Housing is on the list of departments to return to over the next few months.

Implementation date: May 2011

- b.) Housing staff is in the process of locating all items documented as missing.

Implementation date: November 2010

- c.) Asset Management was contacted on October 5, 2010 for duplicate property tags for the six items where tags were missing. Asset Management staff has placed the tags on the six items.

Implementation date: Immediately

- d.) The Property Control Transfer Form will be completed for thirteen items that have changed location. There are five items that are maintenance/custodial equipment. This equipment is shared between the residence halls. The Facilities staff will develop a system for logging equipment movement and locations.

Implementation date: November 2010

- 2.3 Administrative staff with computers at home or staff who may carry laptops home from work will complete the Off Campus Property Forms. Residential Life has established procedures for the Residence Hall Association's use of the organization's laptop. The laptop remains in the Association's on-campus office but can be checked out for conferences and training purposes. The check-out form is maintained by the Association's Advisor.

Implementation date: December 2010

- 2.4 Effective immediately, any property item lost or stolen will be reported to FIU Police in a timely manner and will be logged. Furthermore, it was determined that one of the property items in question during the audit had been stolen and a copy of the police report was provided to the auditor.

Implementation date: Immediately

- 2.5 Housing will complete the Attractive Property Inventory and develop a process for the inventory of residence hall appliances.

Implementation date: January 2011

3. Controls Over Revenues

Our review of 38 housing resident invoices and 34 conference/temporary invoices revealed the following control weaknesses:

a) Housing Fees Assessment and Collection

Housing procedures state that students may be assessed check-out fees ranging from \$25 to \$100 for various miscellaneous charges related to room damages, improper check-outs, and lost keys. The Housing procedures also state that before a student can check into the residence halls, the student must make a full payment of all housing fees, submit a payment deferral form and have it approved by Housing staff, or enter into a three-part payment arrangement. The three-part payment plan requires the student to pay 1/3 of the amount due the date of the plan execution and a \$50 processing fee is assessed for each semester payment arrangement. The balance due is then divided into two payments with established due dates given to the student. If the payments are not received on or before the due dates, a \$25 late fee is assessed.

Our review of 38 housing student invoices disclosed that a \$200 check-out fee was never assessed and collected from one student. Housing staff indicated that the fee was not assessed due to an oversight. Additionally, our review noted that four students checked into their residence hall without making a full payment, without having an approved deferral or a payment arrangement on file. Our review of the four student payments showed that 2 of the students paid the amount due in installments; however, the \$50 processing fee for one student was never assessed and the other student processing fee was assessed late. In addition, one student never paid the housing fees, which resulted in an outstanding balance of \$3,426 as of September 19, 2010.

b) Florida Sales Tax on Temporary Housing Rental

According to Florida Sales Tax Rule 12A-1.061, sales tax applies to rental charges or room paid for the right to use or occupy living or sleeping accommodations (transient accommodations) unless they are specifically exempt. Examples of the exempt transactions are:

- Rental charges or room rates paid by a person who signed a bona fide written lease for a continuous residence longer than six months.
- Rental charges or room rates paid by a full-time student enrolled in an institution offering postsecondary education. A written statement from an official of the student's institution, documenting that the student attends the institution full time, is proof of the student's full-time enrollment.

Our review of 34 temporary housing/conference rental contracts disclosed that Housing did not assess and collect sales tax for 14 transactions, as follows:

- Twelve transactions where the occupant's stay was less than a 6 months period; there was no a signed lease; and the occupant paid the housing charges directly to the University.
- Two transactions where the entities rented housing residences for 4 and 7 nights, respectively without a valid sales tax exemption.

c) Refund Calculation for Guest Housing

Housing offers temporary on-campus housing for visiting FIU affiliated guests and newly hired out-of-state or out-of-county employees. Temporary housing guests have two accommodation options, a fully furnished one-bedroom apartment at a cost of \$50 per night or a one-bedroom student unit at a cost of \$30 per night. The cost of the guest temporary housing can be paid by the affiliated University department via inter-departmental transfer. The entire temporary housing cost must be transferred to Housing before the guest scheduled occupancy date.

During our audit, we noted that a temporary guest checked out of housing before the contracted date. As a result, Housing issued a refund to the affiliated department for the days that the guest did not occupy the unit. Our review of the refund documents showed that the incorrect billing rate was used. Housing staff indicated that the guest occupied a one-bedroom unit and the correct rate was \$50 per night; however, \$30 per night was used to calculate the billable night on the refund calculation. This resulted in the affiliated department (Controller's Office) being over refunded \$2,140.

d) Insurance Requirements for Housing Summer Conference Rental

The summer conference housing agreement requires the renter, who is not affiliated with FIU, to provide a liability insurance covering the renter and program participants for property damage, personal injury, and death in the amount not less than one million dollars for each claim, one million dollars for each occurrence, and one million dollars combined single limit.

During the course of testing revenues, we noted that the certificate of liability insurance presented to Housing by one tenant was silent as to the specific amount of coverage purchased; therefore, Housing could not verify that the appropriate insurance coverage was provided by the renter.

Recommendations

Housing should:	
3.1	Establish procedures to ensure that all housing fees are properly assessed, collected, and recorded.
3.2	Establish procedures to ensure that sales & use taxes are assessed, collected and remitted for non-exempt temporary housing and conference rentals.
3.3	Request a refund for the \$2,140 billing error from the Controller's Office and ensure that all refunds are properly calculated and processed.
3.4	Ensure that non-affiliated renters have adequate insurance coverage before housing space is rented.

Management Responses/Action Plan:

- 3.1 Procedures are in place to ensure that all housing fees are properly assessed, collected, and recorded. To improve efficiency, accuracy, and reduction of human error, ImageNow was implemented in the fall of 2009. Additional training of staff along with the scanning of documents will reinforce the processes.

Implementation date: December 2010

- 3.2 The Temporary Housing Agreement and invoice will include sales tax when applicable. Effective with the 2011 summer conference groups, a copy of the group's Tax Exempt Certificate will be collected and taxes will be charged to non-exempt groups. The department has purchased conference software that will also assist with charging appropriate taxes. The Temporary Housing Agreement has been revised (as of September 27, 2010) and the contracts for summer conference groups will be revised for summer 2011 implementation.

Implementation date: February 2011

- 3.3 Housing was reimbursed \$2,140 from the Controller's Office through an ID Transfer, Journal ID # 0000481435.

Implementation date: Immediately

- 3.4 All insurance certificates for summer conference groups will have a two tier review by two individuals within Housing to ensure that insurance requirements are met and to eliminate human error.

Implementation date: April 2011

4. Controls Over Expenditures

a) University Credit Card Administration

Housing procures goods and services using the following payment methods: credit cards; un-encumbrances⁴; inter-department transfers; and purchase orders. We selected and tested 459 expense transactions totaling \$963,142. The sample comprised of 311 credit cards; 59 un-encumbrances; 13 inter-department transfers; and 76 purchase orders. Our test disclosed that for the most part, purchases made using un-encumbrances, inter-department transfers and purchase orders were properly executed, documented and complied with University policies and procedures and applicable laws and regulations. However, we found that the controls over administering credit cards were not adequate, as follows:

- Eight credit card transactions did not have adequate documentation to support the purchase.
- Eight credit card transactions were completed remotely (by phone, email or internet). In all cases the credit cardholders gave their card numbers and expiration dates to Housing staff for the purchase. Two of the instances observed were where a cardholder instructed his approver to use his credit card information to process a payment. Additionally, there was one instance where another cardholder instructed his assistant to use his credit card information to process a payment. Subsequent to his request, the assistant emailed his credit card number and expiration date to a vendor with instruction to process the payment. The University Commodity Card Manual states that the credit card number should never be left in a conspicuous place, shared with anyone else, or e-mailed.
- Three credit card purchases were split to avoid the single transaction limit. One of the instances was the purchase of furniture totaling \$5,922. The purchase price exceeded the cardholder's single transaction limit of \$1,000. In an effort to avoid the single transaction limit, the cardholder instructed the vendor to split the payment as follows: (1) \$922 processed on the cardholder's commodity card and (2) \$5,000 processed on the Associate Director's commodity card. According to the cardholder, the Associate Director accompanied him to the store and approved her portion of the process. We also observed two instances where a facilities employee along with a Resident Coordinator and two facilities employees went to BrandsMart to purchase items costing \$1,348 and \$1,596, respectively. Since the total cost of the items exceeded the \$1,000 single transaction limit for each cardholder, the cardholders instructed the vendor to split the payments between the cardholders' cards to complete both of the purchases.

⁴ Purchases made without budget commitment and paid through Accounts Payable.

The University Commodity Card Manual states that under no circumstances shall the cardholder request the merchant/vendor to split charges to avoid the single transaction limit.

- A \$283 refund for a lost airline ticket was not recovered due to a cardholder’s lack of monitoring a transaction. The airline ticket costing \$283 was purchased for a prospective employee (candidate). The ticket was lost in-transit from a vendor to Housing. As a result, the candidate purchased a ticket using her personal funds and filed a lost ticket report with the airline. Housing reimbursed her for the ticket and the lost ticket claim processing cost. The claim was completed using the candidate’s name and address, as per the airline’s instructions. Upon our inquiry, Housing staff contacted the candidate regarding the refund after one year from when the claim was filed.
- We also observed that a Housing Accountant was responsible for approving Housing credit card transactions for 18 employees, including the Executive Director, the Associate Directors, Interim Director for Residential Life, Resident & Student Coordinators, and Housing Facilities Superintendent & employees. The memo issued by the Controller’s Office on February 2, 2010 states that subordinates cannot be credit card approvers because they lack the proper scrutiny and puts the University at risk of theft. In our opinion, the Housing Accountant lacks the authority necessary to question many of the cardholders and enforce the necessary control to strengthen the credit card process.

b) Monitoring Telephone Charges

According to University Policy No. 1950.010, each department is required to review its telephone charges on a monthly basis and any personal long distance calls made from University phones exceeding certain limits must be reimbursed.

We noted that Housing incurred \$718,562 in telephone charges, which included \$3,581 toll charges for the period July 1, 2009 through June 30, 2010. However, during our review, we found that Housing did not have procedures in place to review the monthly telephone charges. Additionally, there was no procedure in place to certify the nature of the toll calls.

Recommendations

Housing should:	
4.1	Fully align commodity card procedures with University’s credit card policies and procedures.
4.2	Review telephone charges on a monthly basis, identify all personal long distance calls, and collect reimbursement from the employees if applicable.

Management Responses/Action Plan:

- 4.1 Housing now has the documentation for all eight purchases referenced within the report. Additional training sessions have been held to reiterate to commodity card holders not to provide another staff member with their card information to make purchases. The department commodity card holders do request increases in single limit transactions and monthly transactions. Measures will be taken to raise credit limits in order to address emergencies to accommodate resident student needs. On September 16, 2010, a Residence Life Coordinator candidate reimbursed FIU in the amount of \$165.20 for a second plane ticket purchased for an interview (Journal ID # CS00481386). In providing FIU customer service, the amount the candidate reimbursed FIU was for the plane ticket only, \$165.20. The department did not hold the candidate responsible for the \$50 non-refundable Air Tran Lost Ticket Application.

Implementation date: Immediately

To address the concern regarding the commodity card approver, the following plan will be implemented. The Associate Director will no longer be a commodity card holder and become the back-up approver. The Senior Secretaries for the Housing Office and Facilities Office will become commodity card holders. The Executive Director's commodity card will be used only in emergencies such as hurricanes, fire, flood, etc. On these receipts, we will explore having the Vice President for Student Affairs sign-off on Executive Director's receipts for these emergencies.

Implementation date: January 2011

- 4.2 The department will resume reviewing telephone charges on a monthly basis, identify all personal long distance calls, and collect reimbursement from employees if applicable.

Implementation date: December 2010

**Audit of University Housing and Residential Life
Status of Previous Recommendations**

Previous Audit Report #97/98-200 Recommendation	Area of Concern	Was the area tested in the current audit?	Were similar concerns noted in the current audit?
1	Loan reporting requirements	Yes	No (Implemented)
2	Distribution of earnings on investments	Yes	No (Implemented)
3	Controls over property	Yes	Yes (See finding #2)
4	Fire drills	Yes	Yes (See finding #1)
5	Fire alarm system maintenance	Yes	No (Implemented)
6	Fire code violations	Yes	Yes (See findings #1)
7	Contract approval for use of housing facilities	Yes	No (Implemented)
8	Insurance for summer camps	Yes	Yes (See finding #3)
9	Deposit payable	Yes	No (Implemented)
10	Approval of housing rates	Yes	No (Implemented)
11	Rental revenue/ object code	Yes	No (Implemented)
12	Free rent	Yes	No (Implemented)
13	Renovation and maintenance	Yes	No (Implemented)