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PRAIRIE VIEW A&M UNIVERSITY
Tuition and Fees

May 11, 2017

Charlie Hrncir, C.P.A.
Chief Auditor
Overall Conclusion

Overall, the controls established over tuition and fee processes at Prairie View A&M University are effective in providing reasonable assurance that the university is operating in compliance with applicable laws, policies, regulations, and university procedures. Opportunities for improvement exist in account reconciliations, student housing charges, and university collection procedures.

Detailed Results

1. Account Reconciliations

Account reconciliation processes require improvements to ensure reconciliations are completed and outstanding items are cleared timely. Of the ten account reconciliations reviewed, four were not completed timely, three included reconciling items that were not cleared timely, and two did not have a supervisory review documented. Although the university has taken actions in the past year to strengthen reconciliation procedures, additional improvements are needed to ensure compliance with university procedures. Responsibility for clearing outstanding items does not appear to be clearly communicated to the levels necessary to ensure appropriate actions are taken. The older outstanding items are generally more complicated and often require management decisions to make the necessary corrections.

Timely reconciliations are an important control for the detection of errors, discrepancies, and systemic problems. Monitoring and oversight of the reconciliation process is important to ensure that employees understand account reconciliation processes, and how and when to alert management to issues or problems in resolving outstanding items.

Recommendation

Reconcile accounts and clear outstanding items in a timely manner in compliance with university procedures. Establish processes for monitoring account reconciliation efforts to ensure procedures are being followed. Review
procedures for communicating to those involved in clearing outstanding items to ensure that individuals with authority to take appropriate actions are informed.

Management’s Response

The university will ensure its current reconciliation procedures are clearly communicated and followed so that reconciliations are completed in a timely manner, with reconciling items appropriately cleared and supervisory reviews documented. In addition, we will develop a monitoring process, including an aging of outstanding reconciling items and reporting to the next level of supervisory review old reconciling items, so that appropriate action can be taken.

Implementation Date:  March 31, 2018

2. Student Housing Charges

Monitoring procedures for student accounts receivable need improvement to ensure that housing charges are accurate. Two of ten (20%) past due student accounts reviewed had housing charges for semesters in which the students were not enrolled. One student account had additional past due charges and warranted referral to a collection agency, although the other student account was only in delinquency as a result of the incorrect housing charge. The student was placed on state warrant hold although there was actually no balance due. The incorrect housing charges were reversed a year after the accounts were classified as delinquent. More timely review of delinquent student accounts would reduce the likelihood of student accounts having inaccurate balances and being put on state warrant holds inappropriately.

University student housing is provided by a third-party vendor. The vendor provides the university with the necessary information for posting housing charges to student accounts. Only housing charges that will be covered by financial aid are posted to the student accounts. The remaining housing charges are billed to the student directly by the vendor. The university remits funds collected for housing charges to the vendor when payments are received. Due to the difficulty in obtaining accurate and timely information from the vendor, errors and subsequent corrections to housing charges on student accounts are not uncommon. The university has been working to improve communications and address the housing charge errors with plans to implement new processes in the upcoming year.
Recommendation

Develop monitoring processes to identify student billing errors before accounts are sent to collections or placed on state warrant hold. Review current past due accounts receivable for obvious errors such as housing charges for terms in which students were not enrolled. Review procedures for housing charges to identify ways to improve accuracy and timeliness of necessary corrections.

Management’s Response

The university is reviewing its current procedures for housing charges to identify improvements needed to ensure housing charges to student accounts are accurate. Monitoring processes, including periodically running reports that will identify students with housing charges but not registered for the semester, will be implemented to correct errors in student housing charges. This process will occur prior to student accounts being placed on state warrant holds or being sent to collections. Past due student accounts have been reviewed and corrected for any housing errors since summer 2016.

Implementation Date: March 31, 2018

3. Collection Procedures for Student Accounts Receivable

The university’s collection procedures need improvements to ensure compliance with state warrant hold requirements and to provide greater consistency and clarity. University Administrative Procedure 21.01.04.P0.01, Extension of Credit – Collection of Receivables, is not in compliance with A&M System Regulation 21.01.04, Extension of Credit, with regard to when past due accounts are placed on state warrant hold. The university's procedure states that the university will wait two semesters from the time an account is declared delinquent until the state warrant hold is placed on the account. The A&M System regulation states that members should use the State Comptroller’s warrant hold process when debts are determined to be delinquent. Reducing the time between the final notice to the student and the collection agency referrals and state warrant holds may also provide greater opportunities for collection of the delinquent debts.

In addition, the procedure contains inconsistent wording that makes it difficult to determine the expected timing of collection processes. Clarification is needed to ensure that account collection procedures are consistently performed.
Recommendation

Review University Administrative Procedure 21.01.04.P0.01 and update for compliance with the A&M System regulation, including decreasing the time between the second demand notice and placing state warrant holds. Update procedures to ensure clarity and consistency.

Management’s Response

The Office of University Compliance will work with applicable departments and subject matter experts to update University Administrative Procedure 21.01.04.P0.01, *Extension of Credit – Collection of Receivables*, to ensure the university’s collection procedures are clear, consistent and compliant with the A&M System regulation.

Implementation Date: March 31, 2018
Basis of Review

Objective and Scope

The objective of this audit was to review controls and processes for tuition and fee revenues and expenditures to determine if processes are in compliance with applicable, laws, policies, regulations, and university rules. The audit focused on account reconciliations, exemptions and waivers, student receivables, tuition and fee charges, and tuition set aside processes. The audit period was primarily from September 1, 2015 to August 31, 2016. Fieldwork was conducted from December 2016 to March 2017.

Methodology

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

To determine the timeliness and accuracy of account reconciliations, auditors selected a non-statistical sample of ten account reconciliations using professional judgment.

To determine whether exemptions and waivers were verified and supported, auditors used professional judgment to select non-statistical samples of 30 exemptions and 30 waivers designed to be representative of the population.

To determine if student accounts receivable collections processes were in compliance with A&M System regulations, auditors selected a non-statistical sample of ten delinquent student accounts using professional judgment.

To determine if tuition and fee charges were correctly applied to student cohorts, auditors used professional judgment to select a non-statistical sample of 30 student billing statements designed to be representative of the population.

Criteria

Our audit was based upon standards as set forth in Texas A&M University System Policies and Regulations; Prairie View A&M University procedures; Texas Education Code; and 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. 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.

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TEXAS A&M UNIVERSITY – CORPUS CHRISTI
Tuition and Fees

May 11, 2017

Charlie Hrncir, C.P.A.
Chief Auditor

Project #20171501
Overall Conclusion

Overall, the controls established over tuition and fee processes at Texas A&M University - Corpus Christi are effective in providing reasonable assurance that the university is operating in compliance with applicable laws, policies, regulations, and university procedures. The university has guaranteed tuition plans for resident undergraduate students and variable tuition plans for non-resident undergraduate students and all graduate students. In addition, two colleges charge differential tuition to students accepted to those colleges. The university applies these tuition and fee rate structures appropriately. The university had 12,202 students enrolled in the fall 2016 semester. Fiscal year 2016 net tuition and fee revenue was approximately $72.6 million, which accounts for 65% of the university's operating revenue.

Basis of Review

Objective and Scope

The objective of this audit was to review controls and processes for tuition and fee revenues and expenditures to determine if processes are in compliance with applicable laws, policies, regulations, and university rules.

The audit focused on student billing statements, waivers and exemptions, tuition set-asides, fee account expenditures, and Senate Bill 1210 compliance. The audit period focused primarily on activities from September 2015 through December 2016. Fieldwork was conducted from February through April 2017.

Methodology

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

To determine the accuracy of student billing statements, auditors judgmentally selected a nonstatistical sample of 15 student fee statements designed to be representative of the different type of students in the population.
To determine the accuracy of waivers and exemptions, auditors judgmentally selected a nonstatistical sample of 30 students who received waivers and/or exemptions designed to be representative of the different types of waivers/exemptions in the population.

Criteria

Our audit was based upon standards as set forth in the Texas A&M University System Policies and Regulations; the Texas Education Code; university rules and procedures; and 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. 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.

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THE TEXAS A&M UNIVERSITY SYSTEM

Workday Implementation

May 11, 2017

Charlie Hrncir, C.P.A.
Chief Auditor

Project #20170102
Overall Conclusion

Overall, the controls established over the Workday Human Capital Management (HCM) system implementation are proving effective in ensuring that the system will be implemented within the established time and dollar budgets. The controls are also identifying and mitigating risks that could hinder the system from addressing the stated business objectives. The implementation began in October 2015 and has a scheduled go-live date of December 2017.

The Workday HCM system is software as a service where the vendor develops, maintains, and hosts the application. The implementation is being carried out utilizing employees of The Texas A&M University System, an implementation partner, and an independent verification and validation partner. The role of the contracted implementation partner is to provide a project methodology, project tools and templates, and project team members to provide assistance to the A&M System project team. The role of the independent verification and validation partner is to provide independent oversight to help assess risks and review deliverables.

The project is currently in the system integration testing phase with user acceptance testing scheduled to begin in July 2017. Town hall meetings are being held with the A&M System members to foster communication. In addition, various levels of training are being developed as the go-live date approaches.

Basis of Review

Objective and Scope

The objective of this audit was to determine whether project management controls are in place to ensure that the system will be implemented within the established time and dollar budgets and to identify and mitigate risks that could hinder the system from addressing the stated business objectives.

The audit focused on business case and alignment, IT solutions and change management, and business and user readiness. The audit period was primarily October 2015 to January 2017. Fieldwork was conducted from January to April, 2017.
Methodology

Our audit methodology included interviews, observation of processes, and review of documentation.

Criteria

Our audit was based upon standards as set forth in Texas A&M University System Policies and Regulations and 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* and based on their *Global Technology Audit Guide 12: Auditing IT Projects*.

Additionally, we conducted the 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 our findings and conclusions based on our audit objectives.

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