

# STUDENT HOUSING

**CALIFORNIA STATE UNIVERSITY,  
SAN BERNARDINO**

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**AUDIT REPORT 24-38  
JULY 21, 2025**

## EXECUTIVE SUMMARY

### AUDIT OBJECTIVES AND BACKGROUND

In accordance with the fiscal year (FY) 2024/25 Audit Plan, as approved by the Board of Trustees, Audit and Advisory Services performed an audit of housing at California State University, San Bernardino (CSUSB).

The objectives of the audit were to ascertain the effectiveness of governance, risk management, and control processes related to student housing and to ensure compliance with relevant federal and state regulations, Trustee policy, Office of the Chancellor (CO) directives, and university procedures.

The department of housing and residential education (DHRE) at CSUSB provides residential facilities for students. DHRE is a self-supporting program deriving its revenues primarily from fees collected from residents, which are Category V fees. DHRE currently offers about 1,480 beds in three residence areas: Coyote Village, University Village, and Arrowhead Village. Another housing facility offering 383 beds, Serrano Village, was decommissioned in 2020 due to deferred maintenance needs. Its closure has significantly reduced the available housing capacity and negatively impacted net housing revenue.

Coyote Village is a new, traditional-style residence hall with 405 beds that opened in fall 2018. First-time freshmen applying for on-campus housing are required to live in Coyote Village and purchase a meal plan, which is administered through a third party contracted by the University Enterprise Corporation at CSUSB (UEC). In fall 2024, DHRE housed 1,281 students, faculty, and staff, with an occupancy rate of 87% (69% when considering the decommissioned Serrano Village complex).

DHRE reports to the Division of Student Affairs and is led by a director who manages professional staff running operational areas, as well as a group of student workers. DHRE also has its own facilities team responsible for maintenance.

During the audit period, the department had multiple vacancies and turnover in key positions, such as the director, associate director for residential education, associate director for housing facilities, and operations analyst. The interim associate director for residential education has been staffed since April 2024. The interim associate director for facilities position has been staffed since July 2024 and the university's facilities planning and management department took oversight of housing facilities in November 2024. The director position was filled in January 2025.

### OVERALL CONCLUSION

Based on the results of the work performed within the scope of the audit, the governance, risk management, and control processes for student housing as of March 21, 2025, were unlikely to provide reasonable assurance that risks were being managed, and objectives were met.

### AUDIT SCOPE AND RESULTS

In general, we found that compliance with California State University (CSU) policies and procedures was inadequate. Our review noted that improvement was needed for all areas under review, most notably in the areas of fiscal oversight, staff training, and conference and event administration.

Since FY 2018/19, DHRE has experienced significant net losses, driven primarily by the annual debt service burden of over \$8 million related to its existing facilities and the recently constructed Coyote Village. These financial pressures have been compounded by a sustained decline in housing occupancy rates, largely

resulting from enrollment challenges, unfavorable external economic conditions, and other external factors beyond DHRE's control. As of the end of FY 2024, \$18,548,628 in total debt service obligations were transferred from housing to the university, raising serious concerns about DHRE's ability to remain financially self-supporting, as mandated by CSU policy.

University management noted that DHRE is in close collaboration with the Finance, Technology, and Operations (FTO) division and the Chancellor's Office EVC for Finance & Budget Administration's team, has been actively engaged in ongoing efforts to address these challenges. This includes continuous analysis and refinement of financial projections through the submission and review of pro forma models. Despite current structural fiscal issues, the university is routinely exploring potential strategies to enhance housing revenue, and has projected that DHRE will break even in FY 2032/33.

We also identified issues with a neighboring housing complex that may have affected the university's low housing rates, and a private housing scholarship program that was not managed properly. In addition, we found that administration of staff and volunteer training, including in important areas such as gender equity and Title IX, the Clery Act, and data security and the Family Educational Rights and Privacy Act (FERPA), needed improvement to ensure that required training was completed timely by DHRE staff. We also found issues in conference and event management, including a lack of key terms and conditions for overnight events including minors, and failure to maintain insurance coverage certificates. Additionally, we found that the overnight guest policy did not include requirements such as parental consent for minors between the ages of 12 and 17, and DHRE did not have documented policies or procedures addressing user access for the housing management system, StarRez.

A summary of the observations noted in the report is presented in the table below. Further details are specified in the remainder of the report. Observations in the report are listed in order of significance, grouped by activity if applicable.

Area	Processes Reviewed	Audit Assessment
<b>Governance</b>	Oversight, roles and responsibilities, policies and procedures, delegations of authority, and budget and reserves	<i>Observations noted in budget deficit and reserves, the Glen apartment complex, and posting of off-campus housing rates</i>
<b>Residency Administration</b>	License agreements, eligibility maintenance, applications/placement, resident hall programs, and guests and visitors	<i>Observation noted in guests and visitors</i>
<b>Housing Operations</b>	Service contracts, contract monitoring, and special group arrangements	<i>Observations noted in conference and event services and vendor contract monitoring</i>
<b>Fiscal Administration</b>	Housing fees, fee-collection processes, reconciliations, cash handling, receivables, and disbursements	<i>Observation noted in housing fees</i>
<b>Facilities Maintenance</b>	Work orders, deferred maintenance, and physical access to housing facilities	<i>Observation noted in physical access to housing facilities</i>
<b>Safety</b>	Staff qualifications, training, emergency plan, evacuation drills, police services, and fire life-safety systems	<i>Observation noted in staff training and qualifications</i>

Area	Processes Reviewed	Audit Assessment
<b>Information Security</b>	Storage of and access to information gathered from potential and actual residents	<i>Observation noted in user access</i>

The audit focused on procedures in effect from January 1, 2023, through March 21, 2025. Our audit and evaluation included the audit tests we considered necessary in determining whether governance, risk management, and control processes in the scope of our review were in place and operative. Our review was limited to gaining reasonable assurance that essential elements of student housing were in place and did not examine all aspects of the program.



## OBSERVATIONS, RECOMMENDATIONS, AND RESPONSES

Observations presented below are listed in order of significance; however, they may be grouped by activity if applicable.

### 1. BUDGET DEFICIT

#### OBSERVATION

DHRE continues to face budget deficits and fiscal challenges, raising significant concerns about its ability to remain self-supporting and its long-term financial stability.

#### Net Losses and Reserves

Based on approved budget and financial records, DHRE has experienced sustained net losses over the past four years, primarily due to the more than \$8 million owed for annual debt service obligations:

Fiscal Year	Net Loss
2021/22	\$6,480,564
2022/23	\$3,331,709
2023/24	\$3,259,397
2024/25	\$2,380,353 (projected)

In 2013, the university engaged a consultant to assess future student housing needs, even though DHRE was not operating at full capacity across its three existing housing villages, Arrowhead Village, Serrano Village, and University Village, and there were ongoing debt payments for Arrowhead Village and University Village. Based on the findings of that study, the CO approved the construction of Coyote Village and a new dining facility, Coyote Commons. Construction was completed in 2018, and DHRE financed the project through additional debt.

Shortly thereafter, Serrano Village, the only debt-free housing facility, was decommissioned due to significant deferred maintenance issues and safety concerns. There are no current plans for reactivation, although the original housing plan assumed continued revenue from Serrano Village to help offset the costs of the new construction.

DHRE's financial position was further strained by the COVID-19 pandemic, which caused enrollment declines and housing revenue losses from campus closures that have not been fully recovered.

With reserve balances depleted due to the ongoing losses, the university and its auxiliaries have had to provide significant financial support to DHRE, including:

- A loan from the operating fund of \$4,414,295 that was executed through a memorandum of understanding in October 2023. However, the CSU policy on interfund loan transfers does not allow loans from the operating fund.
- A \$900,000 contribution from University Enterprises Corporation (UEC) in FY 2023/24.
- Two loan transfers totaling up to \$4 million from the Professional and Continuing Education Operations Fund and the Santos Manuel Student Union Operations Fund in FY 2024/25.

Due to the ongoing deficit, DHRE has not been able to set aside reserves as required by CSU policy. We

also noted that the reserve policy had not been reviewed or updated since 2013.

#### Debt Service

CSU policy requires that self-support programs maintain a debt service coverage ratio (DSCR) of at least 1.10. However, DHRE's DSCR has remained below this threshold since FY 2018/19, dropping to 0.57 in FY 2022/23 and further declining to 0.45 in FY 2023/24. The financing and treasury department of the CO monitors debt service ratios and has been sending memos to DHRE on an annual basis to request updates on its financial situation and plans to improve financial solvency.

In addition, due to housing's ongoing budget deficit, the CO has requested that the university submit a multiyear budget plan, quarterly budget-to-actuals report, and short-term and long-term management plans to address the projected housing deficit. The initial submission was due to the systemwide budget office in January 2024, with periodic updates required thereafter.

The total outstanding principal loan balance for DHRE was \$102,573,520 as of FY 2024/25. In addition, based on the MOUs and the debt service obligations transferred to the university, DHRE owes \$8,414,295 to other campus divisions and auxiliary organizations, with an additional \$18,548,628 debt service transferred to the university's stateside operations. DHRE is not expected to be able to fully support the debt payment of \$8,387,213 due for FY 2024/25, and it is anticipated that a portion of the debt service payment will continue to be transferred to the state for payment for at least the next several years.

#### Dining Reimbursements

Further contributing to the budget deficit, DHRE has not been reimbursed for certain costs related to dining operations. One of the university's auxiliary organizations, UEC, has been managing and operating dining services in the Coyote Commons since 2018. Based on the MOU between DHRE and UEC, DHRE provides utilities and is responsible for facilities maintenance costs. The MOU additionally states that UEC will reimburse DHRE for all utilities, and DHRE will charge back UEC for work beyond the scope of DHRE maintenance of the facility. However, at the time of our review, no reimbursements had been received by DHRE, because they had not billed UEC for FY 2023/24 and FY 2024/25 utilities.

Additionally, under the terms of the MOU, DHRE is responsible for grounds and facilities maintenance for the Coyote Commons, with the expectation that any work performed beyond DHRE's standard maintenance scope will be reimbursed by UEC. Although DHRE tracks work orders related to the dining commons, it does not record the associated labor or material costs for each order. As a result, these expenses are not billed to UEC for reimbursement. The MOU does not address any consideration being provided to DHRE for the use of the dining commons facility.

Proper management of enterprise funds, which are intended to be self-supporting, enhances financial planning and enables the department to make informed decisions that align with the university's mission while maintaining financial independence and sustainability.

### **RECOMMENDATION**

We recommend that the university:

- a. Reassess DHRE's financial condition, continue to work with the CO, and develop a strategic plan to ensure that housing operations are financially viable and the DSCR is in compliance with CSU policy.
- b. Consult with the CO to update the loan MOU as needed and to ensure that any future interfund transfers between DHRE and the university are in compliance with CSU policies.

- c. Review and update the reserve policy and include a provision for periodic review.
- d. Determine the appropriate amount due from UEC for its use of the dining commons and recover related costs.

Responsible parties: Vice President (VP) of Finance, Technology and Operations, and VP of Student Affairs

MANAGEMENT RESPONSE
<p>We concur. Our campus:</p> <ul style="list-style-type: none"> <li>a. Reassessed DHRE’s financial condition and has continuously worked committedly with the CO to ensure that housing operations are financially viable.</li> <li>b. Will consult with the CO to update the loan MOU as needed and to ensure that any future interfund transfers between DHRE and the university are in compliance with CSU policies.</li> <li>c. Will review and update the reserve policy and include a provision for periodic review.</li> <li>d. Will determine the appropriate amount due from UEC for its use of the dining commons and recover related costs.</li> </ul> <p>Estimated completion date: December 12, 2025</p>

## 2. THE GLEN AT UNIVERSITY PARK

### OBSERVATION

The Glen at University Park (The Glen) may have given students and student parents the impression that it is affiliated with and provides student housing for CSUSB.

The Glen is a privately operated, 520-bed student housing complex located directly across from the main entrance of CSUSB. Since its opening in November 2015, the Glen has marketed itself using language that may give the impression of a formal affiliation with the university. Phrases such as “student housing,” “CSUSB,” “campus living,” and targeted outreach through a dedicated parent page appear on its website and promotional materials. These representations may have inadvertently misled students and their families into believing that the Glen is part of, or endorsed by, the university.

Our audit noted instances where students reportedly entered lease agreements under the mistaken belief that the Glen was official CSUSB housing. Online reviews and complaints further suggest that these misunderstandings are not isolated.

At the time of our audit, promotional materials for the Glen were visible on campus and included images of the property, price information, and QR codes directing viewers to the application page. During the university’s “Choose CSUSB Day” event, which is designed to highlight campus resources and foster student enrollment, the Glen had a presence alongside official university departments. Their representatives distributed flyers for an open house at the apartments and offered incentives such as free food to drive attendance.

Over time, the visibility and marketing strategies of the Glen have positioned it as a direct competitor to on-campus housing, with the potential to affect the university’s housing occupancy rates.

After fieldwork, CSUSB management informed the audit team that they met with management from the Glen to discuss the issues noted above, and that actions have already been taken to update the website and web advertising materials.

Enhanced oversight and clearer distinction between university and non-university housing, including reviewing campus event participation criteria and clarifying branding use and advertising on campus, helps to reduce risks of misunderstanding and misrepresentation, safeguards prospective and current students, and mitigates potential legal liabilities stemming from implied affiliation or endorsement.

#### RECOMMENDATION

We recommend that the university continue to work with the Glen, consulting with the university general counsel as necessary, to address the issues noted above.

Responsible parties: VP of Finance, Technology and Operation, VP of Student Affairs, and VP of University Advancement

#### MANAGEMENT RESPONSE

We concur. Our campus met with the Glen's management on April 2, 2025, and addressed the issues noted above.

### 3. HOUSING AID PROGRAM

#### OBSERVATION

A private housing scholarship program was not managed properly.

During the audit, we found that the owners of the Glen created a student aid program to offer selected students free housing if they lived at the Glen. Based on program rules, students must be nominated for this scholarship by CSUSB faculty or staff. We found that the nomination form contained student GPAs, which is likely a violation of FERPA laws because students did not provide written consent to share this information.

Additionally, we obtained and received a list of 30 students who had received the scholarship since 2023 for an average award amount of \$3,877 in academic year 2023/24 and \$8,963 projected for academic year 2024/25. According to CSUSB management, this was a relatively new program, with the first student nominated to receive aid in December 2023. We confirmed with the office of financial aid that these scholarships had not been reported to be considered in each student's financial aid package.

After fieldwork, CSUSB management informed the audit team that they met with the donor to discuss the issues noted above, including removing the provision to require student GPA information on the scholarship nomination and informing the university of students receiving scholarships.

Proper administration of scholarships, including adherence to FERPA requirements and reporting scholarships to the financial aid office, can help to ensure compliance with applicable laws and protect the university from litigation.



**RECOMMENDATION**

We recommend that the university:

- a. Obtain and review the revised scholarship nomination form to ensure compliance with FERPA.
- b. Remind university staff and faculty of the requirement that all scholarship recipients must be reported to the financial aid office to ensure proper calculation of student financial aid packages.

Responsible parties: VP of Student Affairs and VP of University Advancement

**MANAGEMENT RESPONSE**

We concur. Our campus:

- a. Obtained and reviewed the revised scholarship nomination form on May 30, 2025, to ensure compliance with FERPA.
- b. Reminded university staff and faculty on May 30, 2025, of the requirement that all scholarship recipients will be reported to the financial aid office to ensure proper calculation of student financial aid packages.

**4. STAFF AND VOLUNTEER TRAINING****OBSERVATION**

Administrative oversight of staff and volunteer training needed improvement.

At CSUSB, training is administered by the university's department of human resources (HR) and assigned to employees through CSULearn. The HR department recently updated the *Business Process Guide for Employee Training* (BPG), which contains details on the various types of training employees and volunteers are required to complete based on their classification. University liaisons from different campus departments are responsible for monitoring the completion of training and communicating with division VPs when employee training has expired or become overdue.

We reviewed training records for 20 DHRE staff, including 10 resident advisors (RA), three student coordinators, four student mentors, and three facilities maintenance staff, and we found that the following required training had not been completed as of March 2025:

Training	Expired	Overdue	Not Assigned
<b>Data Security/Family Educational Rights and Privacy Act (FERPA)*</b>	0	11	3
<b>Emergency Disaster Preparedness</b>	2	8	0
<b>Fire Safety and Prevention</b>	0	7	0
<b>Gender Equity/Title IX</b>	3	7	0
<b>Injury &amp; Illness Prevention</b>	2	7	0
<b>Clery Act</b>	0	0	17

\*We also tested Data Security/FERPA training as part of our review of system access and found that of an additional 15 DHRE employees tested, training was not assigned for six employees and was overdue for five employees.

According to management, Clery training assignment is a shared responsibility between risk management and HR. The two departments collaborate to determine which classifications, departments, or affiliations require Campus Security Authorities (CSA) Clery training. HR then configures rule sets within the CSULearn system to enable automatic assignment. The 17 student leaders we reviewed were classified as volunteers; due to recent staffing transitions within risk management, there has been a gap in manually assigning CSA Clery training. Concurrently, HR's volunteer intake process did not flag these individuals for CSA Clery training, even though they held roles such as RA, academic mentor, or student coordinator within DHRE, which would typically warrant CSA designation.

According to DHRE management, due to staff turnover, management was unaware of the HR training process and did not know that DHRE staff had not completed the required training. Although HR provided a list of overdue and expired training to the division VP for follow-up, the information had not been communicated to the DHRE director. Despite that, DHRE has proactively provided Data Security/FERPA and Clery Act training to all student leaders as part of the student leader training orientation. DHRE also invited the campus Title IX office to conduct Title IX training during orientation.

Since fieldwork concluded, the campus made a concerted effort to have staff complete these trainings. As of the time of this report, campus management reported that four student employees noted above had completed the required trainings.

Proper administration of required training helps to ensure compliance with state law and system requirements, provides evidence that DHRE staff are properly trained and qualified for their position, and reduces exposure to litigation.

## RECOMMENDATION

We recommend that the university:

- a. Review and update training assignment processes for Clery Act training to ensure that training is assigned to the appropriate individuals in a timely manner, and assign training to the individuals noted above.
- b. Review automatic assignment protocols for Data Security/FERPA training in CSULearn to determine why the individuals noted above were not assigned the training, and update them as needed. In addition, the university should assign training to the individuals noted above.
- c. Develop a process to monitor training status and enforce deadlines at the department level.
- d. Ensure the staff members noted above complete required training.

Responsible party: VP of Human Resources

## MANAGEMENT RESPONSE

We concur. Our campus will:

- a. Review and update training assignment processes for Clery Act training to ensure that training is assigned to the appropriate individuals in a timely manner, and assign training to the individuals noted above.

- b. Review automatic assignment protocols for Data Security/FERPA training in CSULearn to determine why the individuals noted above were not assigned the training, and update them as needed. In addition, the university will assign training to the individuals noted above.
- c. Develop a process to monitor training status and enforce deadlines at the department level.
- d. Ensure the staff members noted above complete required training.

Estimated completion date: December 12, 2025

## 5. CONFERENCE AND EVENT ADMINISTRATION

### OBSERVATION

Oversight and administration of conference and events services needed improvement.

DHRE offers overnight accommodation for summer camps or conferences for youth, college-aged students and/or adults. These services are offered to other campus departments, as well as to the public, and the DHRE website provides information about the availability of space rental. However, there are no documented policies or procedures in place for the management of conference and event services, and DHRE did not maintain a list of conferences and events that took place during the audit period. Also, DHRE did not maintain an approved fee schedule for Summer 2023, and although the department provided a fee schedule for Summer 2024, it was not approved by the university president or designee.

We reviewed the revenue general ledger (GL) and identified conference/workshop revenue, including chargebacks from other university departments totaling \$327,659 in FY 2023 and \$409,769 in FY 2024. We selected nine events to verify that agreements were properly executed, required insurance was obtained, billing was accurate and timely posted, and any events involving minors met risk management requirements. In our review, we found that:

- For all events reviewed, insurance certificates to show evidence that required insurance coverage was in place were not provided.
- For four events that took place in the summer of 2023, we could not verify that fees were assessed appropriately due to the lack of an approved fee schedule for that period.
- For six events, the overnight event included minors. According to management, a portion of the agreement pertaining to youth on campus was contributed by risk management; however, we found that the agreement template did not fully address CSU youth protection requirements for third parties. For example, none of the agreements reviewed included required insurance coverage for sexual abuse and molestation. Additionally, one agreement did not contain the appropriate section regarding youth on campus.
- In three instances, the agreement was not executed properly. Specifically, two agreements were signed by procurement one and four days after the event had started. There was no support to show when the agreement was routed to procurement. The third agreement was not signed by a representative from DHRE.

- In one instance, the event host was charged the daily rate charged to students, which is lower than the conference/event daily rate. Although this was an orientation event held by the university, the decision to charge a discounted rate was not documented.

Proper administration of conference and event services establishes a clear and consistent framework that defines roles and responsibilities, reduces the risk of misunderstanding, and helps protect the university from potential liabilities.

## RECOMMENDATION

We recommend that the university:

- Establish written procedures for the management of conference and event services, including roles and responsibilities of DHRE and other university departments, and procedures to document approval for discounts offered to other university departments.
- Work with risk management to ensure that the agreement template for events with youth participants includes key risk management elements such as insurance coverage and terms and conditions addressing youth protection in accordance with CSU policy.
- Provide training and guidance to key personnel on the updated conference and event procedures, agreement templates, agreement routing and execution, and obtaining evidence of required insurance coverage.
- Develop a fee schedule and obtain the appropriate approvals from the university president or designee.

Responsible party: VP of Student Affairs

### MANAGEMENT RESPONSE

We concur. Our campus will:

- Establish written procedures for the management of conference and event services, including roles and responsibilities of DHRE and other university departments, and procedures to document approval for discounts offered to other university departments.
- Work with risk management to ensure that the agreement template for events with youth participants includes key risk management elements such as insurance coverage and terms and conditions addressing youth protection in accordance with CSU policy.
- Provide training and guidance to key personnel on the updated conference and event procedures, agreement templates, agreement routing and execution, and obtaining evidence of required insurance coverage.
- Develop a fee schedule and obtain the appropriate approvals from the university president or designee.

Estimated completion date: December 12, 2025

## 6. GUEST AND VISITOR POLICY

### OBSERVATION

Management of overnight guests and visitors needed improvement.

The DHRE's overnight guest policy stated that minors under the age of 12 are not permitted to stay overnight in housing. However, the current policy did not address minors under the age of 18 and did not require parental consent for overnight stays.

We reviewed the overnight guest register for fall 2024 and selected 10 guests to review. We found that:

- In three instances, guests were under the age of 18. However, parental consent was not obtained as it was not a requirement.
- In one instance, a guest stayed overnight 11 times, although the guest policy limits overnight guests to 10 day/night visits per semester.

Comprehensive guest and visitation policies and procedures help to ensure that residents and their guests and visitors understand housing guest-visitation requirements and expectations and protects the university from potential liabilities.

### RECOMMENDATION

We recommend that the university:

- a. Update the guest policy and procedure to include specific requirements for minors under the age of 18, including a requirement to obtain a consent form from the parent or legal guardian for any overnight guest who is a minor.
- b. Develop a documented process to enforce overnight guest limits.

Responsible party: VP of Student Affairs

MANAGEMENT RESPONSE
<p>We concur. Our campus:</p> <ol style="list-style-type: none"><li>a. Updated the 2025-2026 guest policy and procedure not to permit guests 17 years of age or younger to stay overnight in the residence halls or university apartments.</li><li>b. Developed a documented process to enforce overnight guest limits.</li></ol>






## 7. SYSTEM ACCESS ADMINISTRATION

### OBSERVATION

System access administration needed improvement.

StarRez is a housing management system that contains level 1 (confidential) data as defined in the CSU *Information Security Policy and Standards*. StarRez has several capabilities, including management of DHRE applications, resident accounts, residency status, reporting, and dashboards.



We found that DHRE did not have documented policies or procedures addressing user access for StarRez, as required by systemwide policy. This includes policies and procedures for authorizing, modifying, and terminating user access, as well as performing an annual user-access review.

We selected 20 StarRez user accounts, including those of 11 student workers/volunteers, five DHRE staff, and four facilities maintenance staff, and found that:

- 17 users did not have a signed confidentiality statement on file for handling level 1 data.
- Two DHRE facilities employees had access to student financial information; however, the maintenance team would not need access to that type of information.

Effective administration of system access to sensitive data, including comprehensive policies and procedures, completion of confidentiality forms, required training, and annual user-access reviews, supports compliance with systemwide requirements and strengthens protection of sensitive information.

## RECOMMENDATION

We recommend that the university:

- a. Develop and implement policies and procedures addressing StarRez user access, including obtaining confidentiality agreements; authorizing, monitoring, and terminating access; and performing periodic reviews of user access.
- b. Review current user-access levels and update access based on business needs and job duties.

Responsible party: VP of Student Affairs

### MANAGEMENT RESPONSE

We concur. Our campus will:

- a. Develop and implement policies and procedures addressing StarRez user access, including obtaining confidentiality agreements; authorizing, monitoring, and terminating access; and performing periodic reviews of user access.
- b. Review current user-access levels and update access based on business needs and job duties.

Estimated completion date: December 12, 2025

## 8. VENDOR CONTRACT MONITORING

### OBSERVATION

Monitoring of vendor contracts was not always adequate.

Through our review of vending service contracts and disbursements, we found that DHRE contracted with a new laundry services vendor in June 2024. The contract states that commission is sent monthly, and the check stub includes sales information such as gross and net collections amount. However, the contract did not require the vendor to submit revenue reports, and we found that DHRE did not reconcile or verify the commissions received.

Additionally, we found that the university contracted with a consulting firm in May 2023 to explore potential public-private partnership (P3) opportunities for Serrano Village, as well as other underutilized sites on the campus, including the Palm Desert Campus. The contract was effective from May 2023 through October 2023, and it appears that the final payment was made in October 2024; however, a final report as the deliverable for the contract was not provided to the university until it was requested during our audit. Additionally, we noted that the purchase order (PO) was issued for \$74,150; however, at the time of our review, after the final payment was made in October 2024, the PO had not been closed and still showed an outstanding encumbrance of \$11,925.38. Further, based on the scope of work stated in the agreement and included in the final report, it appears that the review was not just limited to DHRE, as there were other potential P3 opportunities being explored, such as the Palm Desert Campus. However, we could not identify whether any costs were charged or allocated to other departments.

Adequate contract oversight and monitoring of terms and deliverables and proper administration of expenses help to ensure that all expenditures are appropriate and allowable.

## RECOMMENDATION

We recommend that the university:

- a. Consider adding an amendment to the contract requiring a monthly revenue report from the vendor to facilitate DHRE review of commission received, and develop a documented process that addresses a review of laundry commission to ensure that payments are made in accordance with the contract agreement.
- b. For the contract with the consulting firm discussed above, based on the scope of work included in the review, develop a methodology for allocating consulting costs to all benefiting departments and recover costs for DHRE, and close the PO so that the remaining funds are disencumbered.

Responsible party: VP of Student Affairs

## MANAGEMENT RESPONSE

We concur. Our campus will:

- a. Consider adding an amendment to the contract requiring a monthly revenue report from the vendor to facilitate DHRE review of commission received, and develop a documented process that addresses a review of laundry commission to ensure that payments are made in accordance with the contract agreement.
- b. For the contract with the consulting firm discussed above, based on the scope of work included in the review, develop a methodology for allocating consulting costs to all benefiting departments and recover costs for DHRE, and close the PO so that the remaining funds are disencumbered.

Estimated completion date: December 12, 2025

## 9. PHYSICAL ACCESS

### OBSERVATION

Administration of physical access to DHRE buildings needed improvement.

We found that DHRE did not have a documented policy and procedure to authorize access, modify or

remove access, or periodically review key fob assignments in order to identify any separated individuals who no longer require access to housing facilities.

We reviewed a current list of key fob assignments and found that access appeared to be appropriate, except for key fobs assigned to the University Police Department (UPD). Although most of the fobs were assigned to specific employees, three were labeled Campus Security Officer (CSO) 1, CSO 2, and CSO 3. According to UPD, these fobs are maintained in the Key Watch Box and are meant for part-time student employees who would check out the key fob when they reported to their assigned shift. However, we found that there was no method of tracking when those fobs were in use and by whom.

Proper administration of building access controls, including documented procedures and maintenance of accurate records, enhances university security and reduces the risk of unauthorized access.

## RECOMMENDATION

We recommend that the university:

- a. Establish procedures to authorize, modify, and remove access, and periodically review key fob assignments.
- b. Develop a tracking method to ensure that assigned key fobs are used by only the appropriate staff during their shift.

Responsible party: VP of Student Affairs

## MANAGEMENT RESPONSE

We concur. Our campus:

- a. Established written procedures to authorize, modify, and remove access, and periodically review key fob assignments.
- b. Deactivated CSO1, CSO2, and CSO3 key fobs on July 16, 2025.

## 10. HOUSING FEES

### OBSERVATION

Approval of housing rates and fees by the president or designee was not documented.

The *CSU Student Tuition and Fee Policy* requires the president or the president's designee to approve all Category V fees, which includes fees related to self-support programs, such as housing. Additionally, the campus financial services process requires that the president or campus fee advisory committee approve the establishment of new fees and changes to existing fees before they are activated in the student finance system and general accounting system.

We received a schedule of housing rates and damage fees for the audit period; however, the university could not provide evidence that the fees were approved by the university president or designee.

Proper documentation of approved fees in accordance with systemwide requirements enhances accountability and helps to ensure that necessary reviews and approvals are obtained as required.

## RECOMMENDATION

We recommend that the university:

- a. Document approval of current housing fees by the president or designee.
- b. Ensure that future new or updated housing fees are approved through the appropriate campus processes and related approval documents are maintained.

Responsible party: VP of Student Affairs

## MANAGEMENT RESPONSE

We concur. Our campus:

- a. Documented the approval of current housing fees by the president.
- b. Ensured that 2025-2026 housing fees were approved through the appropriate campus process and related approval documents were maintained.

## 11. OFF-CAMPUS HOUSING RATES

### OBSERVATION

Market rates for local off-campus housing were not posted on DHRE’s website or included in documents on housing and meal plan rates provided to students.

We reviewed the university’s housing website and noted that the market rate for local housing in the area was not posted. California Education Code (EC) §66014.2 requires universities to post information about the market cost of one- and two-bedroom apartments and of one-person bedrooms in private houses in the areas surrounding the campus where its students commonly reside on or before February 1 each year. This information must be posted in the same location as off-campus student housing cost estimates on the university website. The posted market cost should be based on reliable sources, including students, local newspapers, bulletin boards, and rental websites. EC §69503.6 further states that the housing cost information should be posted on all internet websites and documents it provides to students for purposes of advertising or otherwise displaying the student costs associated with institutionally operated housing.

We noted that food and housing cost estimates are posted on the website for the Office of Financial Aid. However, these are posted as a single line item (Living Expenses), rather than being listed separately, as required.

During our audit, DHRE updated its website to include the required off-campus housing information on its “Additional Info & Resources” page.

Compliance with disclosure requirements promotes transparency and facilitates informed decision-making for students, along with reducing the risk of legal exposures.

**RECOMMENDATION**

We recommend that the university develop and implement a process to ensure required disclosure information related to housing costs is communicated to students in accordance with regulatory requirements.

Responsible party: VP of Student Affairs

<b>MANAGEMENT RESPONSE</b>
We concur. Our campus developed and implemented a process to ensure that required disclosure information related to housing costs is communicated to students in accordance with regulatory requirements.



## GENERAL INFORMATION

### ADDITIONAL BACKGROUND

The Board of Trustees (BOT) reaffirmed the importance of student housing as a means for realizing the educational mission of the CSU in July 1982, when it issued Resolution of the Committee on Finance (RFIN) 9-82-10, *Report of the Student Housing Policy Study Group*. In this document, the board resolved to encourage and support the development of on-campus student housing and outlined objectives that addressed both programmatic goals, such as activities that complement the academic programs of the institution, as well as practical goals, such as facility maintenance, strategic planning, and fiscal responsibility.

Though individual campuses retain responsibility for the financial, operational and aspirational viability of their housing programs, new project funding has been achieved via systemwide revenue bonds since July 1994. Campuses that want to propose a student housing project funded by systemwide revenue bonds or other non-state sources must have the project reviewed by the Housing Proposal Review Committee (HPRC) and are responsible for presenting their projects to the committee. The HPRC studies the housing proposal and submits its recommendations to the BOT for consideration. If approved, bonds are advertised and sold or otherwise financed, followed by a bond escrow period. Once funds are received, a construction contract can be executed, and the project can proceed. Debt service repayment is the responsibility of the campus and is generally a line item in housing budgets.

Access to affordable on-campus housing can promote rates of persistence and graduation and provide short-term and long-term benefits in student engagement and improved sense of belonging with the university. The CSU continues to increase bed space capacity and strives to keep rental rates below those of the local rental market. To meet the legislative requirement outlined in EC §66220, the CSU created the CSU Systemwide Housing Plan in 2022, which contains an analysis of systemwide housing needs and documents ongoing actions and plans to meet those needs over the next five years, with a focus on closing the degree gap and providing affordable housing. As part of the CSU's Basic Needs Initiative, emergency housing programs have been made available to students. In addition, the state Higher Education Student Housing Grant Program was established as part of the 2021/22 state budget package, to increase affordable student housing in higher education. This will help the CSU construct affordable beds at multiple universities.

Each CSU has its own housing office that provides information about the housing options for students. At certain universities, housing facilities are owned by auxiliary organizations. The housing program is a self-supporting program deriving its revenues primarily from fees collected for the use of the residence facilities, which are Category V fees. Funds are used for current operating expenses, maintenance and repair, improvements to facilities, and interest and principal payments on outstanding bonds. In fall 2024, the CSU university housing program had 67,752 existing university housing inventory (beds).

### CRITERIA

Our audit was based upon standards as set forth in federal and state regulations and guidance, Trustee policy, Office of the Chancellor directives, and university procedures, as well as sound administrative practices and consideration of the potential impact of significant risks. This audit was conducted in conformance with the Institute of Internal Auditors' *Global Internal Audit Standards*.

This review emphasized, but was not limited to, compliance with:

- Assembly Bill 990, *Public Postsecondary Education: CSU and UC: Estimates of Off-Campus Housing Costs*
- EC §66014.2
- EC §66220
- EC §69503.6
- Government Code §13402 and §13403
- California Code of Regulations Title 5, §42000-42103
- CSU *Accounts Receivable Management Policy*
- CSU *Budget Oversight Policy*
- CSU *Designated Balances and Reserves Policy*
- CSU *Disbursements Policy*
- CSU *Emergency Management Policy*
- CSU *Financing and Debt Management Policy*
- CSU *Information Security Policy and Standards*
- CSU *Information Security Privacy of Personal Information*
- CSU *Segregation of Cash Handling Duties Policy*
- CSU *Immunization Requirements*
- CSU *Interfund Loan Transfers*
- CSU *Facility Maintenance Policy*
- CSU *Financing and Debt Management Policy*
- CSU *Emergency Management*
- CSU *Student Conduct Process*
- CSU *Interim Nondiscrimination Policy*
- CSU *Delegation of Fiscal Authority Policy*
- CSU *Student Tuition and Fee Policy*
- *Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act*
- Coded memorandum Academic Affairs 2010-11, *Priority Housing for Former Foster Youth*
- DHRE *Student License Agreement*
- DHRE *Resident Handbook*

## AUDIT TEAM

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