

Tuition and Fees Internal Audit Report
Project # 2018-22
October 18, 2018

Reviewed by:



Taylor Eighmy, Ph.D.
President

Executive Summary
Tuition and Fee Internal Audit Report
Project # 2018-22

Objectives:

Determine if tuition and fee funds are being appropriately utilized and billed by UTSA.

Conclusion:

UTSA's current policies, procedures and practices are not designed to be transparent to the university community that includes staff, faculty, students and their family members and/or legal guardians. In our opinion, the Tuition and Fee process(s) need improvement to be effectively and consistently applied across the university to ensure compliance with Texas and UT System guidelines and transparency.

Non-Priority Recommendations:

1. The university Tuition and Fee process should be clearly defined, transparent and effective (High)
2. University Fee Administrators roles and responsibilities should be clearly defined to ensure proper monitoring of expenditures based on fee justifications (High)
3. Incidental, Course and Additional Fees should be appropriately assessed and described within the various university or student academic resources (Medium)

A Priority Finding is 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.”* Non-Priority Findings are ranked as High, Medium, or Low, with the level of significance based on an assessment of applicable Qualitative, Operational Control, and Quantitative risk factors and probability of a negative outcome occurring if the risk is not adequately mitigated.

Audit Results
Tuition and Fee Internal Audit Report
Project # 2018-22

Background

The Texas Education Code (TEC) Chapter 54: Tuition and Fees, states that Institutions of higher education "...may collect from students attending the institution any tuition, fee, or charge of any kind except as permitted by law, and no student may be refused admission to or discharged from any institution for the nonpayment of any tuition, fee, or charge except as permitted by law."

Tuition is comprised of statutory and designated tuition:

- **Statutory Tuition** is a minimum tuition charge (amount) authorized under TEC which is determined by the Texas Legislature for resident and nonresident students. During academic year 2017-18, the UTSA statutory rates imposed to the following students by semester credit hours (SCH) were:
 - Undergraduate and Graduate (Resident) – \$50 per SCH
 - Undergraduate and Graduate (Nonresident) – \$465 per SCH
- **Designated Tuition** is an additional tuition amount authorized under TEC and the governing board of an institution considers to be necessary to maintain an effective operation of the institution. During academic year 2017-18, the UTSA rates imposed to the following students by semester credit hours (SCH) were:
 - Undergraduate (Resident) – \$171.15 per SCH
 - Undergraduate (Nonresident) – \$222.80 per SCH
 - Graduate (Resident) – \$215.20 per SCH
 - Graduate (Nonresident) – \$290.65 per SCH

For academic years 2018-19 and 2019-20, the UTSA statutory and designated tuition amounts will increase tuition costs for students and Differential Tuition will apply for select colleges based on Board of Regents and UT System approvals.

Furthermore, the TEC gives authorization within several sections of the general provisions to institutions to approve certain incidental and course fees that can be assessed in addition to the mandatory fees. As defined by the Texas Higher Education Coordinating Board (THECB) or TEC:

- **Mandatory fees** "are authorized by statute or by the governing board of an institution, and are charged to a student upon enrollment to provide services available to every student."
- **Course fees** "are mandatory fees required of all students enrolled in a particular course, such as materials for a chemistry lab, or a discretionary fee required of students in a given course, or for students participating in a special activity, such as a parking fee."
- **Incidental fees** are fees that "must reasonably reflect the actual cost to the university of the materials or services for which the fee is collected."

At UTSA, course fees and incidental charges are being assessed to students for the cost of services based on majors pursued or the courses selected. The online Information Bulletin is utilized to communicate to the UTSA community the fee and charge justifications.

Audit Results
 Tuition and Fee Internal Audit Report
 Project # 2018-22

Audit Details

Determine if tuition and fee funds are being appropriately utilized and billed by UTSA.

1. Tuition and Fee Process

The University of Texas System Tuition and Fees Process provides the following tuition and fees submission and approval timeline to all UT System academic institutions:

Timeline	Descriptions
August – December 2017	Academic institutions receive guidance and proposal templates from the UT System Office of Academic Affairs (OAA).
December 4, 2017	Submission of institutional proposals to the Office of Academic Affairs.
December 2017 – January 2018	Institutional leadership coordinates with UT System OAA to finalize proposals.
March 19, 2018	UT System and institutional leadership present proposals to the UT System Board of Regents.
	The UT System Board of Regents formally votes on proposed tuition and fees rates for academic institutions for Academic Years 2018 - 2019 and 2019 - 2020.

The University of Texas at San Antonio Financial Management Operational Guidelines (FMOG) “outlines the various categories of fees and tuition that UTSA students may be charged and addresses the following” under Section 12 – Revenue: Tuition and Fees Process:

- “The processes by which each category of fee may be established and or modified;
- How unexpended fee Cost Centers balances are managed;
- How approved fee amounts are updated annually, effectively communicated to students and appropriately attached to proper courses in Banner, (Student Information System).

Audit Results

Tuition and Fee Internal Audit Report Project # 2018-22

- Authority for establishing and reviewing annual revenue budgets, expenditures and year-end balances (retained earnings).
- Authority for periodic review of the rates charged for approved fees.”

As of June 2017, the Texas Education Code for Tuition and Fees (Section 54.0051) requires the disclosure of course fees in Undergraduate and Graduate course catalogs.

Observation:	<p>As an observer of the 2018-19 and 2019-20 university tuition and fee proposal process, review of relevant policies/procedures, sample evaluation of fees and tuition assessed in 2018, and interviews with key university stakeholders, the current tuition and fee process(s) are ineffective and lack transparency (<i>including, but not limited to the following circumstances</i>):</p> <ol style="list-style-type: none">1. Stakeholders had limited knowledge or understanding of the tuition and fee (<i>mandatory and non-mandatory</i>) process timeline and requirements.2. The Tuition and Fee Committee is not a continuous functioning/standing committee that can provide governance, oversight, and/or guidance to the university. Additionally, the committee comprised of faculty, staff, and 30 students, but a single academic college made up more than 50% of the student member representation.3. UTSA department managers assigned to mandatory, college, course or incidental fees cost centers in PeopleSoft are not always the suitable fee administrator.4. Final approved determinations of fee establishments, modifications and/or proposals were not communicated to the offices, colleges or department levels.5. The Information Bulletin, course fees documented in catalog and fee justification documentation were inconsistent and ambiguous.6. Incidental Charges (Fees) are not periodically reviewed at the student level. Presently, a periodic review is performed on all course level fees by the Office of Academic Affairs, Colleges, and/or Departments.7. International Programs and/or Study Abroad education
---------------------	---

Audit Results
 Tuition and Fee Internal Audit Report
 Project # 2018-22

	<p>services and associated fees are decentralized and thus not leveraging spending discounts to provide a better student experience.</p> <p>8. Lack of a review and approval process for the transferring of fee expenditures from a VP unit, college, department, and/or office to another responsible party.</p> <p>9. The current billing statements are not transparent in connecting fees charged for the various student learning styles, majors, and courses (<i>e.g. traditional, hybrid and on-line</i>).</p>
Risk Level:	Failure in not having a defined and transparent process(s) for tuition and fee proposals, changes and charges leading to confusion of the process by students and employees, duplication of effort, and inefficient and ineffective delivery of established or modification to university tuition and fees; therefore, potentially affecting students success is considered a HIGH risk to the university.
Responsible Person:	Associate Vice President for Financial Affairs & Controller (Sheri Hardison)

2. Fee Administrators, Deans, VP Roles & Responsibilities

FMOG Revenue Policy 12.B.2.e states: “Expenditures will be monitored by fee administrators, Deans and the Vice Presidents to whom the department’s report, to assure they are in accordance with the fee justification and that deficit spending does not occur.”

FMOG Revenue Policy 12.H. states:

- a) “The Associate Vice President for Financial Affairs will periodically review approved fee rates to assure the university is appropriately recovering its costs. The results of such reviews will be communicated to the appropriate Vice Presidents for information and / or appropriate action.”
- b) “The Senior Director of Budget Planning & Development will establish revenue targets for all fee revenue budgets based on current year revenue and projected future enrollment. Any deviation to target budgets will be discussed and changes mutually agreed. Budget to actual revenue is monitored periodically by Financial

Audit Results
 Tuition and Fee Internal Audit Report
 Project # 2018-22

- Affairs.”
- c) “Expenditures will be monitored by fee administrators, Deans, and Vice Presidents for appropriateness in accordance with the fee justification and to assure deficit spending does not occur.”
 - d) “Year-end balances and transfers to reserves will be monitored according to this guideline”.

Observation:	The fee administrators, Deans, and Vice Presidents monitoring of expenditures is not holistic and is not consistent. Roles and responsibilities are not clearly defined to hold them accountable for ensuring expenditures from fee funds are appropriate in accordance with authorized fee justifications and deficit spending is not occurring. Furthermore, as a best practice, it is also important to ensure that the under spending of funds is not occurring thus identifying the need for fee re-justification.
Risk Level:	Failure in not having defined roles and responsibilities increases the probability of inappropriate monitoring of expenditures to ensure they are in accordance to fee justifications, undetected deficit spending and budget surplus balances ultimately resulting in the potential loss of funding and loss opportunities for appropriate usage of the funds is considered a HIGH risk to the university.
Responsible Person:	Associate Vice President for Financial Affairs & Controller (Sheri Hardison)

3. Assessment Errors and Incidental Fee Descriptions

FMOG Revenue Policy 12.G states: “The following process ensures the accuracy of tuition and fees recorded in the Banner Student Information System, Information Bulletin, Fiscal Services' website and or other publications for students and university constituents. Upon receiving approval of fee changes, the Associate Vice President for Financial Affairs communicates to the following parties:

- a) The Student Information Services Financial Accounting Manager (Sam Suwal) will record/ update the Banner Student Information System to assure student billing accuracy and correct mapping to the general ledger/financial accounting system.
- b) The Director for Financial Services and University Bursar (Gary Lott) is responsible for communicating updated information to affected areas within Student Affairs,

Audit Results

Tuition and Fee Internal Audit Report Project # 2018-22

including Academic Publications. He also assures UTSA Fiscal Services website is updated.

- c) Academic Catalogs and Scheduling reports to the Interim VP for Strategic Enrollment (Johanna Hunziker) is responsible for the production of the Information Bulletin. Prior to each Fall semester a "request to update information" is sent to administrators with the responsibility for reviewing the accuracy of the information. This process is coordinated by the Office of the Registrar, Division of Student Affairs.
- Once requested changes have been made, a draft comparison document is sent to affected parties in Financial Affairs and Student Affairs' offices for review. All questions are directed to the Director of Financial Services and University Bursar.
 - Once all changes/updates and questions have been satisfied, the document is sent through the required approval process (first to the Faculty Senate, then to the Provost's Office, and to The UT System".

Observation:	The 2017-18 Information Bulletin (<i>Section 3. Tuition, Fees, Charges, and Deposits</i>) reflected inappropriate information and some fees were assessed inappropriately through the Student Information System (Banner). <ul style="list-style-type: none"> a. Two Incidental Fees were incorrectly assessed to students (<i>Graduate Service Charge – COE and Programs Charge for Honors College</i>). b. Two Incidental Fee descriptions were never deleted that were no longer valid (<i>Deficiency Plan Charge for COEHD and Extended Studies Registration Charge</i>).
Risk Level:	In appropriately assessing fees, and failure to ensure accuracy of fee justification descriptions is considered a MEDIUM risk to the university.
Responsible Person:	Director for Financial Services & University Bursar (Gary Lott) and Director of Academic Catalogs and Scheduling (Johanna Hunziker)

Audit Results
Tuition and Fee Internal Audit Report
Project # 2018-22

Management's Response for 1-3:	The Office of Financial Affairs recognizes the risks associated with the Tuition and Fee Process that include the Fee Administrators Roles and Responsibilities and Fee Assessment Errors as illustrated in this report. Going forward, Financial Affairs will coordinate a collaborative effort with other offices that may share some responsibility with these observations to ensure that the risks identified are addressed. Additionally, Financial Affairs will work on producing a collaborative plan and timeline with other university offices (as needed) and the plan will then be shared with Audit & Consulting Services.
Implementation Date:	<ul style="list-style-type: none"> • Development of collaborative plan: 02/28/19 • Milestone dates (based on the plan): TBD

CONCLUSION

UTSA's current policies, procedures and practices are not designed to be transparent to the university community that includes staff, faculty, students and their family members and/or legal guardians. In our opinion, the Tuition and Fee process(s) need improvement to be effectively and consistently applied across the university to ensure compliance with Texas and UT System guidelines and transparency.



Paul Tyler
 Chief Audit Executive



Carol Rapps
 Assistant Audit Director, Information Systems



Raul Huerta
 Senior Internal Auditor

This engagement was conducted in accordance with The Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing and with Government Auditing Standards.