

GREAT BASIN COLLEGE
SPECIAL COURSE FEES
Internal Audit Report
January 1, 2012 through December 31, 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 Great Basin College (GBC), the president is responsible for providing final 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 (Manual). As of the Fall 2012 semester, there were 278 Special Course Fees assessed by GBC.

SCOPE OF AUDIT

The Internal Audit Department has completed a review of Special Course Fees at GBC for the period of January 1, 2012 through December 31, 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 students were assessed the correct fees.

2. Reviewing the balance of funds maintained in Special Course Fee accounts to determine whether fees collected were adequately expended and there is not an unreasonable balance in the accounts.
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 this process.

SPECIAL COURSE FEE APPROVAL

GBC procedures require proposals for new or modified Special Course Fees to be submitted to the Vice President for Academic Affairs for review. We noted the requests are not documented on a standardized form. We also noted that documentation of Special Course Fee requests and approvals is not maintained.

We recommend a Special Course Fee Request Form be created on which requests can be documented. We recommend the form include justification for assessing the fee and that it be signed by the requestor and the approving authority(s). We recommend the request forms be maintained to provide a record and support for the Special Course Fees that are assessed by the college.

Institution Response

GBC agrees with this recommendation. We have created a Special Course Fee Request Form and it is in the final stages of the approval process. GBC's approval process for policies and procedures, which adheres to the concepts of shared governance practiced at GBC, is to include input and approvals from Faculty Senate, Classified Council, President's Council and Administration. Once final approval is received, an electronic-fillable PDF form will be accessible to faculty and staff on the GBC website. Estimated completion date is October 2013. *

*** Information provided to Internal Audit, item completed in October 2013.**

SPECIAL COURSE FEE LIST

An internal listing of the college's approved Special Course Fees does not exist other than those that are published in the class schedule.

For improved recordkeeping, we recommend a list of the college's approved Special Course Fees be created and maintained by a proper authority, such as the Office of Academic Affairs.

Institution Response

GBC agrees with this recommendation. A master list of Special Course Fees is under construction with assistance from department chairs and support staff personnel. The Office of Business Affairs will maintain and update the list annually. Estimated completion date is December 2013.

SPECIAL COURSE FEE POLICY

As previously mentioned, GBC policy states that requests for new or modified Special Course Fees are submitted to the Vice President for Academic Affairs for review and that fees are not assessed until they are approved by the president. It is unclear whether the fee requests must be initially approved by the vice president before they are forwarded to the president. We also noted the Special Course Fee policies are not included in the GBC Policies and Procedures Manual.

We recommend the college's Special Course Fee policies be updated to clarify the approval requirements. We also recommend the policies be included in the GBC Policies and Procedures Manual so they are readily available for employees to review.

Institution Response

GBC agrees with this recommendation. We have created a Student and Special Course Fee Policy and Procedures and it is in the final stages of the approval process. GBC's approval

process for policies and procedures, which adheres to the concepts of shared governance practiced at GBC, is to include input and approvals from Faculty Senate, Classified Council, President's Council and Administration. Once final approval has been received, the policy will be included on the GBC Policies and Procedures webpage so it is readily available for employees to review. Estimated completion date is October 2013. *

*** Information provided to Internal Audit, item completed in October 2013.**

SPECIAL COURSE FEES TESTING

We examined the GBC class schedule for the Fall 2012 semester and compared the Special Course Fees listed to those that have been established within the student information system. We also examined the Special Course Fees over \$50 to determine whether they were approved by the Board of Regents and are listed in the NSHE Procedures and Guidelines Manual (Manual). The following exceptions were noted.

1. One Special Course Fee from the class schedule, in excess of \$50, was not included in the Manual. Students were assessed the fee.

We recommend the college submit a request to the Board of Regents seeking approval of the Special Course Fee. Until this time, we recommend assessment of the fee be discontinued. In the future, we recommend greater care be taken to ensure Special Course Fees in excess of \$50 are approved by the Board.

Institution Response

The Special Course Fee of \$100 referenced above was originally approved by the Board of Regents as RT116. The department requested a prefix change from RT to RAD and was granted approval. The update was never provided to the Board of Regents and we are currently having discussions with the System Office on how to properly relay prefix change information to the proper personnel so it is updated in a timely manner. This prefix change will be submitted as a part of the proposed fee changes that will be discussed at the Board of Regents meeting in December. Estimated completion date is December 2013.

2. Two Special Course Fees from the class schedule, each in excess of \$50, were lower than the fees listed in the Manual. Students were assessed the lower fees.

Fees should be charged for the amount they were approved. We recommend the fees be charged for the approved amount or that a request be submitted to the Board of Regents to assess the fees at a lower rate.

Institution Response

A course fee for ART 141 was approved by the Board of Regents at a rate of \$75. For the live class section taught in Fall 2012, a \$65 fee was assessed, and a separate internet section offered was assessed a \$15 fee to cover the cost of distance education charges. The class supplies used for the live class were less than the original approved amount of \$75 and therefore the fee was reduced. For the internet section, the only fee assessed was the internet fee of \$5/per credit.

A course fee for SUR 280 was approved by the Board of Regents at a rate of \$90. The cost for supplies since the approval was granted has decreased and a reduced fee of \$65 was assessed for this particular class.

GBC is working with the system office to determine if the approved fees can be listed as “up to” a certain dollar amount and then a reduced fee charged if class supply costs have decreased. This could result in a savings to students for special fee costs. This proposed change will be reviewed at the December 2013 Board of Regents meeting. Estimated completion date is December 2013.

3. Five courses, for which Special Course Fees were assessed in the student information system, were not included in the class schedule.

We recommend greater care be taken to ensure courses and the associated Special Course Fees are included in the class schedule so students are made aware of the fees that are due.

Institution Response

ART 107: Three (3) sections in PeopleSoft. Section 1003 was listed in the class schedule; however sections 1001 and 1002 were not published because they were offered to CTE students only.

EDSC 483: Three (3) sections in PeopleSoft. Section 1003 was canceled; sections 1001 and 1004 were active and offered as Internships. Typically Internships are not published in the class schedule.

EMS 198: Section 1001 listed in PeopleSoft was offered as a contracted class for the Elko Juvenile Detention Center. Contract training classes are not published in the class schedule.

EPD 480: Six (6) sections in PeopleSoft. All sections were Internships and are typically not published in the class schedule. Section 1005 (Ely) had the “Schedule Print” button selected which resulted in the class being incorrectly published.

MGT 496: One (1) section listed in PeopleSoft was an Internship and is typically not published in the class schedule.

Staff is reminded each semester of the proper data entry techniques when entering courses for the upcoming semester into PeopleSoft.

4. One Special Course Fee was assessed at a higher amount in the student information system than the amount listed in the class schedule. The correct fee could not be determined as the college does not maintain supporting documentation of its approved Special Course Fees.

We recommend the discrepancy noted be reviewed by college personnel to determine the correct fee amount and that the appropriate correction be made to the class schedule and/or the student information system.

Institution Response

The correct fee for EDEL 311 is \$10 which is divided between the distance ed fee and the department fee. Five (5) sections of EDEL 311 were listed in PeopleSoft and published in the schedule with a \$10 lab fee. A \$15 lab fee was incorrectly charged to section 1002. The correct amount was posted and a re-calc was done which generated refunds to the students enrolled in section 1002. This was completed in July of 2013. A query has now been created to assist with finding errors and will be reviewed monthly for appropriate charges. GBC will ensure greater care is taken to avoid overcharging students for special course fees.

QUANTITY OF SPECIAL COURSE FEES CHARGED

We noted that a high percentage of courses offered at GBC are assessed a Special Course Fee. Listed below is a breakdown for each semester of the review period.

Spring 2012

Of 809 courses offered during the semester, 757 or 94% were assessed a Special Course Fee as reflected by the college's class schedule.

Fall 2012

Of 756 courses offered during the semester, 738 or 98% were assessed a Special Course Fee as reflected by the college's class schedule.

Board of Regents policy states that the registration fee should be the only fee assessed for taking a course except for extraordinary instruction costs. We recommend GBC personnel review the Special Course Fees that are charged by the campus for reasonableness and compliance with Board policy.

Institution Response

GBC agrees with this recommendation. A master list of departments and their associated Special Course Fees is under construction with assistance from department chairs and support staff personnel. Once the list has been finalized, it will be reviewed to determine whether the fees are reasonable and if any need to be adjusted. Approximately 14% of GBC classes are for workforce development and 66% are distance education related. Due to the technology and hands-on lab experiences required for these classes, lab fees must be charged to cover related expenses. Estimated completion date is December 2013.

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 three 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

GBC agrees with this recommendation. The Special Course Fee balances in these three accounts (Distance Ed, Interactive Video, and COT) typically accumulate and are used to make major purchases including licensing and maintenance agreements, equipment upgrades and new purchases for “smart” classrooms. The balances will continue to be monitored on an annual basis and fees will be adjusted accordingly if balances are excessive. The first review was completed in July of 2013.

We also noted one account that had a deficit balance at the beginning of fiscal year 2011-12. The deficit increased during the year as the amount of expenses exceeded the Special Course Fees revenue that was posted to the account.

We recommend a review be performed to determine whether the transactions posted to the account were correct. We also recommend an adjusting entry be made in the financial accounting system to correct the deficit.

Institution Response

GBC agrees with this recommendation. A review of the expenditures was performed and verified for accuracy. Finally, an adjusting entry was made to correct the deficit balance. In the future, course fee amounts will be reviewed for accuracy and compared to expenses, and adjustments will be made accordingly. This first review was completed in July of 2013 and will continue to be reviewed annually.

INACTIVE ACCOUNTS

During this review, we noted four accounts that had no revenue or expenditure activity during fiscal year 2011-12, except one account that incurred \$15 in expenditures. We noted three other accounts had no 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 still necessary and whether the accounts should be deactivated.

Institution Response

GBC agrees with this recommendation. The revenues and expenditures for FY2012 were reviewed and the four accounts noted were deactivated and the balances were transferred back to the General Lab account. One other account was deactivated and the balance absorbed by a similar account with a similar purpose. The two other accounts noted will be closely monitored for future revenues and expenditures. Special Course Fee accounts will be reviewed on an annual basis for activity and necessity. This first review was completed in July of 2013.

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 four Special Course Fee accounts that met the \$25,000 threshold that were not reported to the NSHE System Administration Office for fiscal years 2011-12 and 2012-13.

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

Institution Response

GBC was unaware that Special Course Fee accounts were to be included in the self-supporting budget process as they have never been included in past years. In response to this finding, the VPBA added six (6) Special Course Fee accounts to the database for inclusion in the FY2014 self-supporting budget process that met the \$25,000 threshold. This was completed in July of 2013 and future budget preparations will include an annual review of all Special Course Fee accounts.

EXPENDITURES

We reviewed a sample of 20 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. We noted one occasion in which a purchase order was issued “after-the-fact”, that is, after goods or services were provided.

We recommend that purchase orders be completed in advance as required by NSHE purchasing guidelines.

Institution Response

GBC agrees with this recommendation. GBC requires employees who have made purchases “after-the-fact” to provide an explanation before payment is made to the vendor. The Vice President of the area in which the purchase was made provides their signature on the memo as an additional review and acknowledgement that a purchasing violation has occurred. Any continuing abuse of policies and procedures could lead to removal of purchasing privileges and loss of signature approval. Staff is periodically reminded of policies and procedures during routine staff meetings. This reminder was completed in July of 2013 and will continue annually at a minimum with faculty and staff.

PRIOR AUDIT

The prior audit of Special Course Fees was conducted for fiscal years 1989-90 and 1990-91. It was noted in the audit report that a large percentage (39%) of courses were charged with Special Course Fees. All other recommendations from the prior audit have either been implemented, are no longer applicable, or are addressed in the current audit.

STATEMENT OF REVENUES AND EXPENDITURES

The statement of revenues and expenditures provided below is based on the activity of 33 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, three occasions were noted in which revenue collected by departments from sources other than Special Course Fees was posted to Special Course Fee accounts. Instances were also noted in which funds were transferred into Special Course Fee accounts that were not derived from Special Course Fees.

We recommend that only Special Course Fees revenue be posted to the accounts so the activity and associated balances within the accounts can be effectively monitored by the college.

Institution Response

GBC agrees with this recommendation. A review of all Special Course Fee accounts was conducted. Two accounts that should have been set up as Sales and Service accounts were inactivated and set up correctly. All future revenue transactions and transfers will require review by the VPBA. These changes were completed in July of 2013. All future requests for new accounts now require completion of a form that includes justification for the account and will be helpful in determining the appropriate account type set-up.

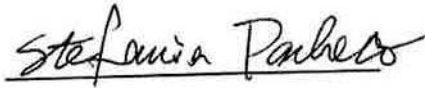
| | Special Course Fees | |
|---------------------------------|------------------------|-----------------------------|
| Balance July 1, 2011 | \$ | <u>238,264</u> |
| Transfers In | | <u>314,957</u> ² |
| Revenues | | |
| Tuition and Fees, Unrestricted | | 313,859 |
| Sales of Educational Activities | | 14,160 |
| Other | | 105 |
| Total Revenues | | <u>328,124</u> |
| Transfers Out | | <u>308,934</u> ¹ |
| Expenditures | | |
| Salaries | | 1,281 |
| Travel | | 40 |
| Operations | | 319,382 |
| Total Expenditures | | <u>320,703</u> |
| Balance June 30, 2012 | \$ | <u>251,708</u> |
| Balance July 1, 2012 | \$ | <u>251,708</u> |
| Transfers In | | <u>172,872</u> ² |
| Revenues | | |
| Tuition and Fees, Unrestricted | | 325,380 |
| Sales of Educational Activities | | 3,210 |
| Total Revenues | | <u>328,590</u> |
| Transfers Out | | <u>168,164</u> ¹ |
| Expenditures | | |
| Salaries | | 467 |
| Operations | | 223,910 |
| Equipment | | 33,000 |
| Total Expenditures | | <u>257,377</u> |
| Balance as of January 28, 2013 | \$ | <u><u>327,629</u></u> |

1 These amounts represent transfers from the Special Course Fees general account to department accounts.

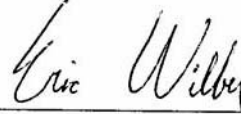
2 These amounts represent transfers received from the Special Course Fees general account plus additional transfers from other accounts.

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

Reno, Nevada
May 17, 2013



Stefania Pacheco
Internal Auditor I



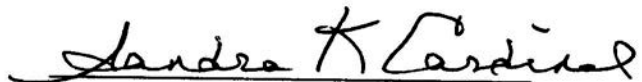
Eric Wilber
Senior Internal Auditor



Grant Dintiman
Information Technology Auditor



Scott Anderson
Internal Audit Manager



Sandra K. Cardinal
Assistant Vice Chancellor for Internal Audit



MEMORANDUM

Vice President for Business Affairs

TO: Sandi Cardinal, Assistant Vice Chancellor for Finance
NSHE

FROM: Sonja Sibert, Vice President for Business Affairs

SUBJECT: Audit Response for Great Basin College Special Course Fees
January 1, 2012 – December 31, 2012

DATE: October 15, 2013

| Nbr | Finding | Agree | Implemented | Est Date of Completion |
|------------|---|--------------|--------------------|-------------------------------|
| 1 | Special Course Fee Approval Create a Special Course Fee Request Form which includes justification for assessing the fee and signature lines for approval. | Yes | No | 10/2013 |
| 2 | Special Course Fee List Create and maintain a list of the college's approved Special Course Fees. | Yes | No | 12/2013 |
| 3 | Special Course Fee Policy Update the Special Course Fee policies and include them in the GBC Policies and Procedures Manual. | Yes | No | 10/2013 |
| 4 | Special Course Fees Testing Submit a request to the Board of Regents for a fee assessed in excess of \$50. | Yes | No | 12/2013 |
| 5 | Two approved fees in excess of \$50 were lower than the fees listed in the Manual. Charge fees at the approved rate or request the Board of Regents to assess the fees at a lower rate. | Yes | No | 12/2013 |
| 6 | Ensure greater care is taken to include associated Special Course Fees in the class schedule. | Yes | Yes | 7/2013 |
| 7 | Review discrepancy between fee assessed and | Yes | Yes | 7/2013 |

| | | | | |
|----|---|-----|-----|------------------------------------|
| | fee amount listed in the class schedule and make appropriate correction. | | | |
| 8 | Quantity of Special Course Fees Charged Review fees charged by the campus for reasonableness and compliance with Board Policy. | Yes | No | 12/2013 and will continue annually |
| 9 | Account Balances Review balances in excess of \$15,000 to determine whether the fees are reasonable or need to be adjusted. | Yes | Yes | 7/2013 and will continue annually |
| 10 | Review deficit balance and make an adjusting entry in the financial accounting system to correct the deficit. | Yes | Yes | 7/2013 and will continue annually |
| 11 | Inactive Accounts Review accounts with no revenue or expenditure activity to determine whether the fees are still necessary and whether the accounts should be deactivated. | Yes | Yes | 7/2013 and will continue annually |
| 12 | Self-Supporting Budgets Include Special Course Fee accounts that meet the \$25,000 threshold in the annual budget process. | Yes | Yes | 7/2013 and will continue annually |
| 13 | Expenditures Purchase orders should be completed in advance as required by NSHE purchasing guidelines. | Yes | Yes | 7/2013 and will continue annually |
| 14 | Statement of Revenues and Expenditures Only Special Course Fees revenue should be posted to the accounts for effective monitoring. | Yes | Yes | 7/2013 and will continue annually |