

UNIVERSITY OF NEVADA, RENO
EXCESS CREDIT FEE
Internal Audit Report
January 1, 2016 through December 31, 2016

GENERAL OVERVIEW

The University of Nevada, Reno (UNR) implemented the Excess Credit Fee (ECF) starting in the Fall 2014 semester. The fee was adopted by the Board of Regents and applies to all Nevada System of Higher Education (NSHE) colleges and universities. The policy states “An Excess Credit Fee shall be charged to a student who has attempted credits equal to 150 percent of the credits required for the student’s program of study. The fee will be charged in all terms after passing the threshold number of credits until a degree is awarded to the student.” The policy is intended to discourage students from accruing excessive credits and to complete their degree in a timely manner. In addition, the intent of the policy aligns with existing Title IV Federal Student Aid requirements concerning Satisfactory Academic Progress. UNR has established an appeals process which includes an administrative review of students’ credits by the Admissions and Records Department. A subsequent committee review is performed for students who still exceed the 150 percent threshold after the administrative review, as required by Board of Regents policy.

During the audit period, the ECF was charged to approximately 350 students with a total assessment of over \$290,000.

SCOPE OF AUDIT

The Internal Audit Department has completed a review of the administration of the ECF at UNR for the period of January 1, 2016 through December 31, 2016.

Our review was conducted in accordance with the *International Standards for the*

Professional Practice of Internal Auditing issued by the Institute of Internal Auditors, and included tests of the accounting records and other auditing procedures, as necessary. The tests included, but were not necessarily limited to these areas.

1. Reviewing Board of Regents policies and procedures and available UNR ECF publications.
2. Discussing UNR's query capabilities to gain an understanding of how students are flagged in the student information system for ECF charges.
3. Testing student accounts to ensure the ECF was charged in accordance with Board of Regents and institutional policies.
4. Reviewing the student appeals process and documentation to determine whether a review was performed and forms were completed in compliance with Board of Regents policy.
5. Testing expenditures incurred from ECF accounts to determine whether the expenditures were allowable under Board of Regents policy.

In our opinion, we can be reasonably assured that UNR is applying the ECF in a generally satisfactory manner. However, implementation of the following recommendations would promote improvements in procedures.

STUDENT ACCOUNT TESTING

We selected a sample of 39 students that were charged the ECF during the Spring 2016, Summer 2016, and Fall 2016 semesters. Of the 39 students, 12 were selected from the spring term, 10 from summer, and 17 from fall. A review of the students' accounts in the student information system was then performed to determine whether the 150% credit threshold calculations and charged amounts were accurate. The following exceptions were noted.

1. For 10 students, the ECF was charged before the students reached the 150% credit threshold. The total amount of ECFs charged to the students was \$11,264. For nine of these students, we noted credits for either audit, remedial, and/or non-transferrable courses (not accepted by UNR) were included in the students' ECF threshold calculation. These courses should be excluded from the calculation because they do not count towards a student's program of study. This caused the ECF threshold to be reached prematurely for six of the students. For three students, the ECF threshold was not reached even with the inclusion of these courses. The reason ECF was charged to the three students was not provided.

It should be noted that none of the students filed an appeal and because of this the university did not conduct an administrative review of these accounts. This is an acceptable procedure under current Board policy which does not require institutions to perform an administrative review until an appeal is filed. This issue is addressed in the "Other" section of this report. We were informed, however, that since the Spring 2017 semester the university has been conducting a pre-appeal administrative review and in this process, remedial and non-transferrable courses are excluded from students' ECF threshold calculation. We agree with this practice and recommend the university continue the review to help ensure the ECF is accurately assessed. We also recommend audit courses be excluded from the ECF threshold calculation.

For the remaining student, the premature ECF charge was caused by the student's program of study which exceeded the standard number of credits required for a bachelor's degree. According to UNR personnel, the ECF threshold has been established in the student information system at 180 credits for bachelor's degrees. However, the

university has some degree programs with an ECF threshold that exceed 180 credits. The student mentioned was enrolled in such a program. The NSHE Procedures and Guidelines Manual, Chapter 7, Section 2 states “The Excess Credit Fee calculation is based on the number of credits required for a student’s program of study. If a student’s program of study exceeds the standard number of credits for the type of degree or certificate awarded, the calculation must be based on the actual number of credits required for that program of study.”

We recommend the ECF threshold be calculated in accordance with Board policy.

Institution Response:

- **Students identified by the audit with errors in threshold calculation have been refunded. A systematic review of all students charged the Excess Credit Fee throughout 2016 is underway and is expected to be completed prior to the end of Fall 2017. Any additional students found through the review will also be refunded as appropriate. Although originally calculated in accordance with Board of Regents policy, the institution recognizes the credit-types included differ from the best practices of other institutions. Records for students with a catalog year prior to 2011 will be manually reviewed beginning in 2016 and forward to ensure there is not an ECF adjustment needed due to a higher number of credits required for their degrees. Beginning Spring 2017, the institution implemented an administrative review process for all students charged the ECF to exclude remedial, non-transferable and credit-by-examination/Advanced Placement credits. The institution is working collaboratively with NSHE Computing Systems and other NSHE institutions to evaluate the methodology and process for consistency.**
- **Each term, for students first meeting the Excess Credit threshold, a review to verify automated processes will be performed and documented.**
- **The University Registrar will be responsible.**

Follow-up Response:

Current Status: Corrected. Initial review of students charged the Excess Credit Fee throughout 2016 is complete. Processing and refunding of students is being finalized with expected completion prior to end of fiscal year. All processes have been revamped to exclude audit, remedial and nontransferable courses as well as a manual review to identify students with older catalog years. The processes changed from automated to manual, and are thoroughly documented. Collaboration is underway with other NSHE

institutions to develop NV modification to PeopleSoft to ensure constancy across NSHE in implementation.

2. On three occasions, students that had reached the ECF threshold were not charged the fee.

We recommend the above student accounts be reviewed so that the reason the ECF was not assessed can be determined and corrected for the future.

Institution Response for Threshold Calculation Error (2 occasions):

- **For two of the reviewed students, we believe the institution did not receive information about recently completed credits in time to allow the ECF to be included in the billing for the semester; the information was received after the current semester fees had been calculated and invoiced.**
A systematic review of student threshold calculations is underway for 2016. Any identified errors will be evaluated through the new review processes implemented in Spring of 2017 to ensure correction in the future. Collaboration with University IT, NSHE System Computing Services and other NSHE institutions is also underway to evaluate the methodology and process to ensure consistency with other institutions.
- **Quality assurance procedures will be performed over the automated processes each term to ensure accuracy and to refine the processes.**
- **The University Registrar will be responsible.**

Follow-up Response:

Current Status: Corrected. Review is completed and conversations are ongoing to develop modification. Processes have been changed to a monitored process rather than automated, with quality assurance procedures in place.

Institution Response for Fee Calculation Error (1 occasion):

- **The Wintermester session has been added to the Spring term so the Excess Credit Fees will be applied for all Wintermester sessions beginning with the Spring 2018 term.**
- **The Business Process Guide, with written procedures for setting up new academic terms, has been updated to include procedures that will ensure the ECF is applied to Wintermester sessions. The Wintermester sessions will appear in the quality control comparison reports that are run each term to validate the information that rolled forward. Those reports are reviewed by a Business Data Analyst, and are monitored by the Manager of Student Accounts.**
- **The Manager of Student Accounts will be responsible.**

Follow-up Response:

Current Status: Corrected. The Wintermester session code was added to the Spring term beginning 2018. Quality control reports were verified by the Business Data Analyst during term roll and verification of proper assessment of the fee was conducted by the Manager of Student Accounts.

3. Board of Regents policy requires students who will be charged the ECF to be notified in advance of the assessment. We noted one student, who was first assessed the ECF in the Fall 2016 semester, was not provided notification until the end of the semester.

We recommend notification be sent to students before the ECF is charged, as required.

Institution Response:

- **The student identified was returning after a discontinuation of enrollment, and their application was received after the institution had issued the required communication to the Fall semester students. Communication processes have been changed to run daily. In addition, a new electronic notification on the Student Center within the student portal is being planned and tested, and would provide immediate notification and a follow-up email. The new notification should be active in Spring 2018.**
- **Quality assurance procedures will be performed and documented over the automated processes each term to ensure accuracy and to refine the processes.**
- **The University Registrar will be responsible.**

Follow-up Response:

Current Status: Corrected. Processes have been changed, resulting in communications being sent immediately after students are identified to charge.

4. The notification that is provided to students, as referred to in item three above, informs students that attempted credits include all of the course credits on the student transcript including courses with a grade of AD (audit).

As previously mentioned, since audited courses are not taken for academic credit towards a program of study they should not be counted in the ECF threshold calculation. This was confirmed with the NSHE Office of Academic and Student Affairs and is addressed

in the policy revisions in the “Other” section of this report. We recommend the reference to audited courses be removed from the notification.

Institution Response:

- **The communication has been changed to remove AD grade.**
- **Documentation of the change is on file.**
- **The University Registrar will be responsible.**

Follow-up Response:

Current Status: The stated corrective action has been fully implemented.

5. During the Summer 2016 term, the ECF was charged at a rate of 50% of the 2017 Fall semester per credit registration fee plus 50% of the Summer School Registration Surcharge. All summer session students who were charged ECF were also assessed 50% of the summer surcharge fee. This resulted in a total overcharge to these students of \$438.

In accordance with Board policy, the ECF should only be assessed on the per credit registration fee. We recommend the additional charge applied on the Summer School Registration Surcharge be discontinued.

Institution Response:

- **The Summer School Registration Surcharge fee has been modified to be included as a term fee that is separate from that of the registration fees. Beginning with summer 2018 the Summer School Registration Surcharge will not be included in the calculation of the excess credit fees.**
- **The Business Process Guide, with written procedures for setting up new academic terms, has been updated to include the term surcharge as a separate fee. Going forward, this term surcharge will appear in the quality control comparison reports that are run to validate the information that has rolled forward for each new term. Those reports are reviewed by a Business Data Analyst, and are monitored by the Manager of Student Accounts.**
- **The Manager of Student Accounts will be responsible.**

Follow-up Response:

Current Status: Corrected. The Summer School Registration Surcharge is now being charged as a separate term fee, which is excluded from the excess

credit fee calculation beginning with Summer 2018. Quality control reports continue to be verified at term roll by the Business Data Analyst. A verification of proper assessment of the fee was conducted by the Manager of Student Accounts.

EXPENDITURES

Board of Regents policy states that revenue generated from the ECF is to be used for student advising and counseling services, including salary and wages, operating, and equipment expenses. During this review, we noted ECF revenue is recorded by the university in a state-supported fee account, the same account that is used to record per credit registration fees. No expenditure transactions are posted directly to the account. As a result, it could not be determined whether ECF revenue is being used in accordance with Board policy.

For improved accountability, we recommend a self-supporting account be utilized to track ECF revenue and expenditure activity.

Institution Response:

- **UNR will establish a self-supporting account to track the ECF revenue and expenditure activity by the end of November 2017.**
- **The self-supporting account will be used to record the ECF revenue, and will provide information of the amounts used for student advising and counseling services.**
- **The Office of Planning, Budget and Analysis will be responsible.**

Follow-up Response:

Current Status: The stated corrective action was fully implemented as of November 2017.

EXCESS CREDIT FEE APPEALS PROCESS

Board of Regents policy requires institutions to establish an appeals process through which students subject to the ECF may file an appeal and request a waiver from the fee. The policy requires the appeals process to include an administrative review function in which appeals are initially examined before they are sent to a review committee. The university has developed

appeals procedures, called the Process for Excess Credit Appeal. In reviewing the procedures we noted credits earned through examination, credits attempted as a high school student that do not meet the degree requirements for the student's program of study, and credits attempted for community service courses were not listed as excluded courses. According to university personnel these types of credits are excluded during the administrative review, however, as mentioned, they are not included in the procedures.

We recommend the Process for Excess Credit Appeal document be updated to specifically state that the above mentioned credits are to be excluded during the ECF recalculation process.

We also noted that the Excess Credit Appeal Form accessible to students on the UNR website is not the most recent version of the form created by the NSHE System Administration Office.

We recommend the university's website be updated with the most current Excess Credit Fee Appeal Form.

Institution Response:

- **This has been corrected and the most recent version of the Excess Credit Fee Appeal Form is on the website.**
- **Documentation of the change is on file.**
- **The University Registrar will be responsible.**

Follow-up Response:

Current Status: The stated corrective action has been fully implemented.

STATEMENT OF REVENUES AND EXPENDITURES

A statement of revenues and expenditures could not be completed due to the manner in which ECF activity is recorded in the financial accounting system, as mentioned in the “Expenditures” section of this report. Total ECF revenue collected during the audit period was approximately \$290,000.

Institution Response:

- **UNR will establish a self-supporting account to track the ECF revenue and expenditure activity by the end of November 2017.**
- **The self-supporting account will be used to record the ECF revenue, and will provide information of the amounts used for student advising and counseling services.**
- **The Office of Planning, Budget and Analysis will be responsible.**

Follow-up Response:

Current Status: The stated corrective action was fully implemented as of November 2017.

OTHER

The following was noted during this review; however, it is the responsibility of the NSHE Office of Academic and Student Affairs.

Policies addressing application of the ECF have been established in the Board of Regents Handbook and the NSHE Procedures and Guidelines Manual. During a review of the policies the following exceptions were noted.

1. The NSHE Procedures and Guidelines Manual identifies certain course credits that are subject to exclusion through the administrative review process. The policies give institutions the option of performing the administrative review prior to imposing the fee (before an appeal is filed) to confirm the number of credits required for a student’s program of study or to exclude the above mentioned credits.

We recommend the above policy be updated to require that the administrative review be performed before students file an appeal to help ensure the fee is correctly applied to student accounts.

System Administration Response

- **Detailed corrective action taken, including what will be done to avoid the identified issues in the future, and when these measures will be in place.**
The NSHE Office of Academic and Student Affairs will bring forward an amendment to the NSHE Procedures and Guidelines Manual requiring that the administrative review of credits included in the Excess Credit Fee calculation must be performed before students are charged the fee to ensure that the fee is correctly applied to student accounts.
- **How compliance and performance will be measured and documented for future audit, management and performance review.**
If approved, the amendment will be codified by the Board staff within the NSHE Procedures and Guidelines Manual. Compliance will be determined in future internal audits.
- **Who will be responsible and may be held accountable in the future if repeat or similar observations are noted.**
This should not occur if the amendments are approved and codified in the NSHE Procedures and Guidelines Manual.

Follow-up Response

The Nevada Board of Regents approved the NSHE Procedures and Guidelines Manual revision, along with related revisions to the Board of Regents *Handbook* on March 2, 2018 (Ref. Item ARSA-2h). All revisions are now codified under Chapter 7, Section 2 of the NSHE Procedures and Guidelines Manual and Title 4, Chapter 17, Section 4 of the *Handbook*.

2. The NSHE Procedures and Guidelines Manual and Board of Regents Handbook provide a list of course credits that are subject to exclusion through the administrative review/appeals process. We noted the language used in the two documents is inconsistent in that the procedures and guidelines manual states the “credits are subject to exclusion” while the handbook provides that institutions “may exclude” the course credits. We also noted the exclusion lists do not include audit and non-transferrable course credits.

We recommend the language used to describe the exclusion list be reviewed and revised so that it is consistent in both documents that the defined credits shall be removed in the administrative review and subsequent appeals process. We also recommend audit and non-transferrable course credits be added to the exclusion lists. We recommend proposed revisions to the policies mentioned in items one and two be appropriately submitted and approved by the Chancellor's Cabinet and/or Board of Regents, as necessary.

System Administration Response

- **Detailed corrective action taken, including what will be done to avoid the identified issues in the future, and when these measures will be in place.**
The NSHE Office of Academic and Student Affairs will bring forward an amendment to the Board of Regents Handbook and NSHE Procedures and Guidelines Manual that ensures both documents are consistent and clearly require that the defined list of credits, including audit and non-transferrable course credits, must be removed in the administrative review and subsequent appeals process
- **How compliance and performance will be measured and documented for future audit, management and performance review.**
If approved by the Board of Regents, the amendment will be codified by the Board staff within the Board of Regents Handbook and the NSHE Procedures and Guidelines Manual. Compliance will be determined in future internal audits.
- **Who will be responsible and may be held accountable in the future if repeat or similar observations are noted.**
This should not occur if the amendments are approved and codified in the Board of Regents Handbook and the NSHE Procedures and Guidelines Manual.

Follow-up Response

The Nevada Board of Regents approved the NSHE Procedures and Guidelines Manual revision, along with related revisions to the Board of Regents *Handbook* on March 2, 2018 (Ref. Item ARSA-2h). All revisions are now codified under Chapter 7, Section 2 of the NSHE Procedures and Guidelines Manual and Title 4, Chapter 17, Section 4 of the *Handbook*.

The Internal Audit Department appreciates the cooperation and assistance received from UNR personnel during this review.

Reno, Nevada
September 25, 2017

/-----SIGNATURE ON FILE-----/

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Memorandum

To: Joseph Sunbury, NSHE Chief Internal Auditor
From: Sheri Mendez 
Date: April 26, 2018
Subject: Excess Credit Fee 6 month follow-up responses

The purpose of this memorandum is to transmit the follow-up responses to the audit of the Excess Credit Fee for the period January 1, 2016 through December 31, 2016.

I have reviewed and concur with all responses.

cc: Marc Johnson, President
Vic Redding, Vice President, Administration and Finance
Scott Anderson, NSHE Internal Audit Manager