



Internal Audit Report

Student Fee Governance

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I. EXECUTIVE SUMMARY

Internal Audit & Management Advisory Services (AMAS) has completed an audit of student fee governance. The purpose of the review was to evaluate the effectiveness of governance over campus-based student fees, including controls over assessment, collection, and disbursement processes.

In general, controls over the assessment, collection and disbursement of campus-based student fees reviewed provided reasonable assurance that fee referenda were appropriately collected and disbursed and that the use of student fee by referenda income was in compliance with the definition and intent outlined in the referenda, as approved by the students.

However, the effectiveness of governance and transparency over student fee by referenda use could be improved as the Student Fee Advisory Committee (SFAC) and other student fee-based committees did not have access to referenda fee account reporting tools and reports, which would allow for improved oversight and review of referenda fee operations and activity levels.

In addition, accumulated carryforward balance in many referenda fee funds would benefit by long-term focused monitoring efforts that could be facilitated by greater student engagement using improved reporting tools.

The following observations requiring management corrective action were identified:

A. SFAC Review of Campus-Based Student Fee Utilization

The Student Fee Advisory Committee (SFAC) lacks the tools, training and support sufficient to regularly and independently review and analyze campus-based fees on an ongoing manner. Governance over campus-based student fee utilization would be improved with additional transparency, enhanced support for student participation, and improved financial reporting to all constituencies.

Management agreed to all corrective actions recommended addressing risks identified in these areas. Observations and related management corrective actions are described in greater detail in section III. of this report.

II. INTRODUCTION

Purpose

The purpose of the review was to evaluate the effectiveness of governance over campus-based student fees, including controls over assessment, collection, and disbursement processes.

Background

UCSC student fees are grouped into categories based on the authoritative source of the fee and its intended purpose:

Undergraduate Tuition and Fees 2015-16		
Tuition	\$11,220	UC Regents mandatory systemwide fees
Student Services Fees	1,020	UC Regents mandatory systemwide fees
UCSC Campus-Based Fees	1,221	Primarily Fees by Referenda which are initiated and approved by students via a student referendum and are mandatory as a condition of enrollment.
Health Insurance	2,634	A waivable fee
Miscellaneous & Course Fees	TBD	User fees, service charges, or fines and are not mandatory as a condition of enrollment and are only charged to students and others when they actually use the service.
Total Residents	\$16,095	

See Appendix B for listing of resident undergraduate fees

While the management of Tuition and Miscellaneous and Course fees are the purview of campus units, governance of the Student Services Fee and the Campus-Based Fees involve a broader range of student committees and organizations. For the Student Services Fee, the Regents prescribe detailed requirements for student involvement and access to fee income and disbursement information.

For Campus-Based Fees by Referenda students have the opportunity to participate directly in the assessment, collection and disbursement of fee income, and for each Campus-Based Fee by Referenda, there is generally a student advisory committee working with staff to guide how the fee income is utilized. (See Appendix C for a list of student committees and organizations over Student Services Fee and each Campus-Based Fees by Referenda.)

UCSC encourages student activism generally and encourages their participation in the election process, and their direct involvement in planning and monitoring the use of fee income over time.

The SFAC is recognized by the systemwide Council on Student Fees and participates by a representative at the systemwide level in the governance of student fees. Connecting with peers across the state informs SFAC of system wide issues, norms and best practices. The SFAC is described on its website as “SFAC serves as the primary avenue for channeling student input into decisions about the allocations of fees, including the Student Services Fee, Student Programs Fee, campus-based fees (referenda), certain Miscellaneous Fees, and the Seismic and Life Safety Fee”.

The following represents the amount of UCSC campus-based fees relative to other UC campuses:

Display XV-4: 2013-14 Campus-based Fee Levels		
Campus	Undergraduate	Graduate
Los Angeles	\$505	\$379
Berkeley	\$672	\$672
Riverside	\$768	\$597
Irvine	\$957	\$770
Merced	\$968	\$637
San Diego	\$1,079	\$587
Santa Cruz	\$1,205	\$1,068
Santa Barbara	\$1,554	\$800
Davis	\$1,704	\$917
San Francisco	n/a	\$175
Average	\$1,030	\$660

Scope

We evaluated the effectiveness of governance over campus-based student fees, including controls over assessment, collection, and disbursement processes by means of extensive interviews with campus-based student fee stewards and offices, campus administrative units, and Student SFAC and SUA representatives. We conducted data analytics and analytical review procedures over campus-based student fee current usage, and fund balances over the past 5 years. We tested selected transactions for appropriateness.

Our review focused on the following campus-based student fee funds:

- Engaging Education Programs Fee
- Theater Arts Fee
- Student Media Council Fee
- Community and Resource Empowerment Fee
- Student Voice and Empowerment Fee
- Seymour Marine Disc Ctr Student Fee
- Learning Support Services Fee
- Sustainable Food, Health and Wellness Fee
- Renewable Energy Fee aka Carbon Fund
- Sustainability Office
- Cultural Arts and Diversity Fee
- Campus Sustainability Programs Fee

We did not review campus-based student fees of OPERS, as that topic is subject to its own review in FY2017.

In addition, we did not review non-referendum campus-based fees for Health Insurance, Life Safety and Seismic Safety. Also excluded from our review is Miscellaneous fees, course fees and program fees.

III. OBSERVATION REQUIRING MANAGEMENT CORRECTIVE ACTION

A. Review of Campus-Based Student Fee Utilization	
<p>The Student Fee Advisory Committee (SFAC) lack the tools, training and support sufficient to regularly and independently review and analyze campus-based fees on an ongoing manner. Governance over campus-based student fee utilization would be improved with additional transparency, enhanced support for student participation, and improved financial reporting to all constituencies.</p>	
Risk Statement/Effect	
<p>Without effective student involvement in review and monitoring the use of student fees there is increased risk of actual or perceived non-compliance with the stated purpose of the fee. Without additional transparency and appropriate tools, training and support, students and their representatives lack the capability to efficiently and effectively conduct ongoing independent review and analysis of student fee utilization.</p>	
Agreement	
A.	<p>The Dean of Students will establish a standing workgroup of stewards/directors to enhance stewardship of all campus-based fees. This workgroup could be engaged in:</p> <ol style="list-style-type: none"> 1. Sharing administrative and governance best practices among campus-based fee stewards. 2. Advising SFAC with the process of ongoing reviews of campus-based fee income utilization and accumulation of balances. 3. Exploring the broader use of enterprise reporting and development of standardized financial reports.
	Implementation Date
	3/30/2017
	Responsible Manager
	Dean of Students

A. Review of Campus-Based Student Fee Utilization – Detailed Discussion

SFAC Review and Oversight of Fee Utilization:

The Campus Provost/Executive Vice Chancellor (CP/EVC) has supported increasing the level of involvement of the SFAC in review and assessment of the utilization of campus-based fees as outlined in her 2013-14 charge letter to SFAC members (see Appendix D for the full text of charge letter). The purpose and objectives of the SFAC as stated in the AY12-13 charge letter include the “continuing study of programs supported by” student fees. Later in the charge letter, there is a discussion of the development of a process “for SFAC to regularly review and analyze all campus-based fees in an ongoing cycle. “

As a result, the SFAC has undertaken an exploratory fee by referenda review project. The SFAC has called upon selected student fee stewards to review and analyze their use of student fee income. For example, recently the SFAC had representatives from campus Transportation and Parking Services (TAPS) come to a committee meeting and make a presentation regarding parking fees.

The tools and training the SFAC lacks centers around reports and how to use them. During the course of this audit, the SUA independently sent out requests for information to selected student fee steward units asking for financial information related to the use of student fee income. The weakness in current reporting to SUA or SFAC and stakeholders is that financial reporting is not direct from enterprise-level systems. Certified

enterprise system reports have more credibility than spreadsheet and shadow system reports that are subject to greater risk of error or omission. Therefore, the SFAC has limited access to information to review and independently analyze the information provided by the stewards and/or advisory committee overseeing the various fee funds.

With appropriate training, access to certified and locked reports, and support of the workgroup the SUA/SFAC could self-serve its financial report needs and pursue answers to questions directly. In addition, with additional training SFAC could have direct access to certified and locked reports that allow drill down from summary reports to underlying detailed transactional reports. In order to utilize these reports, the SFAC will need basic report reader skills and understanding of university processes in order to maintain ongoing review and assessment of student fee utilization.

Other Referenda Fee Student Advisory Committees and Councils

Besides the SFAC, there are 14 advisory committees and councils that work directly with the campus student fee stewards. The level of involvement of these committees varies. The general focus has been on programmatic initiatives. Included has been the use, planned use of the funds, and the process of awarding funding to sub-recipients if applicable. The form and content of reporting on the use and status of fee income to these student oversight committees and constituencies vary in focus, level of detail and transparency. While the program narratives vary, the potential for using standard and readily available financial reports has not been realized.

The individual fee advisory committees/councils need limited training for reading a standard enterprise financial report, thereby adding to the value of their advisory role. Advisory committees tend to focus on the allocation of fee income by reviewing the budget, analyzing spending proposals, and awarding funding to approved applicants. Training is needed to enhance capabilities in the monitoring the use of the funds in compliance with requirements and the stated purpose for the fee, monitoring multi-year commitments, and the use of accumulated funds.

Accumulated Funds and Transparency of Student Fee Fund Use

Accumulated funds is an excellent example of the kind of high-level topic that would benefit from increased availability of enterprise-level reports. With increased enrollment has come increased fee income. Increased income combined with conservative budgeting has resulted in a common problem among fee stewards. Surplus is a preferred problem but the risk is that fee stewards are too conservative or hoard the accumulated fee income. Broader use of an enterprise financial report, a report that is credible, familiar and presents the whole picture, would enhance control over the appropriate use of student fee funds.

In addition, campus units charged with stewardship responsibilities for campus-based fees do not use a common approach for managing and reporting the use of fee income and carry forward (reserves/commitments/accumulated income). Development of common best practices would enhance the use of common reporting. For example, annually UCSC is required to submit a Student Services Fee report to UCOP and publish the report on the website. This required report could be repeated for all campus-based fees. This high-level summary for each fee could be published for all and could be used by stewards within their fee specific annual and periodic reports. (See Appendix D for further discussion of potential topics to be addressed by a workgroup)

More could be done to strengthen controls through increased transparency and accountability, and to support SFAC regular review and analysis of all campus-based student fees in an ongoing cycle.

The need for student support in understanding the allocation and utilization of student fee income can be characterized in a recent presentation to the Chancellor on June 3, 2016, where a student member of the Media Council, a student media advisory group reported:

“When I first started attending these business meetings, I would look at the ledger, be pretty confused. I was like very, very quiet, I would sit in those meetings and not say a word, maybe ask some questions on the side after, but it was just like very overwhelming at first. And it was really the educational side of that, with those meetings, that empowered me to become more involved in my organization and plan for long term visions of City on a Hill Press and Student Media through a better understanding of the fiscal side of our organizations.”

(SOMeCA’s Annual Presentation to the Chancellor June 3, 2016)

APPENDIX A – Summary of Work Performed and Results

Preliminary Survey and Risk Analysis	
Work Performed	Results
<ul style="list-style-type: none"> • Interviewed 12 personnel in campus offices involved in student fee administration • Attended an SFAC meeting and interviewed the President of SUA, Chair of SFAC and a staff committee member. • Reviewed UC policies pertaining to student fees and campus elections. • Reviewed the ballot measures for fee by referenda. • Reviewed campus websites based on keyword searches pertaining to student fees. • Obtained background information from Dean of Students, Planning & Budget, Registrar, Summer Session and Financial Aid. • Generated FIS Infoview and SQL, and FMW reports for FY 2015 and FY2016 • Generated fund balance (carryforward) reports for 5 years FY2011-2015. 	<p>Through our preliminary analysis, we focused the audit primarily on fee by referenda.</p>

Student Fee Allocation Process	
Work Performed	Results
<ul style="list-style-type: none"> • Discussed the fee allocation process with Planning & Budget, Registrar, Summer Session, Financial Aid, Dean of Students, and Student Business Services. • Randomly selected 5 undergrads and 2 graduate students and traced the amounts billed to the fee amounts approved by the Chancellor. 	<p>Our testing sample demonstrated that the student fee amounts billed are the approved fee amounts.</p> <p>Amounts billed agreed to authorized fee amounts. The methodology used in AIS to allocate a fee amount billed to the appropriate fee fund is unchanged, managed by the same personnel in several admin units, and no problems were reported. Controls appear appropriate.</p>

Student Fee Testing	
Work Performed	Results
<ul style="list-style-type: none"> Used SQL, Data Warehouse, FMW, and/or Banner to gather transactional data for fund type 13C (20000-23999), this is all Student Fees. Gathered transactions from FY14-15 and/or to-date in FY15-16 will be gathered. Used data analytic techniques to review for analogous transactions. 	While transfers are voluminous we found no instance or pattern of inappropriate transfers.
<ul style="list-style-type: none"> Reviewed the purpose and timing of JV transactions – FY14-15. Observed the patterns of use of JVs. Overuse or end of year use were areas of additional focus. Searched for inappropriate transfers. 	While JV transactions are voluminous we found no instance or pattern of inappropriate transfers.
<ul style="list-style-type: none"> Fund Balance - Created and reviewed longitudinal study over a five-year period of year-end fund balances. Focus attention on accumulated balances (including reserves), unchanged balances and deficit balances 	With increased enrollment, there is increased accumulation. Stewards were aware and there was evidence of remediation in process.
<ul style="list-style-type: none"> All Expenditures – Data analytics applied to all 13C fund type expenditures – all student fees – to observe for patterns indicating the need for further testing, i.e. transfers of expense, travel and entertainment, etc. 	We found no instance or pattern of inappropriate expenditure.
<ul style="list-style-type: none"> Reviewed financial reporting available to students. 	During testing, we noticed control weaknesses and improvement opportunities in reporting and resultant student participation and transparency. (Refer to Observation A – Review of campus-based student fee utilization.)
<ul style="list-style-type: none"> We selected the following fees for detail testing: 20362 Engaging Education Programs Fee 20363 Theater Arts Fee 20366 Student Media Council Fee 20367 Community and Resource Empowerment Fee 20268 Student Voice and Empowerment Fee 20268 Seymour Marine Disc Ctr Student Fee 20369 Learning Support Services Fee 20182 Sustainable Food, Health and Wellness Fee 20273 Renewable Energy Fee aka Carbon Fund 20193 Sustainability Office 20385 Cultural Arts and Diversity Fee 20361 Campus Sustainability Programs Fee 	<p>We found no errors or inappropriate transactions relative to the wording of fee ballot measure.</p> <p>We did find that the stewards manage and report student fee income activities differently. Opportunities existed for the stewards to share best practices and use common data management techniques which would facilitate utility of enterprise reporting across all fee by referenda. In discussions with the Interim Dean of Students, it was suggested to attach a workgroup of stewards to the SFAC. (Refer to Observation A – Review of campus-based student fee utilization.)</p>

APPENDIX B – 2015-16 UCSC Resident Undergrad Student Fee Details

Fee Title	Measure	Annual 15-16
Systemwide Fees		
Student Services Fee (formerly University Registration Fee)		1,020.00
Tuition (formerly Educational Fee)		11,220.00
UC SHIP Health Insurance (Waivable)		2,634.00
Campus Based Fees		
CAMPUS PROGRAMS FEE	Established 1969	6.00
COLLEGE STUDENT GOVERNMENT FEE	Measure 33	30.00
STUDENT PROGRAMS FEE M7	Measure 7	153.00
CAMPUS SUSTAINABILITY PROGRAMS FEE	Measure 9, 14	18.00
ENGAGING EDUCATION PROGRAMS FEE	Measure 10, 17	12.60
COMMUNITY & RESOURCE EMPOWERMENT	Measure 15	15.00
STUDENT VOICE & EMPOWERMENT FEE	Measure 16	2.25
STUDENT MEDIA COUNCIL FEE	Measure 13, 50	9.60
THEATER ARTS FEE	Measure 11	6.00
STUDENT FACILITIES FEE	Regents	90.00
STUDENT LIFE FACILITIES FEE	Measure 1	90.00
SEISMIC SAFETY FEE	Chancellor	120.00
FREE/ANON HIV TESTING FEE	Measure D	2.25
TRANSIT SYSTEM FEE	Proposition 2, M1, M24	334.98
STUDENT FITNESS CTR FACILITY FEE	Measure B	45.00
C/W STUDENT GOVERNMENT FEE	Proposition 2, M8	21.00
CAMPUS CHILD CARE FEE	Proposition 1	24.00
INTRAMURAL & SPORTS CLUB TEAM ACTV.	Measure 23	6.75
RECREATION PROGRAMS FEE	Measure 26	12.00
SEYMOUR MARINE DISC CTR STUDENT FEE	Measure 27	0.75
RENEWABLE ENERGY FEE	Measure 44,28	9.00
LEARNING SUPPORT SERVICES FEE	Measure 30	36.00
INTERCOLL ATHLETICS SPORTS TEAM FEE	Measure 31	15.00
PHYSICAL EDUCATION PROGRAM FEE	Measure 32	13.50
STUDENT MEDIA VOICE FEE	Measure 34	12.42
HEALTH CTR FAC IMPROVEMENTS FEE	Measure 18	81.00
HEALTH CTR GREEN BLDG FEE	Measure 35	15.60
GIIP/GLOBAL IZFO INTERNSHP PROG FEE	Measure 37	3.99
SUSTAINABLE FOOD,HEALTH,WELLNES FEE	Measure 43	11.25
SUSTAINABILITY OFFICE FEE	Measure 45	8.25
CULTURAL ARTS & DIVERSITY FEE	Measure 49	15.75
	Total Non-Resident	16,094.94

APPENDIX C – Campus-Based Fee Stewards and Advisory Committees

Student Committee/Council	Fee Title	Steward Home Department
Transportation Advisory Committee	TRANSIT SYSTEM FEE	TAPS
Sustainability Council	CAMPUS SUSTAINABILITY PROGRAMS FEE	Student Success
Student Union Governance Board & OPERS Student Committee	STUDENT LIFE FACILITIES FEE	OPERS/SU
Student Union Assembly	STUDENT VOICE & EMPOWERMENT FEE	Campus Life
	C/W STUDENT GOVERNMENT FEE	Campus Life/SUA
Student Media Council	STUDENT MEDIA COUNCIL FEE	Student Success/Student Media
	STUDENT MEDIA VOICE FEE	Student Success/Student Media
Student Fee Advisory Committee	STUDENT PROGRAMS FEE M7	Central/Campus Life
	STUDENT FACILITIES FEE	CHES/Colleges
	SEISMIC SAFETY FEE	Central
OPERS Student Advisory Committee	RECREATION PROGRAMS FEE	Campus Life/OPERS
	INTRAMURAL & SPORTS CLUB TEAM ACTV.	Campus Life/OPERS
	STUDENT FITNESS CTR FACILITY FEE	Campus Life/OPERS (Wellness Ctr)
	INTERCOLL ATHLETICS SPORTS TEAM FEE	Campus Life/OPERS
	PHYSICAL EDUCATION PROGRAM FEE	Campus Life/OPERS
Green Bldg Fee Committee	HEALTH CTR GREEN BLDG FEE	Campus Life/Health Ctr.
e2 Board of Directors	ENGAGING EDUCATION PROGRAMS FEE	Student Success/SOMeCA
CORE Council	COLLEGE STUDENT GOVERNMENT FEE	CHES/Colleges
CASFS Oversight Committee	SUSTAINABLE FOOD,HEALTH,WELLNES FEE	Academic/Agroecology program
CARE Council	COMMUNITY & RESOURCE EMPOWERMENT	Student Success/SOMeCA
Carbon Fund Committee	RENEWABLE ENERGY FEE	BAS/PP&C
CAD Board of Directors	CULTURAL ARTS & DIVERSITY FEE	Student Success/SOMeCA
	CAMPUS PROGRAMS FEE	Campus Life/Retention Svcs; Comm. Svcs./EOP/SVC
	THEATER ARTS FEE	Academic/Theater Arts
	FREE/ANON HIV TESTING FEE	Campus Life/Health Ctr.
	CAMPUS CHILD CARE FEE	Hsg/Child Care Ctr.
	SEYMOUR MARINE DISC CTR STUDENT FEE	Academic/Inst. Marine Sciences
	LEARNING SUPPORT SERVICES FEE	Student Success/Learning Support Services
	HEALTH CTR FAC IMPROVEMENTS FEE	Campus Life/Health Ctr.
	GIIP/GLOBAL INTERNSHP PROG FEE	Academic/Sociology Dept.
	SUSTAINABILITY OFFICE FEE	BAS/PP&C

APPENDIX D – Summary of Workgroup Topics

Workgroup

In discussions with the Interim Dean of Students, it was suggested that a standing workgroup of financial stewards/directors gather regularly to discuss best practices, governance of fees and assist the SFAC in the development and maintenance of SFAC capability to review and ongoing assessment of all campus-based fees. In the near-term, the workgroup could focus on SFAC capabilities in conducting ongoing reviews, while long term the focus would be continued development of best operational and governance practices.

A sub-committee of the SFAC may be established to conduct an ongoing review of fee utilization and work with the workgroup. How the workgroup interacts with SFAC or subcommittee remains to be determined.

The following are further specifics on what the initial focus of the workgroup could be:

Ongoing Reviews

The workgroup could discuss how to enhance the capabilities of students in monitoring the actual use of the funds, thus expanding their involvement beyond planning the use of the funds. Fees vary in complexity so the pace of review will vary with the aim of reviewing all the campus-based over the course of several years. While it is recognized the SFAC and advisory committees have limited time, with appropriate basic training, information system access and subject matter expert support, student involvement in governance over student fees would be enhanced.

Support

The workgroup could explore how to support the development and maintenance of student capabilities. There will be review and selection of best business practices, best data management choices and best means to provide access to subject matter experts.

For the development of capabilities, the workgroup could focus first on training needs and access to and use of UCSC enterprise level reporting systems and subject matter experts.

The workgroup could afford stewards the opportunity to adopt common best practices. The workgroup will assess needs and select, develop or adapt an enterprise system report with the capability to drill down to detail that the SFAC would use in their analysis and review.

Training

The workgroup could view training from the perspective of enhancing the student's experience with hands-on administrative functions and from the perspective of providing the students with appropriate knowledge and skills for conducting ongoing review and analysis of student fee allocation and use.

Assessment of training needs of SFAC:

- Understanding what SFAC has learned in prior review and assessment activity.
- Understanding UCSC organization, budget planning, operations, and reporting.
- Utilizing summary and detail UCSC enterprise systems and reports.

Assessment of training needs of stewards and individual advisory committees/councils:

- Understanding UCSC organization, budget planning, operations, and reporting for their fee(s).
- Utilizing summary UCSC enterprise system reports.
- Implementing best practices

As the workgroup identifies training needs for monitoring and assessing the use of student fee income, subtopics of training needs could arise. For example, after years of increasing enrollment and resultant increase in fee income, the committees generally have carryforward balances which complicates planning, budgeting, and the management of the multi-year commitment and de-commitment process.

Basic training could enhance SFAC and the fee advisory groups capability to review the management of accumulated fee income. Another example is the use of student fees to hire students. In order for an oversight committee to appropriately monitor and assess the use of student fee income, the committee may need an understanding of fair hiring practices.

Enterprise Information Systems

The workgroup could explore leveraging the use of the format of the required annual Student Services Fee Report to report on all student fee by referenda. The workgroup could explore options to make the current summary fee by referenda reports available online, and fee stewards by best practice could include this enterprise systems level summary report in their reporting.

The workgroup will evaluate SFAC use of campus certified and locked enterprise reports that present various views of summary and detailed information. These reports with their drill down capability would provide SFAC with direct access to the information in the enterprise systems. The workgroup could sort through options to determine which enterprise system to use and the best approach. For example, the workgroup could seek a best practice among fund stewards for tracking student fee financed commitments and the de-commitment process when a recipient has not expanded awarded funds. Developing best operating practices to facilitate reportable data may involve stewards adapting to common processes in order for transactions to be recorded in the same manner.
