

UNIVERSITY OF NEVADA, LAS VEGAS  
WILLIAM S. BOYD SCHOOL OF LAW  
RESIDENCY DETERMINATIONS  
Internal Audit Report  
January 1, 2013 through December 31, 2013

GENERAL OVERVIEW

Residency status determinations for tuition purposes for students at UNLV's Boyd School of Law (BSOL) are made by the BSOL's Office of Admissions and Financial Aid.

Students who graduated from Nevada high schools are determined to be Nevada residents for law school tuition purposes. The residency status of students currently attending an NSHE institution is verified through the PeopleSoft student information system, or documentation is requested from the institution. Those not matriculating from a Nevada high school must submit a residency application with required supporting documentation to the law school, in order to be in compliance with the residency and tuition charges set forth in the Board of Regents (BOR) Handbook, Title 4, Chapter 15.

Students initially classified as "non-resident" may choose to apply for a reclassification of their residency status, as it can change throughout their enrollment. The majority of law school students who are determined to be "non-residents" during their first year will apply for reclassification of their non-resident status. Students must apply for reclassification before the beginning of the following school year. Students will be granted "resident" status if they meet the requirements set forth in the BOR Handbook, Title 4, Chapter 15, Section 8.

UNLV has an established appellate procedure and committee to review student appeals of residency status determinations for tuition purposes. However, no appeals were submitted to the committee by BSOL students for the period audited.

For the spring, summer, and fall 2013 semesters, nonresident tuition charged to BSOL students totaled \$396,664.

### SCOPE OF AUDIT

The Internal Audit Department has completed a review of the BSOL residency status determination process for the period January 1, 2013 through December 31, 2013.

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 we considered necessary. The tests included, but were not necessarily limited to these areas:

1. Reviewing and testing initial residency determinations for tuition purposes of BSOL students and the applicable supporting documentation to ensure compliance with BOR and UNLV policies.
2. Reviewing and testing reclassification of residency status determinations for tuition purposes of BSOL students to determine proper approval, compliance with policies and completion of required documentation.
3. Performing inquiries of BSOL management and the Chair of the Residency Appeals Committee to confirm there were no residency appeals submitted from law school students during the audit period.

The following recommendations should be implemented to improve the residency determination processes that are in place at the BSOL, and to comply with BOR and institutional policies.

## RECLASSIFICATION

BOR Handbook, Title 4, Chapter 15, Section 8 outlines guidance for the reclassification of students from nonresident to resident status. It notes there is a rebuttable presumption that a nonresident attending an institution of the Nevada System of Higher Education (NSHE) is in the State of Nevada for the primary or sole purpose of obtaining an education. Therefore, a nonresident who enrolls in an NSHE institution shall continue to be classified as a nonresident student throughout the student's enrollment, unless and until the student demonstrates that his or her previous residence has been abandoned, and that the student is a Nevada resident.

We reviewed controls over the reclassification process to determine whether students properly completed the residency application, submitted adequate supporting documentation, and were properly granted residency, if applicable. We reviewed the 21 reclassification requests that occurred during the audit period. Although residency applications were submitted for each of the 21 students, we noted 15 of 21 (71%) did not have the required supporting documents available to demonstrate complete compliance with BOR and UNLV reclassification policies and requirements. These 15 reclassification exceptions included three instances in which required supporting tax returns could not be confirmed as being obtained or retained, eight instances in which documentation was not in place or retained to support 12 months of Nevada residency, and four instances in which incomplete or partial documentation was obtained to support 12 months of Nevada residency.

We recommend the required supporting documentation, as identified on the UNLV Residency Application and in the BOR Handbook, be obtained and reviewed by the BSOL in order to complete the required verifications before granting reclassification of residency status. We also recommend these documents be retained to support proper completion of the residency status determinations.

## **Institution Response**

**We agree with this recommendation.**

**In all fifteen reclassification exceptions noted above, we collected and evaluated supporting documentation. In eight of those cases, due to human error, we did not retain this supporting documentation. Since discovering this error last year, we have kept documentation in all cases. In the future, we will make a digitized copy of such documentation and retain it in each student's file. In the cases that we retained documentation we believed the documentation satisfied the intent of the rule, but we will be purposeful in the future to satisfy the exact rule requirements. For example, in the past a student who submitted proof of a checking or savings account at a Nevada bank and provided four bank statements showing a Nevada address and the same account number for four months (beginning and ending one year apart) was deemed to have satisfied the requirement. We will now collect all twelve consecutive months of statements in all cases.**

- **What will be done to avoid the identified problems and issues in the future? Complete documentation of all obtained data will be kept.**
- **How compliance and future good management and practice will be measured and assured. A complete audit trail of the process will be available.**
- **Who will be responsible and may be held accountable in the future if repeat or similar problems occur? Responsibility for administering this process falls to the Director of Admissions, supervised by the Associate Dean for Students, who reports to the Dean of the Law School.**
- **When the measures will be taken and on what schedule compliance and good practice will be secured. We will begin performing the outlined steps effective Summer 2014.**
- **How compliance and performance will be documented for future audit, management and performance review. Compliance and performance will be documented by complete supporting documentation being available for review.**

**We respectfully request that this item be closed.**

## **INITIAL RESIDENCY DETERMINATION**

BOR Handbook, Title 4, Chapter 15, Section 4 outlines guidance for determination of residency status, and notes the residency determination should be based on clear and convincing evidence for the student to be deemed a resident.

We reviewed controls over the initial residency status determinations for new students admitted to the BSOL. Our review included sampling 30 of the 114 initial residency status

determinations that were made in the fall 2013 semester. We noted no exceptions for the five out-of state determinations tested, but did note exceptions related to obtainment of supporting documentation for six of the 25 (24%) in-state initial residency determinations. These exceptions consisted of the following:

1. Three students who did not graduate from a Nevada high school or attend a NSHE institution were granted “in-state” residency, even though the required documentation to demonstrate twelve months of continuous previous residency in the state of Nevada was not obtained.
2. For two students, a high school diploma or final transcripts were not on file to confirm their attendance at a Nevada high school.
3. One student that had previously attended a NSHE institution was not supported with an official letter or print-out from the institution to indicate their previously granted “in-state” residency status.

We recommend BSOL obtain clear and convincing evidence to support students being classified as “in-state” residents for tuition purposes. We also recommend BSOL withhold the granting of “in-state” residency status until the required supporting documents are obtained, reviewed, and verified to ensure compliance with BOR and institutional requirements.

#### **Institution Response**

**We agree with this recommendation.**

**The law school’s default position is to not grant in state residency until we receive supporting documentation. In the past, the BSOL has not collected high school diplomas from enrolling students and, instead, has relied on the student’s statement on the admissions application that he or she graduated from a Nevada high school (and named the school). We will begin collecting diplomas from these high schools beginning this summer. In addition, we will ensure that all documents required to validate a claim of Nevada residency are on file prior to the start of classes.**

- **What will be done to avoid the identified problems and issues in the future? Complete documentation of all obtained data will be kept.**
- **How compliance and future good management and practice will be measured and assured. A complete audit trail of the process will be available.**
- **Who will be responsible and may be held accountable in the future if repeat or similar problems occur? Responsibility for administering this process falls to the Director of Admissions, supervised by the Associate Dean for Students, who reports to the Dean of the Law School.**
- **When the measures will be taken and on what schedule compliance and good practice will be secured. We will begin performing the outlined steps effective Summer 2014.**
- **How compliance and performance will be documented for future audit, management and performance review. Compliance and performance will be documented by complete supporting documentation being available for review.**

We respectfully request that this item be closed.

#### ADMINISTRATIVE PROCEDURES

Currently, written desktop procedures are not in place to identify the key processes, cycle dates, and responsibilities assigned to BSOL administration for managing residency determinations.

We recommend the BSOL develop written desktop procedures for managing residency determinations to provide staff with guidance and to promote consistency in the performance of this function.

#### **Institution Response**

We agree with this recommendation.

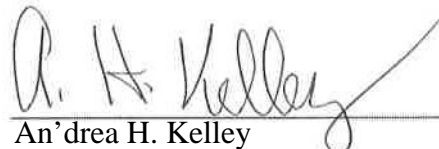
- **What will be done to avoid the identified problems and issues in the future? The desk procedures will be reviewed on an annual basis and updated as necessary.**
- **How compliance and future good management and practice will be measured and assured. The annual review of the procedures will assure good practice in the future.**
- **Who will be responsible and may be held accountable in the future if repeat or similar problems occur? Responsibility for this process falls to the Director of**

**Admissions, supervised by the Associate Dean for Students, who reports to the Dean of the Law School.**


- **When the measures will be taken and on what schedule compliance and good practice will be secured. The procedures will be completed during the summer of 2014.**
- **How compliance and performance will be documented for future audit, management and performance review. The procedures will help admissions staff to perform their duties properly and promote a transparent and consistent process.**

The Internal Audit Department would like to thank the BSOL for their assistance and cooperation during this review.

Las Vegas, Nevada  
February 7, 2014

  
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**AUDIT:** School of Law Residency Determinations

**AUDIT PERIOD:** 01/01/2013 – 12/31/2013

**NUMBER OF FINDINGS:** 3

**NUMBER OF RECOMMENDATIONS IMPLEMENTED:** 2

Nbr	Finding	Agree	Implemented	Est Date of Completion
1	Supporting documentation missing	Yes	Yes	
2	Supporting documentation missing	Yes	Yes	
3	Desk procedures not available	Yes	No	06/30/2014