September 17, 2007

Dr. Flavius Killebrew
President
Texas A&M University – Corpus Christi
6300 Ocean Drive
Corpus Christi, TX 78412

Dear Dr. Killebrew:

Enclosed is the final report on the review of the housing program at Texas A&M University – Corpus Christi.

The cooperation of your staff during this review was greatly appreciated. If you have any comments or concerns on the conduct of this audit, please let me know.

This information is provided to the Board of Regents, the Chancellor, A&M System administrators, the State Auditor's Office, the Legislative Budget Board, and the Governor's Office of Budget and Planning in the Fourth Quarter Report issued in September 2007.

Sincerely,

Catherine A. Smock, CPA
Chief Auditor

Enclosure

Project # 20071505
PROJECT SUMMARY

Texas A&M University – Corpus Christi’s Department of University Housing has oversight and financial processes in place to provide for availability, quality, cost, desired level of services to the students, and contract performance monitoring. While the University has outsourced student housing to Camden Property Trust, it provides adequate oversight to ensure that the student housing goals are met. The Department’s contract performance monitoring controls provide for compliance with Ground Lease Agreements between the Texas A&M University System and Camden Property Trust, including adherence to the cash-flow sharing section of the agreement. The audit determined that Camden’s fiscal year 2006 “Calculation of Percentage Rent” had been calculated in conformity with the Ground Lease Agreement and generally accepted accounting principles.

The University housing program has generally maintained high levels of occupancy. Management has attributed this, in part, to the quality of service being provided. The University’s 2006 Noel Levitz Student Satisfaction Survey found that students rated their housing living conditions an average of 23% greater than students nationally. In addition, the Department of University Housing surveys student satisfaction with housing every other year through the Resident Life Survey. Housing management analyzes the survey results and develops strategies to address any areas requiring improvement.

The Department of University Housing has developed resident advisor programs that utilize the Wellness Wheel model to enhance student engagement and development. In fiscal year 2006, resident advisors hosted 72 programs aimed at improving resident’s social, emotional, physical, intellectual, and spiritual wellness.
BASIS OF REVIEW

Objective and Scope

The overall objective was to assess the extent to which the Department of University Housing provides for availability, quality, cost, desired level of services to the students, and contract performance monitoring. The review focused on determining the extent to which the "Calculation of Percentage Rent" is calculated in conformity with the Ground Lease Agreement and generally accepted accounting principles. This included detailed analysis of key income and expenditure items including gross potential rent revenue and expenses including interest, depreciation, salaries, repairs and maintenance, and utilities. Transactions and activities related to these areas were reviewed for the period September 1, 2005 to August 31, 2006.

Criteria

Our review was based upon standards as set forth in the System Policy and Regulation Manual of The Texas A&M University System; Camden Property Trust's Property Management Operations Manual; the Treadway Commission's Committee of Sponsoring Organization's Internal Control - Integrated Framework (COSO); and other sound administrative practices. The evaluation was performed in compliance with generally accepted government auditing standards and other criteria to conform with the Institute of Internal Auditors' "International Standards for the Professional Practice of Internal Auditing."

Background

The Department of University Housing at Texas A&M - Corpus Christi, in conjunction with Camden Miramar, strives to provide quality on-campus student housing. The Department endeavors to facilitate the educational mission of the University by creating living environments that foster the growth and development of all students participating in the housing program. The program currently operates 17 buildings which, in total, provide approximately 1300 beds. The program brings in an annual gross effective rent of approximately $7 million and an annual net income of approximately $3.3 million. The program employs approximately ten full-time employees and ten resident advisors.
AUDIT TEAM INFORMATION

Auditors Assigned to the Review

Amanda Jenami, CPA, Project Manager
Chris Powell

Contact Information

For questions regarding this review, contact Dick Dinan, Director.

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