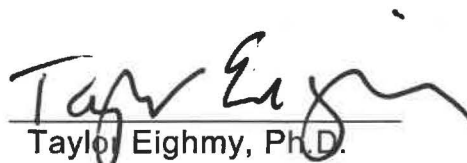


Scholarship Management Internal Audit Report
Project # 2017-21
November 15, 2017

Reviewed by:


Taylor Eighmy, Ph.D.
President

Executive Summary
Scholarship Management Internal Audit Report
Project # 2017-21

Objectives:

Evaluate scholarship management processes to determine if:

- All available scholarship funds are distributed,
- Collaboration and timely communication across campus exists, and
- Leading practices from peer institutions are in place.

Conclusion:

UTSA awarded 7,763 scholarships totaling \$30,912,951 in the 16-17 Academic Year and 7,404 scholarships totaling \$28,531,356 in the 15-16 Academic Year. For the Fall 17-18 Academic Year, \$12,168,869 in scholarships were awarded.

| Scholarship Types | Acad. Yr. 16-17 | Acad. Yr. 15-16 | \$ Change | % Change |
|-------------------|---------------------|---------------------|--------------------|-----------|
| Institutional | \$12,251,002 | \$11,502,194 | \$748,808 | 7% |
| Outside | 7,745,623 | 7,223,781 | 521,842 | 7% |
| Athletics | 5,781,349 | 5,210,818 | 570,531 | 11% |
| Endowments | 3,562,634 | 2,792,449 | 770,185 | 28% |
| Private | 1,301,515 | 1,393,095 | (91,580) | -7% |
| State | 270,828 | 409,019 | (138,191) | -34% |
| Totals: | \$30,912,951 | \$28,531,356 | \$2,381,595 | 8% |

Source: The Office of Financial Aid and Scholarships

In our opinion, processes exist to distribute scholarships to students and can be strengthened in university-wide scholarship oversight and best practices associated with:

- Documenting the roles and responsibilities of the university centralized and decentralized offices,
- Developing of periodic scholarship training,
- Documenting the roles and responsibilities of the university scholarship committee, and
- Assigning cost center responsibility to the appropriate department / department manager to include the cleanup of more accurate cost center descriptions.

Non-Priority Recommendations:

This audit resulted in one High and four Medium-level findings, but no Priority Findings.

- Develop and monitor a university-wide scholarship report that captures all scholarship expense and available balances by cost centers. (High)
- Document the roles and responsibilities of centralized and decentralized offices that participate in the university-wide scholarship process. (Medium)
- Develop and schedule periodic training for all university-wide scholarship stakeholders. (Medium)
- Document the roles / responsibilities of the University Scholarship Committee and consider the implementation of the scholarship committee membership representation based on Education Advisory Board research. (Medium)
- Review and work with the necessary campus partners to ensure that (past and/or future) assignment of cost centers are associated with the appropriate department / department manager to include their descriptions. (Medium)

Audit Results

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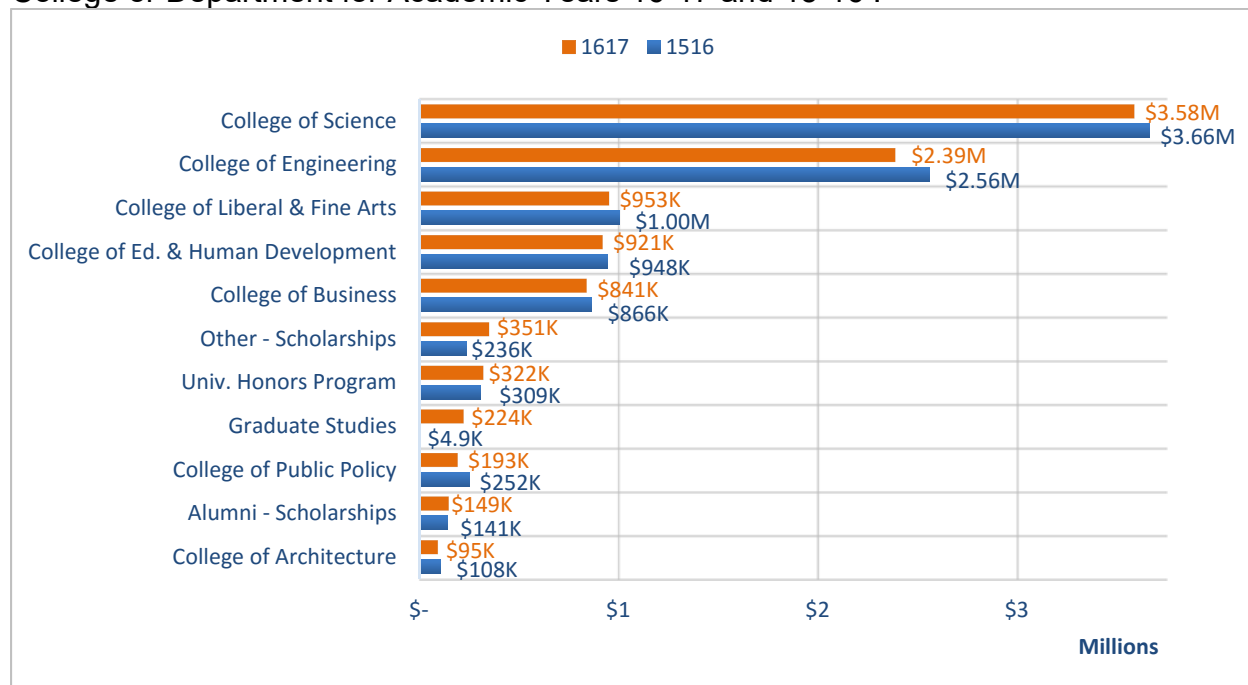
Background

Commonality between the UTSA [President's Strategic Plan – A Vision for UTSA](#) and [Blueprint UTSA](#) is providing students with outstanding educational experiences. The strategic use of available scholarships contributes to a student's positive experience and reduces their education costs.

UTSA seeks contributions from individuals, foundations, corporations, and other organizations to create endowed scholarships and annual/renewable scholarships. In awarding scholarships, UTSA has historically had a decentralized process.

- The Office of Financial Aid and Scholarships manages the general scholarships with objective criteria such as GPA or class rank. The [University Scholarship Committee](#) reviews and ranks scholarship applications with an essay component (subjective criteria).
- Colleges and Departments also provide scholarships to students with the financial support that allows them to start and/or continue their college education. Department scholarship committees select recipients for each departmental scholarship based on subjective criteria. Additionally, UTSA Colleges and Departments offer scholarships with objective criteria and other financial assistance programs to students that are specific to a particular major or degree.

Furthermore, the total consolidated distributed amount of scholarships by each College and Department were \$10,032,768 in the 16-17 Academic Year and \$10,102,281 in the 15-16 Academic Year. The below chart represents the amounts distributed by each College or Department for Academic Years 16-17 and 15-16*:



*The graph excludes the amount of General Scholarships distributed by The Office of Financial Aid and Scholarships for Academic Years 16-17 at \$14,855,946 and 15-16 at \$13,221,182. Additionally, it excludes the amount of Athletic Scholarship distributed for Academic Years 16-17 at \$5,781,349 and \$5,210,818.

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Audit Details

Objective: Evaluate scholarship management processes to determine if all available scholarship funds are distributed.

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| Development of A Report of Scholarship Balances | The university should have a comprehensive report or analysis tool to be able to monitor scholarship expenses, and available balances. The tool would allow oversight by centralized and decentralized offices of all scholarship funds and the ability to identify unspent scholarship funds. |
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| Observation: | The university does not have a detailed report or other analysis tool to assist in determining the expended and available balances of scholarship funds by the institution, colleges and/or departments. The current practices of gathering key data fields for analysis are currently on a manual basis, fragmented and do not efficiently provide an entire view of university-wide scholarship activity and their balances. |
| Management's Response: | The university has committed to the purchase of scholarship management software. Academic Affairs, External Relations, and Student Affairs have agreed to share the costs of the installation and annual contract. The software will help the Colleges, Endowments, and the Scholarship Office track the type and expenditure of scholarship funds across the campus. It will also allow colleges to make awards earlier in the year which will coordinate with financial aid packages. This will help with our enrollment management initiatives going forward. Scholarship coordinators can create custom views to access specific reports in the system to check fund balances, award amounts and ensure funds are being properly utilized. In the interim, we will review the reports that currently exist to help track expenditures and do so in a more timely manner. |
| Risk Level: | This is considered a High risk due to management's alignment of people, process and technology to efficiently accomplish organizational objectives is not effectively creating awareness of inefficiencies and risks potentially impacting objective achievement. |
| Responsible Person: | Director of Scholarships / Executive Director of Financial Aid & Scholarships |
| Implementation Date: | May 31, 2018 |

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| <p>Cost Center Responsibility, Assignment and Clean-up</p> | <p>The UTSA Financial Management Operational Guidelines Section 3: Fund Accounting Principles and subsection, Establishing, Modifying and Inactivating a Department ID and SpeedChart/Cost Center states, “expenditures and revenues are recorded in the financial accounting system using information based on the Chart of Accounts. Two important elements of the Chart of Accounts are Department ID and the associated SpeedChart(s)/Cost Center(s)”. Therefore, the request to associate a cost center to a department should be completed and reviewed based on the language within the scholarship donor agreement and/or submitted on the Chart of Accounts (COA) Maintenance Request Form to ensure it is assigned to the appropriate department.</p> |
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| <p>Observation:</p> | <ul style="list-style-type: none"> • Several annual scholarship cost centers (through the submission of the Chart of Accounts Maintenance Request Form) are being associated to the Financial Aid and Scholarships department when they should be associated to a particular college or academic department for monitoring and oversight. Furthermore, Financial Aid and Scholarships has been completing the required Monthly Financial Report (MFR) reconciliation process and the annual certification for these cost centers. See Financial Management Operating Guidelines (FMOG) Section 1 – Internal Control: Monthly Financial Report Reconciliation Process, and • For cost center G00401, the current title has the wording “annual scholarship” in its description (i.e. College of Engineering Annual Scholarship). College of Engineering (COE) Scholarship Coordinator confirmed that a scholarship award previously disbursed from this fund, but that it is their COE Annual Fund. A review of all scholarship cost center descriptions may be valuable for the institution. |
| <p>Management’s Response:</p> | <p>When we made the transition from Define to PeopleSoft, it is likely some cost centers were set up incorrectly and tied to the general scholarship process. We will review all of the discrepancies and work with our partners in Business Affairs and the Colleges/Departments to ensure we appropriately assigned cost centers.</p> <p>In addition, Student Financial Aid & Scholarships will also enhance and increase training for all staff in our office as well as colleges and departments related to Banner fund codes, cost centers, reconciliation and scholarship processing. This training will be done via online modules, face to face, handbooks and email.</p> |

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| Risk Level: | This is considered a Medium risk due to key organizational components (i.e. defined processes related to cost center association and descriptions) are exposed to moderate risks potentially impacting objective achievements. |
| Responsible Person: | Director of Scholarships / Executive Director of Financial Aid & Scholarships |
| Implementation Date: | August 31, 2018 |

Objective: Evaluate scholarship management processes to determine if collaboration and timely communication across campus exists.

Define Centralized and Decentralized Office's Roles and Responsibilities

Based on the current university structure and handling of centralized and decentralized scholarship activities, the roles and responsibilities of each university office that is involved in awarding scholarships should be documented, shared and understood. For example, the roles and responsibilities may include, but are not limited to:

- **Centralized Office** (*Financial Aid & Scholarships*)
 - The management of a centralized scholarships,
 - Oversight of university-wide scholarship allocations that include colleges and departments, and
 - Collaboration between the various offices and the decentralized colleges/departments to include the designated scholarship coordinator or staff member that is involved in the scholarship process.
- **Decentralized Offices** (*Colleges/Departments*)
 - Oversight of college/department scholarship allocations
 - Collaboration between the centralized office (financial aid & scholarships) and other various offices that includes communicating between the colleges to departments (downstream) and departments to colleges (upstream) that are involved in the scholarship process, and
 - Periodic notification to the centralized office of new decentralized scholarship awards to ensure proper oversight of all university-wide scholarships and their associated cost center information.

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| Observation: | The centralized and decentralized offices and/or departments that handle all university-wide scholarship activity has limited or no documented understanding that explains their specific roles and responsibilities related to the management, oversight, collaboration, and periodic notifications of all scholarship activities. |
| Management's Response: | Financial Aid & Scholarships will review the current policy and procedures for all scholarship programs and ensure each member of the scholarship team's responsibilities are clearly articulated to avoid confusion in the future. The P&P is reviewed annual for each upcoming academic year. Changes will be made as needed. Also, the Director of Scholarships will work with the Colleges/Departments to help them clarify roles and responsibilities and ensure they have articulated that in their policies and procedures. |
| Risk Level: | This is considered a Medium risk due to limited or no documentation of the roles and responsibilities of centralized and decentralized offices related to the management, oversight, collaboration, and periodic notifications of scholarship activities. |
| Responsible Person: | Director of Scholarships / Executive Director of Financial Aid & Scholarships |
| Implementation Date: | May 31, 2018 |

Schedule
 Periodic
 Training With All
 Scholarship
 Stakeholders

Periodic training with all scholarship stakeholders should include, but is not limited to ensuring the proper understanding of the scholarship process, allocation and reporting requirements.

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| Observation: | Periodic training with designated scholarship stakeholders / coordinators is limited or not being conducted. |
| Management's Response: | Financial Aid & Scholarships will create a formal training class through Training and Development that will be open to Colleges, Departments, and their personnel. Training will be provided on an annual basis and will be required of all college/department scholarship personnel. |

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| | In addition, the university has committed to the purchase of scholarship management software that will enhance the scholarship process from donor relations to awarding to disbursement. This new software product will streamline the process by identifying eligible students for all scholarships and make the process easier for the scholarship team and for the colleges/departments in the selection process. It will also provide a series of reports to help facilitate stewardship with our donors. |
| Risk Level: | This is considered a Medium risk due to key organizational components (i.e. trained people) are exposed to moderate risks potentially impacting the achievement of institutional objectives. |
| Responsible Person: | Director of Scholarships / Executive Director of Financial Aid & Scholarships |
| Implementation Date: | May 31, 2018 |

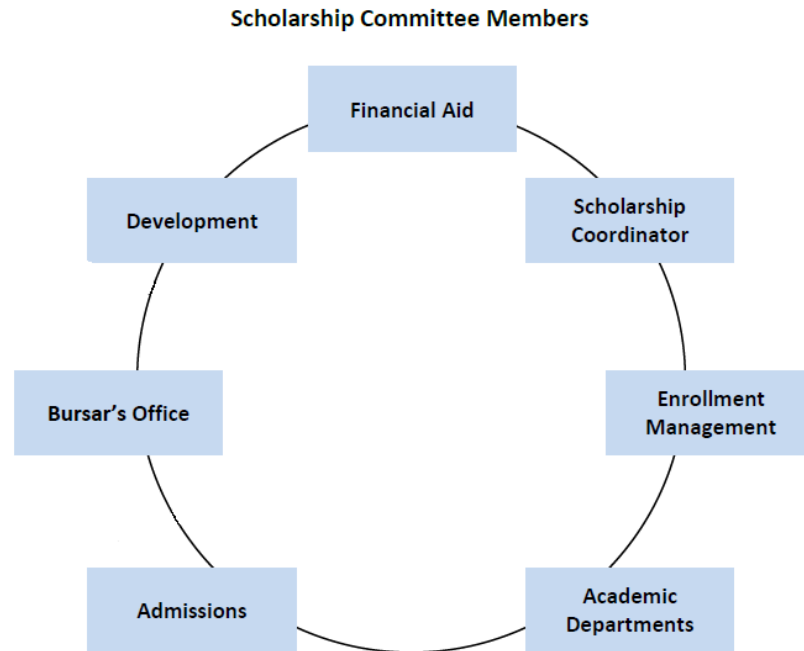
Objective: Evaluate scholarship management processes to determine if leading practices from peer institutions are in place.

Define Scholarship Committee Roles, Responsibilities and Membership Representation

Based on the custom research brief completed by the [Education Advisory Board](#) (EAB) University Leadership Council titled [Managing Scholarship Awards Processes](#),

- One of the roles of the scholarship committee is to review scholarship applications and selecting recipients. To ensure clarity of expectations in reviewing and selecting scholarship recipients, roles and responsibilities should be documented,
- The diagram below illustrates the offices that are typically represented on a scholarship committee:

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| Typical Committee Members | UTSA Committee Members |
|---------------------------|--|
| Financial Aid | Director of Financial Aid (1) |
| Scholarship Coordinator | Scholarship Officer ¹ (0) |
| Enrollment Management | AVP of Enrollment Svcs. ² (1) |
| Academic Departments | College Representatives (8) |
| Admissions | AVP of Enrollment Svcs. ² |
| Bursar's Office | Financial Affairs, AVP (1) |
| Development | Office of Univ. Development (1) |
| | VP for Student Affairs (1) |
| | UTSA Alumni Association (1) |

¹Scholarship Officer Representative separated from UTSA in December 2016

²Associate VP of Enrollment Services is the present Committee Chair and past VP of Admissions

Additionally, based on the mentioned EAB research brief, other institutions that were profiled stated they:

- Include representatives from the local community, business leaders, and former educators, and/or
- Include representatives from the university's first-year retention program, outreach department, honors program, and the Chancellor's office.

Furthermore, all University Standing Committees follow the guidelines and procedures outlined in the [HOP 6.01 University](#)

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Committees. In addition, Guidelines For the Operations of Standing Committees state, “the main purpose of University Standing Committees is to serve in an advisory role to the President and the executive management team, to provide guidance and recommendations on improving the operation and administration of the University, and to assist in the preparation of policies. In order to fulfill these expectations, UTSA members serving on these University Standing Committees should actively engage in developing innovative solutions, presenting recommendations to help overcome operational challenges, and exploring opportunities for moving strategically towards a premier research university.”

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| <p>Observations:</p> | <ul style="list-style-type: none"> • The University Scholarship Committee does not have a documented policy that states its role and responsibilities beyond the committee charge that is required of each standing committee, and • University Scholarship Committee Member representation is limited based on the offices that are typically represented on a scholarship committee. For example, representatives from the Admissions and Scholarships Departments are absent, but the existing Committee Chair is the former Associate Vice President for Admissions and the current Financial Aid Ex-officio are able to provide appropriate perspectives of these two areas. |
| <p>Management’s Response:</p> | <p>The Scholarship Committee Chair (AVP for Student Affairs) has talked with the Senior AVP for Student Affairs (Lisa Blazer) who has agreed that the assignment of a staff member each from the Office of Admissions and from the Scholarships Office can be made in order to satisfy best practices. The current scholarship committee chair will be leaving the university and a new chair will be selected. The new chair will work with the Sr. AVP and the Director for Scholarships to draft a set of procedures to document its role and responsibilities beyond the committee charge that is required of each standing committee. The draft will be shared with key stakeholders to gain feedback. The new set of procedures will then be provided to leadership for final approval.</p> <p>A review of the scholarship committee structure will also be evaluated as part of the President’s Strategic Enrollment Planning initiative that may include an Advisory Committee along with the</p> |

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|-----------------------------|--|
| | <p>Scholarship Committee. The Advisory Committee will include the offices outlined in the above information to provide guidance and insight into scholarship practices at UTSA. The Standing Scholarship Committee will select scholarship recipients based on appropriate guidance and MOU's established with donors and departments across campus. Additional, both the Advisory Committee and Standing Scholarship Committee will evaluate report generation that will be distributed to leadership on an annual basis.</p> <p>In addition, the university has committed to the purchase of scholarship management software that will streamline the scholarship application and the identification of eligible students for scholarships across the entire campus. This new software will further enhance the process of selecting scholarship recipients.</p> |
| Risk Level: | This is considered a Medium risk due to key organizational components (i.e. defined process, and trained people) are exposed to moderate risks, potentially impacting the achievement of institutional objectives. |
| Responsible Person: | Director of Scholarships / Executive Director of Financial Aid & Scholarships |
| Implementation Date: | August 31, 2018 |

Leading Practices of Peer Institutions (See Appendix A)

The Office of Financial Aid & Scholarships has historically inquired of peer institutions scholarship management practices, including a single scholarship application for all students and the implementation of a scholarship management system/database. Furthermore, the Education Advisory Board has conducted research on topics such as scholarship management, stewardship and strategic allocation that would be useful for the institution. As part of the audit procedures, we conducted a survey of twelve peer institutions scholarship management practices. A summary of the responses is provide in **Appendix A**

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CONCLUSION

In our opinion, processes exist to distribute scholarships to students and can be strengthened in university-wide scholarship oversight and best practices associated with:

- documenting the roles and responsibilities of the university centralized and decentralized offices,
- developing of periodic scholarship training,
- documenting of roles and responsibilities of the university scholarship committee, and
- assigning the cost center responsibility to the appropriate department / department manager to include the cleanup of more accurate cost center descriptions.

This audit resulted in one High and four Medium-level findings, but no Priority findings.

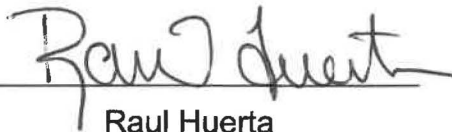
A Priority Finding is defined as “an issue identified by an internal audit that, if not addressed timely, could directly impact achievement of a strategic or important operational objective of a UT institution or the UT System as a whole.” Non-Priority Findings are ranked as High, Medium, or Low, with the level of significance based on an assessment of applicable Qualitative, Operational Control, and Quantitative risk factors and probability of a negative outcome occurring if the risk is not adequately mitigated.



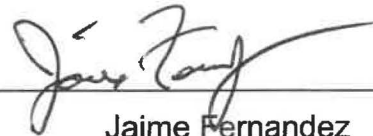
Paul Tyler
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Internal Audit Team Member

This engagement was conducted in accordance with The Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing and with Government Auditing Standards.

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Appendix A: Scholarship Management Leading Practices of Peer Institutions

The following participants offered feedback of their scholarship management practices:

- The University of Texas at Rio Grande Valley (UTRGV)
- Texas Tech University (TTU)
- The University of Texas at Tyler (UTT)
- University of Southern California (USC)
- Saint Mary's College
- The University of Texas at Austin (UT)
- Texas A&M University (TAMU)
- The University of Texas at Permian Basin (UTPB)
- The University of Texas at El Paso (UTEP)
- University of Oregon (UO)
- Oregon State University (OSU)
- University of Vermont (UVM)

| Leading Practices | Peer Institution's Practices | UTSA's Scholarship Practice |
|--|--|---|
| Scholarship Application Availability for Students | <ul style="list-style-type: none"> • Six (6) institutions have a single application¹, • Five (5) institutions have multiple applications for the university and colleges / departments scholarships, and • One (1) institution has no scholarship application, they offer merit scholarships using the admissions application. | <ul style="list-style-type: none"> • General Scholarship Applications², and • College / Departmental Scholarship Applications³ |
| Scholarship Management Database | <ul style="list-style-type: none"> • Eight (8) institutions have a scholarship management database⁴, and • Four (4) institutions do not have a scholarship management database⁴ | <ul style="list-style-type: none"> • University does not have a database / report that offers scholarship related details as the current practice is fragmented and does not efficiently provide an entire view of scholarship balances |
| Scholarship Committee Member Representation | <ul style="list-style-type: none"> • Dependent on the type of scholarships, and donors, • Each college has their own scholarship committee, • No external members are permitted, • Executive VP and Provost, | <ul style="list-style-type: none"> • Seven (7) Faculty members, • Honors College, • Alumni Association, • Financial Aid, • AVP of Enrollment Services, • University Development, • AVP of Financial Affairs, |

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| | <ul style="list-style-type: none"> • Admissions & Records, • Financial Aid, • Honors Program, • Scholarships, • Former Students, • International Student Srvcs., • Graduate Studies, • Administrator of Athletics, • VP of Student Affairs, • Current students, • Accounting, • Development, • Faculty members, and • Other campus partners | <ul style="list-style-type: none"> • Scholarships, • VP for Student Affairs |
|--|---|---|

¹One institution stated they are moving to one application as the result of an audit finding,

²Scholarships are available to first-time freshmen and transfer students,

³Scholarships are available, depending on the college / department donor requirements, to freshmen, transfer, continuing, graduate, and doctoral students,

⁴Four institutions use vendor developed scholarship database systems and four developed in-house scholarship database systems

Additionally, the participants of the leading practices questionnaire, stated their reasons for a

➤ **single application was the following:**

- To simplify the process for students, faculty, and staff,
- Assist with the scholarship compliance,
- To have a single applicant pool for the institution, colleges and departments,
- To provide a consistent computer scholarship application,
- Eliminates the time spent in the collection of applications by departments,
- Eliminates the needs to review multiples applications for the same students,
- Multiple offices can search/query the application data base for eligible students for a particular scholarship,

➤ **scholarship management database was the following:**

- Identify applicants and potential recipients,
- Monitor compliance to NCAA guidelines,
- Monitor the potential to over award scholarships,
- Enhance donor relations,
- Validate compliance to donor requirements of each scholarship,
- Reviewing of scholarship eligibility was a very manual process that was very time intensive