

The Texas A&M University System Internal Audit Department



Monthly Audit Report
September 11, 2024

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Texas A&M University-Kingsville
Tuition & Fees



System Internal Audit
THE TEXAS A&M UNIVERSITY SYSTEM

TEXAS A&M UNIVERSITY-KINGSVILLE

TUITION & FEES

September 11, 2024

**Charlie Hrcir, CPA
Chief Auditor**



Overall Conclusion

Internal controls over tuition and fees at Texas A&M University-Kingsville are operating as intended and in compliance with applicable laws and policies. An opportunity for improvement was noted in the area of the Student Fee Advisory Committee.

The university had 6,575 students in the fall 2022 term. Fiscal year 2023 net tuition and fee revenue was approximately \$38.5 million which accounted for 45% of operating revenue.

Summary Table

Audit Areas	Controls Assessment
Student Fee Advisory Committee	Needs Some Improvement
Financial Analysis	Effective – No Observations
Student Billing	Effective – No Observations
Student Receivables	Effective – No Observations
Tuition Set-Asides	Effective – No Observations

Management concurred with the audit recommendations and indicated that implementation will occur by the end of May 2025.

Detailed Results

Student Fee Advisory Committee

Improvement is needed to ensure the Student Fee Advisory Committee is compliant with statutory requirements. Review of available committee documentation identified the following:

- Notices of committee meetings were not published 72 hours prior to the meeting on the university's website or student paper with date, hour, place, and subject.
- The committee's recommendations did not address all required fees.
- The committee's final recommendations were not made public.

In addition, written meeting minutes were not being maintained to demonstrate a quorum was present and that all required fees were addressed.

Texas Education Code Chapter 54 *Tuition and Fees*, Subchapter A, *General Provisions*, sections 54.5032 and 54.5033 require a committee to advise the Board of Regents and the institution on the type, amount, and expenditure of compulsory fees for student services including student health and medical services, student center facilities, and recreational sports fees. The statute also establishes requirements for committee composition, meeting attendance, notice of meetings, and communication of committee recommendations.

The university does not have written procedures outlining the committee's responsibilities and requirements, increasing the risk that the university is noncompliant with the requirements of Texas Education Chapter 54 *Tuition and Fees*.

Recommendation

Develop written procedures and monitoring processes to ensure the university is compliant with statutory requirements for Student Fee Advisory Committee activities. Ensure committee members and support staff are aware of the procedures and statutory requirements.

Management's Response

We agree with the finding and recommendation. We have developed written procedures to ensure the university is compliant with the statutory requirements governing the Student Fee Advisory Committee activities. Committee members will

be appointed by October 31st of each year. The committee members and support staff will be made aware of the committee's procedures and statutory requirements. These activities will be implemented for the next Student Fee Advisory Committee fee sessions with implementation complete by May 2025.

Basis of Audit

Objective, Scope, & Methodology

The overall objective of this audit was to determine if internal controls over tuition and fees processes are operating as intended and in compliance with applicable laws and policies.

The audit focused on the following areas:

- Student Fee Advisory Committee
- Financial analysis
- Student billing
- Student receivables
- Tuition set-asides

The audit period was primarily September 1, 2022 through August 31, 2023. Fieldwork was conducted from March 2024 to July 2024.

Our audit methodology included interviews, observation of processes, review of documentation, and testing of data using sampling as follows:

Audit Objective	Methodology
<p><u>Student Fee Advisory Committee</u></p> <p>Determine whether the university’s Student Fee Advisory Committee is operating in compliance with required guidelines.</p>	<p>Auditors gained an understanding of Student Fee Advisory Committee processes. Auditors reviewed documentation to determine if the committee complied with Texas Education Code Chapter 54 <i>Tuition and Fees</i>, Subchapter A, <i>General Provisions</i>.</p>
<p><u>Financial Analysis</u></p> <p>Determine if tuition revenue and student enrollment trends are reasonable.</p>	<p>Auditors reviewed the reported tuition revenue for the prior three years for trends and fluctuations in comparison to enrollment.</p>
<p><u>Student Billing</u></p> <p>Determine whether students are being billed accurately and</p>	<p>Auditors judgmentally selected a nonstatistical sample of 30 students from a variety of billing cohorts. Student billing statements were</p>

Audit Objective	Methodology
completely pursuant to applicant tuition and fee plans.	reviewed to determine if charges agreed to the applicable tuition and fee plan.
<p><u>Student Receivables</u></p> <p>Determine if past due and demand letters are sent timely, and if accounts were sent to collections timely.</p>	<p>Auditors judgmentally selected a nonstatistical sample of past due student accounts. Auditors reviewed documentation of past due and demand letters, university holds, state warrant holds, and timing of referrals to the collection agency for compliance with university and system regulations.</p>
<p><u>Tuition Set-Asides</u></p> <p>Determine if tuition set-asides are accurate, comply with Texas Education Code requirements, and if funds are being monitored to transfer to the Texas Higher Education Coordinating Board (THECB), as applicable.</p>	<p>Auditors reviewed set-aside calculations for mathematical accuracy, agreed to supporting documentation, and confirmed amounts in applicable aid assistance accounts. Auditors reviewed the year-end assessment used to determine if set-aside funds were required to be transferred to the THECB for accuracy.</p>

Controls Assessment Classification

Audit areas highlighted in red in the Summary Table are considered to have significant weaknesses in internal controls. Significant weaknesses include errors, deficiencies, or conditions which result in one or more violations of internal controls, laws, A&M System policies, or member rules. These violations have a high probability for legal consequences, financial consequences, or negative impacts to the organization’s reputation. These are situations in which a CEO, provost, vice president, dean, or director need to be involved in the problem resolution.

Audit areas highlighted in yellow in the Summary Table are considered to have notable weaknesses in internal controls. Notable weaknesses include errors, deficiencies or conditions which result in minor to moderate noncompliance with internal controls, laws, A&M System policies, or member rules. These are situations which can and should be corrected at the department or supervisor level.

Audit areas highlighted in green in the Summary Table are considered to have effective internal controls.

Items that were not significant or notable were communicated to management during the course of the audit.

Criteria

Our audit was based upon standards as set forth in the following:

- Texas A&M University System Policies and Regulations
- Texas A&M University-Kingsville Rules and Procedures
- Texas Education Code
- Other sound administrative practices

The audit was conducted in conformance with the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*. Additionally, we conducted the audit in accordance with generally accepted government auditing standards (GAGAS). 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 our findings and conclusions based on our audit objectives. The Office of Internal Audit is independent per the GAGAS standards for internal auditors.

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