

WESTERN NEVADA COLLEGE
SPECIAL COURSE FEES
Internal Audit Report
July 1, 2011 through September 30, 2012

GENERAL OVERVIEW

Board of Regents policy allows institutions to charge Special Course Fees to students in addition to the standard per credit registration fees. Special Course Fees were initiated many years ago and are authorized for courses with extraordinary instructional costs due to individual instruction, class supplies, specialized equipment and software, third party charges for use of facilities, special transportation requirements, intensive supervision or technical requirements, or some combination of these reasons. At Western Nevada College (WNC), the president is responsible for providing approval of Special Course Fees. Fees in excess of \$50 require Board of Regents approval and are listed in the Nevada System of Higher Education (NSHE) Procedures and Guidelines Manual. As of the fall 2012 semester, there were 270 Special Course Fees assessed by WNC.

SCOPE OF AUDIT

The Internal Audit Department has completed a review of the Special Course Fees at WNC for the period of July 1, 2011 through September 30, 2012.

The scope of our review included tests of the accounting records and other procedures as we considered necessary. The tests included, but were not necessarily limited to, these areas.

1. Testing Special Course Fees to determine whether the fees were properly approved and that students were assessed the correct fees.

2. Reviewing the balances of funds maintained in Special Course Fee accounts to determine whether fees collected were adequately expended and the balance in the accounts is reasonable.
3. Reviewing expenditures paid with Special Course Fees for reasonableness, supporting documentation, and proper signature approvals.

In our opinion, we can be reasonably assured that the college is managing Special Course Fees in a satisfactory manner. However, implementation of the following recommendations would further improve the program's operations.

SPECIAL COURSE FEES

We obtained a list from the WNC Finance and Administrative Services Office, of the college's approved Special Course Fees the Fall 2011, Spring 2012, and Fall 2012 semesters. The list was compared to the Special Course Fees that have been established within the college's student information system. The intent of the review was to determine whether the fees were correctly charged and documented within the college. The following exceptions were noted.

1. One Special Course Fee from the student information system was higher than on the college list. We were informed the fee on the college list was correct, however, students were charged the higher fee.

We recommend the student information system be updated with the correct fee amount.

We recommend greater care be taken to ensure Special Course Fees approved by the college are accurately recorded and assessed within the student information system.

Institution Response: In the PeopleSoft application transition, a computer lab fee was inadvertently entered as both a computer lab fee and a special course fee. As a result, students enrolled in the course for three (3) semesters were overcharged. When this issue was identified, the PeopleSoft application table was corrected and all students were credited with the over-charged amount. This occurred on 1/2/13.

Prevention and Monitoring: Admissions and Records periodically receive a list from Academic Affairs that lists any changes in course fees, which are updated in the course catalog upon receipt. For new courses with a fee, this is indicated on the new course articulation form.

Follow-up Response: As of September 30, 2013, the students impacted by the finding were reimbursed and the fee table corrected. With the additional review being conducted it is anticipated that the possibility of a fee being charged twice in the future is extremely remote. It is therefore requested that this finding be closed.

2. Four Special Course Fees from the student information system were not on the college list. We were informed the fees were approved on a temporary basis through an established practice whereby Special Course Fees can be approved for up to one year without going through the college's normal review and approval process. We noted the temporary approval of Special Course Fees is not addressed in the college's procedures. We recommend the procedures for temporarily approving Special Course Fees be included in the WNC Policy Manual.

Institution Response: On December 4, 2012, the WNC College Council reviewed an amended Fee Approval Policy that included a section on the temporary approval (one year or less) of special course fees of \$50 or less. On February 12, 2013, College Council adopted the amended fee policy. A copy of the revised policy and the February 12, 2013 College Council meeting notes are attached to this audit.

Prevention and Monitoring: All temporary fees now follow the established policy that was adopted in 2013.

Follow-up Response: With the approved Fee Approval Policy, which is attached, this finding has been addressed and it is requested that the finding be closed.

ACCOUNT BALANCES

In general, Special Course Fees should be spent as they are collected so as to benefit the students that pay the fees. Fees should not accumulate unless there is a specific reason for doing so, such as to make a major purchase. We examined the balance of funds contained in the

various Special Course Fee accounts, within the college's financial accounting system, for reasonableness. We noted four accounts with balances in excess of \$15,000 as of June 30, 2012.

We recommend the Special Course Fees associated with these accounts be reviewed to determine whether the fees are reasonable or need to be adjusted.

Institution Response: As part of the college's regular fee review process initiated in September of each year, the academic faculty determines the relevancy and accuracy of all special course fees. The following is the additional information related to the balances in excess of \$15,000 as of June 30, 2012:

The accounts referenced are:

- 1. 9263-921-2210 (Computer Lab Use) – During the PeopleSoft implementation, seven individual special course fees were credited to this account in error. Since that transition, lab fee expenditures for those courses were charged to the appropriate accounts without the revenue. Adjustments to revenue and deposit target accounts will be made to correct this error. In addition, four other small computer lab accounts were closed and their balances transferred to this account resulting in the current balance.**
- 2. 9263-989-0211 (General Nursing) – With the unanticipated departure of the Nursing lab coordinator three years ago, the department made only minimal expenditures during that fiscal year. During subsequent years, and with the appointment of a new coordinator, the department expended \$23,497 (YTD) in FY13 with another \$8,000 in expenditures anticipated prior to the end of the fiscal year. A similar expenditure pattern is anticipated for FY14.**
- 3. 9263-983-0401 (Physical Education) – Revenue in this account comes from several physical education classes. None of the balances for the individual classes approach the \$15,000 balance used by the audits as a trigger balance.**
- 4. 9263-980-1900 (Web Instruction) – Expenditures from this account have been very conservative with the college's efforts to move forward with two major electronic instructional initiatives – QualityMatters (on-line instruction) and Lecture Capture (recorded live instruction for internet availability). In support of these initiatives, costs such as mentoring, training for effective use of the technologies, and proctoring services will be provided from these resources.**

Prevention and Monitoring: A report is now reviewed on a monthly basis to identify negative accounts and accounts that have balances over \$15,000. Discussions take place at this time with the various account holders on how to handle them. Additionally, on a yearly basis, accounts with no revenue or expense activity will be reviewed and determined if there is still a need for the account and handled accordingly.

Follow-up Response: All accounts referenced above have been corrected. With the ongoing monthly as well as annual review, as of October 1, 2013, this recommendation has been implemented and we request that this finding be closed.

INACTIVE ACCOUNTS

During this review, we noted one account had revenue but no expenditure activity during fiscal year 2011-12. We noted two other accounts had no revenue or expenditure activity during fiscal year 2011-12.

We recommend the Special Course Fees associated with these accounts be reviewed to determine whether the fees are necessary and whether the accounts should be deactivated.

Institution Response: As previously noted in the WNC responses to audit items, the college's regular fee review process initiated in September of each year requires that the academic faculty determine the relevancy and accuracy of all special course fees. Subsequent to the initial discussion with the NSHE auditing staff regarding this issue, the relevant academic faculty reviewed the status of these three accounts and provided the following assessment of the account statuses:

1. Account with no revenue:
 - a. 9263-985-0035 (General Business) – Account has been authorized for closure; will be part of the fall 2013 Special Course Fee review process. (Current balance - \$0.00)
2. Accounts with no activity:
 - a. 9263-986-0241 (Woodworking) – Account has been authorized for closure; will be part of the fall 2013 Special Course Fee review process (Current balance - \$0.00)
 - b. 9263-983-0201 (Education) – Course has not been offered since spring 2011; academic division anticipates offering the course in spring 2014 and this account will be utilized at that time. (Current balance - \$1,064.72)

Prevention and Monitoring: A report is now reviewed on a monthly basis to identify negative accounts and accounts that have balances over \$15,000. Discussions take place at this time with the various account holders on how to handle them. Additionally, on a yearly basis, accounts with no revenue or expense activity will be reviewed and determined if there is still a need for the account and handled accordingly.

Follow-up Response: The accounts referenced in Item 1a and 2a have been closed. Item 2b remains an active account and will be utilized in the future. As such, we request that this recommendation be closed.

SELF-SUPPORTING BUDGETS

Board of Regents policy requires self-supporting budgets that are projected to exceed \$25,000 in expenditure activity to be included in the annual budget process. We noted one Special Course Fee account that met the \$25,000 threshold that was not reported to the NSHE System Administration Office in fiscal year 2011-12.

We recommend self-supporting budgets be reported in accordance with Board policy.

Institution Response: Based on prior year activity, a preliminary budget was created in the accounting system prior to the beginning of FY12 for the account with input requested from the academic division. The division responded at the beginning of July that there would not be the same level of activity and that the account would not need to be reported since the anticipated activity would not exceed the \$25,000 threshold. The budget officer neglected to adjust the originally created budget downward based on the feedback. The actual expenditures in FY12 were approximately \$19,100, which would not have required the submission of a self-supporting budget.

Prevention and Monitoring: NSHE policy is followed and all accounts over \$25,000 have budgets that are developed and approved.

Follow-up Response: All accounts with expenditure activity exceeding \$25,000 have approved budgets and NSHE policy is being followed. A bi-annual review of all non-state accounts is conducted to determine if actual activity is exceeded the threshold and a budget needs to be completed. Therefore, no further action is required. As of September 30, 2013, this recommendation has been implemented and we request that this finding be closed.

EXPENDITURES

We reviewed a sample of 83 expenditures charged to Special Course Fee accounts. The expenditures were reviewed for reasonableness and proper use of Special Course Fees revenue, proper supporting documentation and approval, and compliance with established purchasing procedures. The following exceptions were noted.

1. On three occasions, Special Course Fees, which are intended to cover extraordinary expenses directly associated with a specific course, were used to purchase general supplies.

We recommend employees involved in the purchase or approval of Special Course Fee expenditures be reminded that only extraordinary expenses directly associated with the courses should be purchased.

Institution Response: WNC verified that the three purchases were not lab specific and were more general in nature. We reviewed the issue with the academic division assistants, and reminded them that purchases made out of the lab accounts are to be used strictly for the lab and should be considered extraordinary. Any standard office supplies will need to be purchased with other accounts.

Prevention and Monitoring: Division assistants have been made aware that purchases from the lab accounts need to be directly associated with the courses and they review these expenditures for reasonableness.

Follow-up Response: During the bi-annual review of non-state budgets, purchases will be reviewed to determine if they are lab or course specific. Additionally, any purchases submitted to WNC purchasing department will be reviewed to ensure they are an appropriate use of lab or course fees. As of September 30, 2013, this recommendation has been implemented and we request that this finding be closed.

2. On two occasions, a purchase was made with a purchasing card that exceeded the \$2,000 threshold at which purchase orders are required to be completed.
3. On one occasion, an invoice for goods received was split into two separate purchasing card transactions to avoid the limits placed on the purchasing card. The total of the transactions exceeded the \$2,000 purchase order threshold.

For items two and three, we recommend established purchasing policies be followed. We recommend the transaction limit on the purchasing card noted in item three be reduced to under \$2,000.

Institution Response:

#2 - In 2012, WNC misinterpreted Pro-Card limit information and subsequently raised the Pro-Card per transaction limits. When the college learned that our understanding was incorrect, immediate action returned all Pro-Card user monthly limits back down to \$2,000. This type of violation will not occur again and established purchasing policies will be followed.

#3 – WNC Finance and Administrative Services staff addressed this purchase of classroom textbook issue with the responsible academic division assistant and identified an appropriate method to complete such purchases. The issue will not reoccur.

Prevention and Monitoring: The Controller’s Office maintains and reviews a listing of all Pro-Card holders and their monthly and per transaction limits. Additionally, the Pro-Card administrator is aware of transaction limits and reviews the Pro-Card statements that are submitted on a monthly basis.

Follow-up Response: With the change in policy and ongoing reviews we feel there is adequate oversight to ensure thresholds are being followed. We consider this recommendation to have been implemented and we request that this finding be closed.

PRIOR AUDIT

The prior audit of Special Course Fees was conducted for fiscal years 1989-90 and 1990-91. All findings from the prior audit have either been implemented, are no longer applicable, or are addressed in the current audit.

STATEMENT OF REVENUE AND EXPENDITURES

The statement of revenues and expenditures provided below is based on the activity of 34 self-supporting accounts that have been established for the administration of Special Course Fees. The revenue and expenditure information was obtained from the financial accounting system.

During this review, the following exceptions were noted.

1. On two occasions, revenue was posted to the incorrect revenue category. The revenue was posted to Sales of Educational Activities instead of Tuition and Fees.

We recommend greater care be taken to ensure revenue is posted correctly.

Institution Response: This incorrect assignment of a revenue category is corrected (completed on 1/7/13). Greater care will be taken in the future to ensure that all revenue is posted correctly.

Prevention and Monitoring: The controller has reminded staff of the proper revenue codes. Additionally, cashiers have been instructed to request a proper code when they determine that an account does not have the correct revenue coding.

Follow-up Response: As of September 30, 2013, this recommendation has been implemented and we request that this finding be closed.

2. One account included an encumbrance for salaries of over \$1,200 as of June 30, 2012.

Since the amount of the encumbrance was not spent, these funds should have been added back to the account balance at the end of the fiscal year.

We recommend the amount of the encumbrance be included in the account balance.

Institution Response: Once identified, this encumbrance was cleared and included in the account balance. Correction completed on 1/7/13.

Prevention and Monitoring: On an annual basis, ending account balances will be reviewed to ensure that they roll properly into the new fiscal year.

Follow-up Response: Prior to the end of the fiscal year all non-state accounts are reviewed to ensure proper coding is embedded on the account to ensure it will roll forward into the new fiscal year. After fiscal year rollover accounts are reviewed to insure the balances rolled forwarded. We consider this recommendation to have been implemented and we request that this finding be closed.

3. The ending account balance for two accounts was not carried forward correctly from fiscal year 2011-12 to fiscal year 2012-13.

We recommend a review of the accounts be performed and that the necessary adjustments be made to the accounts.

Institution Response: Due to an Advantage processing issue, these two balances did not roll forward into the subsequent year. A review of all accounts was completed and the only account balances not carried forward were these two. They were both corrected on 1/7/13, and the accurate balances were reflected in the accounts.

Accounting staff are alerted to this item and will verify that all accounts roll forward in subsequent years.

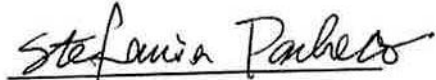
Prevention and Monitoring: On an annual basis, ending account balances will be reviewed to ensure that they roll properly into the new fiscal year. Additionally, a checklist of fund controls has been created to ensure that the accounts rollover properly at the end of the accounting year.

Follow-up Response: As of September 30, 2013, this recommendation has been implemented and we request that this finding be closed.

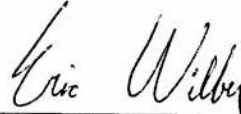
	Special Course Fees
Balance July 1, 2011	<u>\$ 144,921</u>
Transfers In	<u>-</u>
Revenues	
Tuition and Fees, Unrestricted	247,939
Sales of Educational Activities	<u>11,235</u>
Total Revenues	<u>259,174</u>
Transfers Out	<u>960</u>
Expenditures	
Salaries	59,223
Travel	104
Operations	<u>170,060</u>
Total Expenditures	<u>229,387</u>
Balance June 30, 2012	<u>\$ 173,748</u>
Balance July 1, 2012	<u>\$ 173,716</u>
Transfers In	<u>-</u>
Revenues	
Tuition and Fees, Unrestricted	113,320
Sales of Educational Activities	<u>9,595</u>
Total Revenues	<u>122,915</u>
Transfers Out	<u>1,320</u>
Expenditures	
Salaries	19,979
Operations	<u>53,365</u>
Total Expenditures	<u>73,344</u>
Balance October 31, 2012	<u>\$ 221,967</u>

The Internal Audit Department appreciates the cooperation and assistance received from
Western Nevada College during this review.

Reno, Nevada
April 5, 2013



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Western Nevada College Policies

Policy 7-5-5: Institutional Student Fee Policy

WNC Policy 7-5-5

Procedure: Institutional Student Fee Policy
Policy No.: 7-5-5
Department: Finance & Administrative Services

Policy: Assessing, expending, and adjusting student fees.

- **General Conditions and Applicability**
- **Definition and Use of Course Fee Revenue**
- **Student or Special Course Fee Adjustments and Approvals**
- **Disclosure Requirements**
- **Review of Fees and Expenditures**
- **Definition and Use of Technology Fee-Regular Revenue**
- **Definition and Use of Technology Fee-iNtegrate Revenue**
- **Files/Forms**

Section 1: General Conditions and Applicability

A. In addition to regular tuition and student fees, fees may be assessed to students for lecture and laboratory classes and other student fees. This includes the following fees:

1. Student Fees
2. Special Course Fees
3. Technology Fee-Regular
4. Technology Fee-iNtegrate

B. Fees assessed to students must be approved in advance, and if relevant, identified in the schedule of classes.

C. Student and Special Course Fees are reviewed annually and if changed, approved in the manner outlined below.

D. Not charging an approved fee is possible if alternative funding becomes available.

E. This policy applies to courses for which regular tuition and student fees charged, and is not intended to control course fees charged for distance education, workforce services, or other self-support classes.

F. The appropriate director, dean, and/or vice president monitors expenditures and balances from fee accounts. College oversight of fee balances will be the responsibility of the vice president of finance and administrative services. As warranted, fee adjustments, including reductions, may be implemented.

Section 2: Definition and Use of Course Fee Revenue

A. Course fees are designed to cover costs included in the fee justification and consistent with Board of Regents policies governing that type of fee (i.e., course fees - equipment maintenance and replacement, consumable materials and supplies, field trips, applied music, clinical practice, etc.).

B. Course fees may be assessed to support projects that result in items retained by students (e.g., materials for a millwork or art project).

C. The amount of a course fee must be based on anticipated expenditures incurred on behalf of students or the service covered. Fees should cover only these expenditures, and fee amounts must not be approved to create excess revenues. Fund balances in the fee accounts will be monitored by the appropriate dean's and/or vice president's offices, and examined periodically to ensure that revenues are approximately equal to expenditures for approved expenditures.

Section 3: Student or Special Course Fee Adjustments and Approvals

A. Prior to submitting a proposal for a fee or a fee change, the appropriate academic director will review the justification for the fee. The results of the review will be part of the proposal.

B. Proposals for all new fees, changes in existing fees, and/or deletion of fees must be submitted in writing to the appropriate academic director and vice president on the fee request form. The request must include rationale and justification, explanation of how the amount of the fee was determined; the date of implementation or deletion; and the recommended amount of the fee. The request form, with approvals, is submitted to College Council for review and recommendation.

- C. Recommendations of the College Council are forwarded to the President for final action by the first week of October. Unless otherwise approved, fee changes are effective the subsequent July.
- D. No fee may be imposed without the President's approval, and if more than \$50, not without Board approval.
- E. For new courses offered with a course fee of \$50 or less, temporary approval may be authorized by the President for a period not to exceed one year.
- F. The office of the vice president for academic and student affairs is responsible for listing the correct, approved fees on class schedule publications and in PeopleSoft.

Section 4: Disclosure Requirements

- A. The official listing of the approved student and special course fees is maintained in the office of the vice president of finance and administrative services.

Section 5: Review of Fees and Expenditures

- A. During September of each year, the vice president of finance and administrative services will provide a copy of the student and special course fee master list to each academic director or responsible party. The area or individual responsible for the fee will review fee account fund balances. Further, the amount of the fee, the account to which fees are posted, and the expenditures from the fee accounts will be reviewed. Any adjustments will be initiated from this review by the director, dean and/or responsible party, including decreasing or eliminating the fee.

Section 6: Definition and Use of Technology Fee-Regular Revenue

- A. Funds generated by the Technology Fee-Regular must be used directly for the betterment of the students' educational experience. Funds may be used for any technology-related expenditure, including, but not limited to equipment, associated software and licensing, Internet and Web-related support, user services/help desk support, lab support, lab coordinators and assistants, electronic library media, enhanced instructional technology for classrooms and labs, and distance education/interactive video equipment and facilitators.
- B. An annual report on the use of technology fee-generated funds is submitted to the Associated Students of Western Nevada (ASWN) and the Board of Regents.
- C. The vice president for academic and student affairs has signature authority for this account.
- D. The Technology Committee reviews all funding requests using to the following criteria:
 1. Does request fall under criteria for student technology fee funding as stated by the Board of Regents Handbook?
 2. Does request directly apply to the betterment of students' educational experience?
 3. How is the cost of the item(s) justified?
 4. What is the number of students/classes/programs affected?
 5. How urgent is the need? (e.g., this month, this semester, next semester, necessary to complete a project, etc.)
 6. Availability of ongoing/supporting costs for the life cycle of the technology
 7. Proposals will be prioritized based upon need when Technology Fee funds are limited.

Section 7: Definition and Use of Technology Fee-iNtegrate Revenue

- A. Funds granted by the Technology Fee-iNtegrate must be used to directly to support the development and implementation of NSHE-wide student information, finance, and Human Resources applications. Funds may be used for the implementation of and support of the iNtegrate projects, including but not limited to support for functional and technical staff, technology costs, and costs for communication devices.
- B. An annual report on the use of the funds is submitted to the Associated Students of Western Nevada (ASWN) and the Board of Regents.
- C. The vice president for finance and administrative services has signature authority for this account.

Section 8: Files/Forms

- A. Institutional Student Fee Change Request [PDF / 25 KB]
- B. Technology Fee Funding Request Form [PDF / 232 KB]

Date Adopted and Dates Revised

Date Adopted	April 10, 2009	Dates Revised	February 12, 2013
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#	Recommendation	Implemented	Update	Est. Date of Completion
1	We recommend the student information system be updated with the correct fee amount. We recommend greater care be taken to ensure Special Course Fees approved by the college are accurately recorded and assessed within the student information system.	Yes	Upon implementation of PeopleSoft, a fee was entered incorrectly. PeopleSoft was updated and students impacted by the finding were reimbursed. Admissions and Records now receives a list of fee changes and those are properly updated in the course catalog upon receipt.	Completed
2	We recommend the procedures for temporarily approving Special Course Fees be included in the WNC Policy Manual.	Yes	WNC has adopted the amended fee policy.	Completed
3	We recommend the Special Course Fees associated with these accounts be reviewed to determine whether the fees are reasonable or need to be adjusted.	Yes	A full review has been done on the specified accounts and the issues have been resolved. Additionally, a report is now reviewed on a monthly basis to identify accounts and the account holders are notified for a resolution.	Completed
4	We recommend the Special Course Fees associated with these accounts be reviewed to determine whether the fees are necessary and whether the accounts should be deactivated.	Yes	The identified accounts have been resolved. Additionally, a report is now reviewed on a monthly basis to identify accounts and the account holders are notified for a resolution.	Completed
5	We recommend self-supporting budgets be reported in accordance with Board policy.	Yes	NSHE policy is followed and all accounts over \$25,000 have budgets that are developed and approved.	Completed
6	We recommend employees involved in the purchase or approval of Special Course Fee expenditures be reminded that only extraordinary expenses directly associated with the courses should be purchased.	Yes	The divisions have been notified and reminded that purchases made out of the lab accounts are to be used strictly for the lab. Additionally, the division assistants periodically review the lab accounts to ensure that only lab expenditures are made.	Completed
7	We recommend established purchasing policies be followed. We recommend the transaction limit on the purchasing card noted in item three be reduced to under \$2,000.	Yes	The recommendations have been implemented on these two findings. Additionally, the Controller's Office maintains and reviews a listing of all Pro-Card holders and limits. The Controller is also aware of the transaction limits and reviews the Pro-Card statements that are submitted on a timely basis.	Completed

8	We recommend greater care be taken to ensure revenue is posted correctly.	Yes	This finding has been corrected. Additionally, staff have been reminded of the proper revenue codes and are to request that the proper code is assigned to the accounts as needed.	Completed
9	We recommend the amount of the encumbrance be included in the account balance.	Yes	This finding has been corrected. Additionally, on an annual basis, the ending account balances will be reviewed to ensure that the accounts properly roll forward into the new fiscal year.	Completed
10	We recommend a review of the accounts be performed and that the necessary adjustments be made to the accounts.	Yes	These findings have been corrected. Additionally, on an annual basis, the ending account balances will be reviewed to ensure that the accounts properly roll forward into the new fiscal year.	Completed