

COLLEGE OF SOUTHERN NEVADA
SPECIAL COURSE FEES
Internal Audit Report
July 1, 2011 through December 31, 2012

GENERAL OVERVIEW

The College of Southern Nevada (CSN) is authorized by the Board of Regents Handbook, Title 4, Chapter 17, Section 17 to charge Special Course Fees to its students, in addition to course registration fees. The applicable Special Course Fees are identified in the Nevada System of Higher Education (NSHE) Procedures and Guidelines Manual Chapter 7, Section 9.

Special Course fees are authorized for courses with extraordinary instructional costs due to individual instruction, class supplies, specialized equipment and software, third party payment for facilities use, special transportation requirements, intensive supervision and additional technical expertise required.

Responsibility for implementing Special Course Fees at the institution is delegated to the president up to a maximum of \$50 per course. Special Course Fees exceeding \$50.00 require Board of Regents approval.

A CSN Course Fee Committee is established to annually review proposals for new fees, changes in existing fees and continuation or deletion of fees. Special Course Fees charged for the combined terms of spring, summer, and fall of 2012 totaled \$1,241,785.

SCOPE OF AUDIT

The Internal Audit Department has completed a review of Special Course Fees at CSN for the period July 1, 2011 through December 31, 2012.

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

1. Confirming a formalized policy and review process is in place to support the approval and monitoring of fees, including expenditures and account balances.
2. Confirming Special Course Fees were properly established within the student information system to charge students the approved special course fees.
3. Confirming Special Course Fees in excess of \$50 were properly charged to students at the authorized per course charge identified in the NSHE manual, and courses charging \$50.00 or less as authorized by the institutional president.
4. Reviewing expenditures from Special Course Fee accounts to ensure they supported course operations, and were adequately expended to avoid unreasonable accumulation of cash balances.
5. Confirming that CSN Special Course Fee accounts with expenses of \$25,000 or more were noted to have been reported to the NSHE Budget Office for inclusion in the NSHE Self-Supporting Budget for 2012-13.

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

EXPENDITURES

We reviewed a sample of expenditures from Special Course Fee accounts to ensure they supported course operations, met the definition of allowable special course fees identified in the Procedures and Guidelines Manual Chapter 7, Section 9, and were adequately expended to avoid

unreasonable accumulation of cash balances. Our review noted the expenditures supported course operations and were allowable. However, we noted 11 of 56 Special Course Fee accounts reviewed had accumulated cash balances that appeared excessive based on comparison of fee revenues and corresponding course expenditures, which indicated fees were not being expended in proportion to the fee amounts collected and may need to be adjusted.

We recommend these accounts be passed on to the Fee Committee for their additional analysis of whether course fee adjustments are warranted.

Institution Response

CSN concurs with this recommendation. The accumulated balances resulted from a few factors including changes in program delivery, lower negotiated pricing for equipment replacement, and timing of expenditures.

- **Timing of expenditures: Several of the accounts that illustrated an accumulation of fee revenue were a result of the timing of the audit review and when the expenditures were completed. For example, equipment rotation in computerized classrooms occurs during the annual computer rotation life cycle process. Classroom and laboratory equipment is rotated during the transition between the spring and summer sessions. Of the 11 accounts noted, this situation occurred in six areas.**
- **Lower negotiated pricing for computers resulted in savings on equipment; one such example is in the Graphic Arts program.**
- **Donation: The Air Conditioning Program received a one-time donation in FY 2012-13 that provided a significant amount of consumable materials which resulted in savings for the program. Replacement equipment will be purchased during the upcoming fiscal year.**
- **Sciences: In areas such as Biology, Chemistry, and the Physical Sciences that require costly equipment, replacement occurs periodically (over years). The cost of an autoclave for example is \$44,000.**

The vice president for academic affairs and the senior vice president for finance & administration have jointly initiated an all-encompassing review of special course fee assessments and expenditures within programs and disciplines. This comprehensive review will include each and every academic special course fee assessment, and meetings are underway with the six academic deans and twenty department chairs. Due to the timing of implementing revisions through the scheduling and fee assessment modules in PeopleSoft – changes that are deemed necessary will be implemented for Fall 2014.

Institution Follow-Up Response

CSN completed the review of the account balances as described in the initial response. As a result, CSN has reduced and/or eliminated fees in the disciplines of: Computing Office Technology, Computer Information Technology/MIS, Graphic Arts, Health and Human Performance, Air Conditioning, Biology, Chemistry, and Physical Sciences. The fee changes will be effective beginning with the Summer 2014 term.

COURSE FEE ACCOUNT MANAGEMENT

CSN establishes grouped financial accounts to track fund balances for Special Course Fees based on subject matter. Our review noted some Special Course Fee accounts had numerous courses included within the account grouping, such as Foreign Languages with over 100 courses, or had topics co-mingled, such as Hospitality which included courses for Culinary, Food and Beverage, Gaming, Hotel, Hospitality, and Tourism. Also, Computer Information Technology co-mingled courses for Information Systems, Graphic Information Systems, and Computer Information Technology. Further account segregation of these course topics would facilitate a clearer audit trail for determining whether courses fees are being expended in proportion to fees collected.

We recommend CSN consider further segregation for some course topics into separate accounts to provide greater transparency of account and course activity as they relate to Special Course Fees.

Institution Response

CSN concurs with this recommendation for areas that do not utilize joint laboratories and classrooms. In consultation with the deans and vice president for academic affairs, we will segregate special course fees in the area of Hospitality Management which comprises the Culinary, Food and Beverage, Gaming, Hotel, Hospitality and Tourism disciplines. In addition, special course fees for the areas of Information Systems, Graphic Information Systems, and Computer Information Technology will also be segregated based on equipment utilization.

Finally, we are unable to segregate the Foreign Languages special course fees due to the common usage of equipment, software, and laboratory staff that provide support to the labs and students.

Institution Follow-Up Response

As noted in the original response, CSN concurs with this recommendation. The separation of special course fees by discipline for the Hospitality Management and Information Systems will be implemented effective Summer 2014 term.

FEE REVIEW PROCESS

Our review of the controls in place for approving and monitoring of fees noted an adequate process is in place. However, we noted the Fee Committee composition is three members short of the members identified in the written policy as required to participate.

We recommend the Course Fee written policy be updated to reflect the actual composition of the Fee Committee participants.

Institution Response

CSN concurs with this recommendation. Input and recommendations from the NSHE Internal Audit staff are appreciated. The College's Special Course Fee Committee reviews annually special course fee levels and requests for changes, as well as provides a periodic review, by school, of all fees associated with disciplines.

The Committee's results are presented to the administration for consideration and approval. The committee procedures will be updated to reflect its composition and the process that ensures a comprehensive annual review of activities and adjustment recommendations by financial staff. In addition procedures, including forms and information required to support fee changes, will be updated and incorporated.

Institution Follow-Up Response

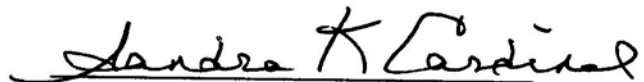
CSN's Special Course Fee Committee membership was updated to be consistent with the policy. Participants and committee memberships were added. This recommendation has been implemented.

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

Las Vegas, Nevada
April 11, 2013



J. Vito Hite
Internal Audit Manager



Sandra K. Cardinal
Assistant Vice Chancellor for Internal Audit



Memorandum

Senior Vice President, Finance & Administration

TO: Scott Anderson, Audit Manager
NSHE

FROM: Patricia Charlton
Senior Vice President, Finance & Administration

SUBJECT: Audit Response for College of Southern Nevada Special Course Fees
July 1, 2011 through December 31, 2012

DATE: January 24, 2014

Attached is the initial response to CSN Special Course Fee audit for the period from July 1, 2011 through December 31, 2012. The recommendations and status of corrective actions are provided below.

#	Recommendation	Agree	Completed
1.	Expenditures We recommend these accounts (11 of 56 reviewed) be passed on to the Fee Committee for their additional analysis of whether course fee adjustments are warranted.	Yes	The vice president for academic affairs and the senior vice president for finance & administration completed an all-encompassing review of all special course fee assessments and expenditures within programs and disciplines. CSN reduced and/or eliminated fees in the disciplines of: <ul style="list-style-type: none"> • Computing Office Technology; • Computer Information Technology/MIS; • Graphic Arts; • Health and Human Performance; • Air Conditioning; • Biology; • Chemistry; and • Physical Sciences Fee changes will be effective Summer 2014 term.
2.	Course Fee Account Management We recommend CSN consider further segregation for some course topics into separate accounts to provide greater transparency of account and course activity as they relate to Special Course Fees.	Yes	As noted in the original response CSN concurs with this recommendation. The separation of special course fees by discipline for the Hospitality Management and Information Systems will be implemented effective Summer 2014 term.

#	Recommendation	Agree	Completed
.	Fee Review Process	Yes	The Fee Committee membership has been updated to be consistent with the Special Course Fee Policy; additional participants and committee memberships have been added. This recommendation has been implemented.

The Audit Committee Agenda Request form is also attached. Please let me know if you have any questions regarding this information.

Thank you!

PAC:mte

c: Michael D. Richards, President
Darren Divine, Vice President for Academic Affairs
Mary Kaye Bailey, Associate Vice President for Financial Services/Controller