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November 18, 2021

Mr. Pete P. Gallego, President
Sul Ross State University
BAB 200, Box C-100
Alpine, TX 79832

RE: A Compliance Monitoring Desk Review of Formula Funding at Sul Ross State University

Dear Mr. Gallego,

I am attaching the final report for *A Compliance Monitoring Desk Review of Formula Funding at Sul Ross State University*, Report No. THECB-CM-FF-21-002. There were no reportable conditions resulting from this engagement.

Our review was expanded as further described below, and results from this expanded review have been incorporated into this final report.

Results

Our review consisted of three stages:

- Stage One was a review of students reported for formula funding from summer 2019, fall 2019, and spring 2020;
- Stage Two was an expanded review of students reported for formula funding from summer 2019, fall 2019, and spring 2020, and focused on the student payment status for these students; and
- Stage Three was additional work performed by and coordinated with Sul Ross State University Internal Audit Office. This work focused on student payment status for students reported for formula funding from summer 2020, fall 2020, and spring 2021.

Stage One included tests of relevant enrollment data reported and certified by Sul Ross State University for accuracy and completeness in accordance with Texas Education Code Title 3, Subtitle A, Chapter 54, Section 54.007 Tuition and Fees; and Texas Administrative Code, Title 19, Part 1, Chapter 21, Subchapter A, Rule §21.4 Collection of Tuition. Our desk review focused on the following enrollment data and time periods:

- Semester Credit Hours and Tuition Payments for CBM001 (Student Report) during summer 2019, fall 2019, and spring 2020; and
- Contact Hours and Enrollment for CBM004 (Class Report) during summer 2019, fall 2019, and spring 2020.

Our work included procedures to verify:

- Student tuition payment was received in accordance with requirements;
- Reported semester credit hours were eligible for formula funding;
- Reported enrollment was eligible for formula funding; and
- Evidence of academic credentials were maintained to support required instructor qualifications.

One student out of 30 did not meet payment requirements per Title 19, Part 1, Chapter 21, Subchapter A, Rule §21.4 Collection of Tuition.

Stage Two expanded the testing of the CBM001 review based on the results from Stage One. Our work included procedures to verify:

- Student tuition payment was received in accordance with requirements; and
- Reported semester credit hours were eligible for formula funding.

Eight (8) unduplicated students reported on the CBM001 report for formula funding did not meet payment requirements and therefore were not compliant with student tuition payment requirements per Title 19, Part 1, Chapter 21, Subchapter A, Rule §21.4 Collection of Tuition.

Stage Three of the expanded testing of the CBM001 review was done in cooperation with Sul Ross State University Internal Audit Department (See Appendix I). Work for this stage focused on the following enrollment data and time periods.

- Semester Credit Hours and Tuition Payments for CBM001 (Student Report) during summer 2020, fall 2020, and spring 2021.

Work included procedures to verify:

- Student tuition payment was received in accordance with requirements; and
- Reported semester credit hours were eligible for formula funding.

The work performed by Sul Ross State University indicated an overall error rate of 2.6%, and per the General Appropriations Act, Article III Education, Special Provisions Relating Only to State Agencies of Higher Education, Section 16 Formula Variable and Educational and General Income Audits, this error rate is below the threshold for further consideration of formula funding correction or adjustment.

The work performed by Sul Ross State University further demonstrated that as of the Spring 2021 semester, student payment controls were working effectively to comply with Texas Education Code Title 3, subtitle A, Chapter 54, Section 54.007; Texas Administrative Code Title 19, Part 1, Chapter 21, Subchapter A, Rule §21.4, and Coordinating Board reporting requirements.

This Compliance Monitoring report will be presented to the Texas Higher Education Coordinating Board (THECB) Committee on Agency Operations, a standing committee of the THECB Board, in January 2022.

The cooperation of your staff during this review is greatly appreciated. If you have any questions or comments on the conduct of this review, please let me know.

Sincerely,

A handwritten signature in black ink that reads "Mark A. Poehl". The signature is written in a cursive style with a large, stylized "M" and "P".

Mark A. Poehl, CPA, CIA, CISA, CFE
Assistant Commissioner, Internal Audit and Compliance

PERFORMED BY:

Ms. Elizabeth Steele, Compliance Specialist

CC:

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September 30, 2021

Mr. Mark Poehl, CPA, CIA, CISA, CFE
Assistant Commissioner, Internal Audit and Compliance
Texas Higher Education Coordinating Board
1200 E. Anderson Lane
Austin, Texas 78752

Dear Mr. Poehl,

The Office of Internal Audit has completed a review in support of the THECB's *Desk Review of Formula Funding Data Integrity* at Sul Ross State University. The purpose of our review was to supplement testwork performed by the THECB regarding enrollment reporting practices at the University. Our review included testing a random sample of 152 students enrolled in the Summer 2020, Fall 2020, and Spring 2021 semesters for compliance with tuition payment requirements outlined in Rule 21.4, Texas Administrative Code, Title 19, Part 1, Chapter 21, Subchapter A.

The results of our work are summarized below. Detailed workpapers supporting the results have been provided to the THECB.

Summer 2020

- Payment plans are not allowed during the Summer Sessions. All students are required to pay all tuition and mandatory and optional fees by the 15th class day.
- Of the 29 students reviewed, two (6.90%) did not complete payments on or before the 15th day of classes as specified by state law. Both students paid in full during the next semester.
- One of the two students, owing \$125, was allowed to register for Fall 2020 and owed \$6,967.94 at end of Fall semester. The student was not allowed to enroll in Spring 2021.
- None of the 29 students owed anything for Summer 2020 at the time of the review.

Fall 2020

- There were 64 students tested. This included 26 students on a payment plan and 38 students without a plan.
- Two (3.13%) of the students did not make their payments of tuition and fees by the 20th class day. The remainder were marked as compliant for paying by the 20th class day or had pending financial aid and/or had entered into and made the first payment on an installment payment plan prior to the 20th class day.
- Eleven (42.30%) of the 26 students with a payment plan did not follow the payment plan requirements.
- Thirteen (20.31%) of the students did not pay in full by the last payment due date for the semester.
- None of the 64 students owed anything for the Fall 2020 semester at the time of review.

Spring 2021

- There were 59 students tested. This included 26 students with a payment plan and 33 students without a plan.
- All students were marked as compliant for paying by the 20th class day, either due to paying in full or because they had pending financial aid and/or had entered into and made the first payment on an installment payment plan prior to the 20th class day.
- Sixteen (61.54%) of the 26 students with a payment plan did not follow the plan requirements regarding payment due dates.
- Twelve (20.33%) of the students did not pay in full by the last payment due date for the semester.
- At the time of the review, three (5.08%) of the 59 students still had past due balances totaling \$12,394.73 in tuition and fees. None of these students were allowed to enroll in either Summer Session or in Fall 2021.
- One (1.69%) additional student had a past due amount of \$436 for a meal plan, which is neither tuition or fees.
- Seven (11.86%) of the 59 students paid their balances in full after the established final due date.

Total

- There were 152 students reviewed over the three semesters including 52 with a payment plan.
- All but four students were compliant with paying by the 20th (or 15th, for Summer) class day by either paying in full or had pending financial aid and/or had established an installment payment plan and were current on the payment plan prior to the designated class day (20th or 15th).
- Twenty-seven (51.92%) of the 52 students on a payment plan did not follow the requirements of their payment plan regarding regular scheduled payments after the designated census date (20th or 15th class day).
- Twenty-seven (17.76%) of the students tested did not pay in full by the last payment due date for the semester.
- Three (1.97%) of 152 students had not paid their tuition and fees in full at the time of our review. These three students were not allowed to enroll in either of the Summer 2021 sessions or Fall 2021.

We appreciate the opportunity to work with you and your team on this project.

Sincerely,



Scott Cupp, CCA
 Director, Office of Internal Audit, Sul Ross State University
 Texas State University System