# The University of Texas Rio Grande Valley

Fees and Other Charges Audit

Report No. 21-AEN-12

**April 7, 2022** 

**Office of Audits & Consulting Services** 



# **EXECUTIVE SUMMARY**

# **Overall Assessment:**

Overall, the majority of the student fees tested were expended in accordance with the authorized purpose. However, opportunities exist to improve monitoring fee balances, justifications for accumulated balances, and use of fees.

Background: Tuition and mandatory fees are the academic costs required of all students for general enrollment. Tuition and fees are subject to change by legislative or regental action and become effective on the date enacted. The student fees assessed are authorized by state statute; however, the University Administration and The University of Texas System Board of Regents make the specific fee amounts and the determination to increase fees in accordance with state law.

**Objectives**: To determine whether student fees were expended in accordance with the authorized purpose and whether student fee accounts with unexpended balances at year-end have prepared justifications for maintaining the balances in accordance with the cost recovery nature of the fees.

**Scope/Period**: All fees and other charges during fiscal year 2019 and 2020.

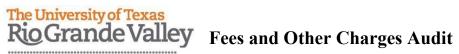
**Risk Levels** Appendix I

**Priority** High Medium Low

We appreciate the assistance provided by UTRGV's management and other personnel. We hope the information and analyses presented in our report are helpful.

Ris	sk		Observations Summary			
Me	edium	1	The Planning & Analysis Office does not have a formal process to monitor and require explanations for large unexpended fee cost center balances. The Office does have fee cost center guidance in UTRGV's Annual Budget Instructions; however, it is not readily available on the website.			
Me	edium	2	Late Payment and Late Registration fees are transferred to fund the Bursar's Office operations. These incidental fees have specific purposes and are commingled with other funds. Therefore, we cannot determine whether the monies reasonably reflected the actual costs to the university of the services for which the fees were collected.			
Me	edium	3	Six (\$6,782) of the seven (\$36,782) expenses tested, 18% of the total expenses tested, were not aligned with the purpose of the Medical School Supplemental Application Fee, which is to defray the costs associated with processing applications for admission to the School of Medicine.			
Me	edium	4	None of the Medical Student Laboratory Fee Revenue collected has been spent since the inception of the fee. The total revenue collected as of FY2020 was \$32,839.			





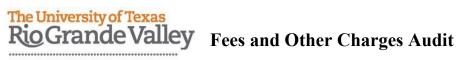
fund the Bursar's Office operations. Therefore, we

Brownsville • Edinburg • Harlingen	Dagammandation	Managament Action Plan
Observation Detail	Recommendation	Management Action Plan
(Cause)		
Large cost center balances have not been monitored.		
(Effered)		
(Effect)		
Large unexpended balances could signify that the fees		
are set too high and should be re-assessed or other cost centers may be covering the costs associated with		
these fees.		
these ices.		
Incidental Fees		
We selected four fees for testing:	2. The Planning and Analysis	2. Management Action Plan:
	Office should evaluate	
1-Cost Center (31000219) New Student Orientation	incidental fees and ensure	Planning & Analysis will avoid
- To defray costs associated with orientation	that fees are not combined	combining incidental fees in cases
activities.	with activities that are not	where different activities are
XX 1	consistent with the purpose	supported (e.g., the late payment
We determined fee expenditures were appropriate and	of the fee. Additionally, the	processing and late registration
supported by adequate documentation.	Planning and Analysis Office should determine if it	processing activities described). For
2-Cost Center (31000190) Late Payment Fee - To	is appropriate that all the	this reason, the Late Registration Fee
defray costs associated with processing late	revenue from these two fees	revenue will be applied to Registrar operations which is more directly
payments.	(Late Payment Fee and Late	impacted by late registration than the
payments.	Registration Fee) should be	Bursar's operation.
3-Cost Center (31000187) Late Registration Fee -	used to cover the Bursar's	Datour 5 operation.
To defray costs associated with registering students	Office Operations.	Step 1: Necessary changes will be
after the deadline.	1	incorporated for FY 2023
		operating budget development.
(Condition)		
The revenue for the Late Payment Fee and the Late		Step 2: The same changes will be
Registration Fee are transferred and commingled to		applied when funding FY 2022
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activities prior to FYE close.

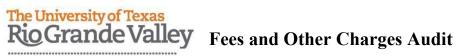


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Observation Detail	Recommendation	Management Action Plan
cannot determine whether the monies reasonably		j.
reflected the actual cost to the university of the		Action Plan Owner: Director,
materials or services for which the fee was collected.		Planning & Analysis
(Criteria)		Implementation Date:
TEC Section 54.504 states that "The rate of an		
incidental fee must reasonably reflect the actual cost		9/30/2022
to the university of the materials or services for which		
the fee is collected."		
(Causa)		
(Cause) These fees are transferred and commingled in a cost		
These fees are transferred and commingled in a cost		
center used for the Bursar's Office operations.		
(Effect)		
Inappropriate use of the fee could signify that the fees		
is set too high and should be re-assessed.		
	3. The Cost Center Manager and	3. Management Action Plan:
4-Cost Center (31000429) Supplemental	Assistant VP for Finance and	Expense corrections posted in
Application Fee – To defray the costs associated	Administration should ensure	February. The SOM is submitting a
with processing applications for admission to the	that the Medical School	proposed adjustment to the fee
School of Medicine (SOM).	Supplemental Application Fee	description to include wording on
	is used for its intended	recruitment, promotional related
(Condition)	purpose.	efforts and activities. In addition, staff
Six of the seven expenses tested were not aligned with		associated with processing
the purpose of the Medical School Supplemental		applications for admission to the
Application Fee. The inappropriate expenses were for		School of Medicine are being
Thanksgiving Dinner for SOM students, SOM student		identified along with effort to have
travel, food for a workshop and pins.		payroll costs funded by cost center.
(Criteria)		Action Plan Owner: Cost Center
TEC Section 54.504 states that "The rate of an		Manager
incidental fee must reasonably reflect the actual cost		5
to the university of the materials or services for which		<b>Implementation Date:</b> 2/14/2022



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Recommendation	Management Action Plan
4. The Cost Center Manager	4. Management Action Plan:
	Prior year and current year laboratory
	material and supplies expenses are
	being identified. Expense corrections
	will be processed as needed. Moving
•	forward, laboratory materials and
	supplies will be charged to the cost
	center.
ine ree is necessary.	Action Plan owner: Cost Center
	Manager
	<b>Implementation Date:</b> 3/11/2022



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Observation Detail	Recommendation	Management Action Plan
in an amount sufficient to cover the general cost of laboratory materials and supplies used by a student. An institution other than a public junior college may charge a laboratory fee in an amount that is not less than \$2 nor more than \$30 for any one semester or		
summer term for a student in any one laboratory course, except that the amount of the laboratory fee may not exceed the cost of actual materials and supplies used by the student.		
(Cause) SOM has not used any of the revenue collected.		
(Effect) Large unexpended balances could signify that the fee is too high and should be re-assessed.		
University Service Fee		
We obtained a breakout of the cost centers that receive revenue from University Service Fee and tested the following three areas:		
1-Cost Center (31000239) Academic Advising Center 2-Cost Center (31000213) Registrar Designated 3-Cost Center (31000099) Center for Online Learning and Teaching Technology		
We tested expenditures for these areas and determined that they were appropriate and supported by adequate documentation.		



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Observation Detail	Recommendation	Management Action Plan		
Student Service Fee				
The Student Advisory Committee advises the President on the allocation of the student service fee. We tested the following six student activities that received revenue from this fee:				
1-Cost Center (46100024) Retention Initiative 2-Cost Center (46100029) Leadership & Mentoring 3-Cost Center (46100054) Chess 4-Cost Center (46100056) Student Activities 5-Cost Center (46100008) Drama 6-Cost Center (46100005) Pep Band  We tested expenditures for all six areas and				
determined that they were appropriate and supported by adequate documentation.				



# APPENDIX I

# **Risk Classifications and Definitions**

Priority	High probability of occurrence that would significantly impact UT System and/or UT Rio Grande Valley. Reported to UT System Audit, Compliance, and Risk Management Committee (ACMRC). Priority findings reported to the ACMRC are defined as "an issue identified by an internal audit that, if not addressed timely, could directly impact achievement of a strategic or important operational objective of a UT institution or the UT System as a whole."
High	Risks are considered substantially undesirable and pose a significant level of exposure to UT Rio Grande Valley operations. Without appropriate controls, the risk will happen on a consistent basis. Immediate action is required by management in order to address the noted concern and reduce exposure to the organization.
Medium	Risks are considered undesirable and could moderately expose UT Rio Grande Valley. Without appropriate controls, the risk will occur some of the time. Action is needed by management in order to address the noted concern and reduce the risk exposure to a more desirable level.
Low	Low probability of various risk factors occurring. Even with no controls, the exposure to UT Rio Grande Valley will be minimal. Action should be taken by management to address the noted concern and reduce risk exposure to the organization.



#### **APPENDIX II**

## Criteria & Methodology

#### Criteria

The audit criteria included the Texas Education Code (TEC) Sections 54.504 Incidental Fees and 54.501 Laboratory Fees, University HOP ADM 10-703, as well as UT System Guidelines for fees and other charges. The audit methodology consisted of gaining an understanding of the student fee process and reviewing policies and procedures. We conducted interviews, obtained a list of all the tuition and fees that may be charged and the cost centers that were associated with the fees.

## Methodology

We conducted this audit in conformance with the Institute of Internal Auditor's International Standards for the Professional Practice of Internal Auditing. Additionally, we conducted this audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for findings and conclusions based on our audit objectives. The Office of Audits and Consulting Services is independent per both standards for internal auditors. These standards are also required by the Texas Internal Auditing Act.



#### **APPENDIX III**

# **Report Distribution & Audit Team**

# **Report Distribution**

Dr. Michael Hocker, Dean of the School of Medicine, Senior VP Health RGV
Michael Patriarca, Executive Vice Dean of the School of Medicine and Vice President of UT Health RGV
Melba Sanchez, Assistant VP for Finance & Administration (SOM)
Richard Wilson, Associate VP for Planning Analysis
Michael Mueller, Senior VP of Finance and Planning
UT System Audit Office
Governor's Office
Office of Budget, Planning and Policy
State Auditor's Office
Legislative Budget Board

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