



THE UNIVERSITY OF TEXAS
PERMIAN BASIN

Student Fees Audit

Fiscal Year 2025

April 4, 2025

Office of Internal Audit and Advisory Services
4901 E. University Boulevard
Odessa, Texas 79762

Student Fees Audit Fiscal Year 2025

SUMMARY



BACKGROUND AND OBJECTIVE

Student fees are a primary source of revenue to support academic programs, student services and activities, and campus facilities. Texas Education Code (TEC) Chapter 54: Tuition and Fees and University of Texas (UT) System Board of Regents' Rule 40401: Assessment, Collection, Delegation, and Waiver of Tuition, Fees, and Charges establish rules and operational requirements related to The University of Texas Permian Basin's (UTPB) authority to establish and collect these fees.

CONCLUSION

Enhanced coordination and oversight of student fee management is needed to ensure the university complies with all relevant provisions of Texas Education Code Chapter 54 and all student fees are necessary and used as intended.

The objective of this audit was to determine whether controls over student fee management and use are effective and fees comply with relevant provisions of TEC Chapter 54 and Regents' Rule 40401. This audit was included in the fiscal year (FY) 2025 Internal Audit Work Plan based on the risk that fees are not spent as intended, which could result in insufficient funds for those purposes and reputational damage impacting future enrollment. Other risk areas include non-compliance with Federal, State, and/or UT System rules governing fees, billing and collection errors such as miscalculation of fees, or application of revenue to an incorrect fund. The scope of the audit did not include control processes specific to tuition or the use of tuition revenue.

OBSERVATIONS

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|---------------------|---|
| 1
High | UTPB does not comply with two provisions of TEC Chapter 54: Tuition and Fees. Full compliance will improve transparency to current and prospective students and ensure all fees are within statutory limits. |
| 2
High | Centralized coordination and oversight are needed to ensure student fees are established and managed in accordance with applicable policies and procedures and used as intended. |
| 3
Medium | All published fee amounts should be verified for accuracy to ensure current and prospective students can accurately anticipate their cost. |
| 4
Medium | Policies, procedures, and training materials should be established to clearly communicate guidelines for establishing, processing, and managing of student fees and comply with Regents' Rule 40401 requirements. |

Management developed action plans to address these observations and anticipates implementation by November 15, 2025.

**High****Observation 1: UTPB does not comply with two provisions of Texas Education Code (TEC) Chapter 54: Tuition and Fees. Full compliance will improve transparency to current and prospective students and ensure all fees are within statutory limits.**

TEC §54.0051, effective since June 2017, requires that, "Each institution of higher education shall include in the institution's online course catalog, for each course listed in the catalog, a description and the amount of any special course fee, including an online access fee or lab fee, to be charged specifically for the course." However, course and lab fee amounts as defined in TEC §54.0051 are not included in UTPB's online undergraduate and graduate course catalogs, nor are they included in online course schedules.¹ At the time of the audit, staff in the Office of the Registrar and the Office of Graduate Studies who were responsible for maintaining the undergraduate and graduate catalogs, respectively, were unaware of the statutory requirement.

There is also a statutory limitation in TEC §54.501 that no more than \$30 may be charged as a lab fee. Billing data was tested to determine whether UTPB exceeded this amount for any individual lab fee, with one exception identified. The lab fee for CHEM 3695 Introduction to Research has been billed at \$65 each term since fall 2018. Prior to then, students were billed a course fee of \$45 and a lab fee of \$10. Since fall 2018, only a \$65 lab fee (no course fee) has been charged. Although the intent may have been to increase either the course fee or the lab fee by \$10, thereby increasing the total fee from \$55 to \$65 per student, UTPB staff were not able to provide any documentation showing the intent and approval of the increase or whether the increase should have been applied to the course fee or the lab fee. The academic department was also unable to explain the intent or provide any documentation. (See also Observation 2.) The result of billing this as a single lab fee, rather than a separate course fee and lab fee, is that 88 students were billed \$5,057 in lab fees that exceeded the statutory limit.²

UTPB complies with all other significant provisions of TEC Chapter 54 relevant to student fees.

Action Plan: Responsibility for maintaining both catalogs has been reassigned to the Office of the Registrar. Going forward, one staff person will manage both catalogs to ensure consistency and compliance with applicable requirements. The published catalogs will be updated to include all course and lab fees before the next academic year. Regarding the lab fee that appears to exceed the statutory limit, the Provost's Office will research the history of the specific fee noted in the audit to determine the intent of and need for the increase, and coordinate with the Bursar to correct the billing system before the next academic term so that the lab fee is charged correctly and within the statutory limit.

Target Implementation Date: July 1, 2025, for updated catalogs; May 1, 2025, for corrected lab fee

Responsible Parties: Provost and Senior Vice President for Academic Affairs; Registrar; Bursar

¹ The Summary Description of Tuition and Fees in published UTPB course catalogs notes course and lab fee amounts for students as "variable" and names only a few individual course fees in lists of "Other Fees."

² Forty-five of the 88 students were billed for the course twice or more since fall 2018.



High

Observation 2: Centralized coordination and oversight are needed to ensure student fees are established and managed in accordance with applicable policies and procedures and used as intended.

Of note, obtaining information and documentation throughout the audit was complicated by several factors that included the number of offices involved in student fee processes (establishing fees, billing, and managing student fee revenue), employee turnover, minimal documentation of procedures, and some missing historical records.

Establishment of Fees

A recognized process exists for request and approval of a new or increased fee, and responsibility for submitting fee requests for UT System approval is clearly assigned. A sample of 17 current fees was selected to test whether each had been appropriately requested and approved. Of the fees tested, no request and approval documentation could be located for seven (39%), and there was request but not approval documentation for two (6%).³ The lack of documentation, along with turnover of faculty and staff, also impacted testing the use of fees because the approved purpose was not documented.⁴

Although we have no indication that fees were charged without approval other than the lack of historical documentation, clearly assigned responsibility for a central repository of documentation in support of current fees would help ensure the intended use of each is clear and all fees were approved by the appropriate authority.

Fee Billing

Student bills are generated using system tables that contain fee amounts, criteria for billing, and cost center information for depositing fee revenue. An individual in the Office of Student Accounts is responsible for updating the tables each term based on information they receive from other offices. Validation is performed to confirm that fees were entered and billed correctly; however, confirmation that fee revenue was deposited to the correct cost center is not performed. Student Accounts relies on cost center owners to notice if the expected amount of fee revenue is not received. Because monthly reconciliation of cost centers is not currently enforced if there are no expenditures made, regardless of whether revenue is received, cost center owners may be unaware of fee revenue or whether the amount received is correct.⁵

Centralized oversight of fee management could provide confirmation that fees collected each term have been distributed to the correct cost centers.

³ Because no single UTPB office had responsibility for maintaining a record of all current fees that would include those that have been in place and unchanged for several years, we made our documentation requests to several UTPB offices and the UT System Office of Academic Affairs.

⁴ For those fees tested without request and approval documentation, assumptions were made on intended use based on the name of the fee.

⁵ See discussion of "Athletics Training Course Fee" on the following page for an example in which a department was unaware that fee revenue was received.



Use and Management of Fee Revenue

All student fees must have a stated and approved purpose and be used only for that purpose. However, there is no monitoring in place to ensure fees are used as intended and approved, and the approved purpose for some fees is no longer known because of missing documentation and employee turnover. For example, in a prior review performed in spring 2024 we identified that a significant portion of revenue from a program fee had been used for unallowed purposes. This finding was reported to the responsible parties and the known amount of unallowed use replenished at that time. Testing performed for this audit revealed subsequent use for unallowed purposes in academic year 2023-2024 without correction or replenishment. At the time audit testing was performed, all use during the current academic year was allowable.

Expenditures made from ten additional fee revenue accounts during academic year 2023-2024 were also tested for compliance with approved purpose. Although no other clearly inappropriate expenditures were noted, we cannot state with confidence that none exist because no documented purpose was located for three of the fees tested.⁴

Burn rate testing was also performed to determine whether fee revenue is being used at a reasonable pace, which would be an indication that the fee is set at the appropriate amount and is necessary to provide the course, program, or service associated with the fee. Cost center activity was analyzed to identify any cost centers with continuing revenue (meaning that the fee is still being charged) but minimal expenditures (meaning that the approved purpose of the fee may no longer be valid or the fee may be higher than necessary). Several were noted and provided to the Senior Vice President for Business Affairs and Chief Financial Officer, in their role as chair of the university's Tuition and Fees Advisory Committee, for further review and follow-up.

In one example, we reviewed a fee titled "Athletics Training Course Fee" because the fee continues to be collected but there have been no expenditures since July 2024. Although billing records are clear that the fee was charged to students in the Athletic Training Program in past academic years, the Athletic Training Program was discontinued in spring 2024. The fee continues to be billed to students in a Clinical Anatomy course. Upon inquiry, the dean of the applicable college (and cost center owner) stated they were unaware a course fee was being billed for Clinical Anatomy and had no known use for the fee. We confirmed that the Clinical Anatomy course was included in the Athletic Training Program but were unable to determine why the program fee continues to be billed for this course. A second example, the "Computer Science Course Fee," continues to be collected but no expenditures have been made from the related cost center in four years. The current available balance in this cost center is over \$47,000. Fiscal year 2025 fee revenue and expenditure data for all applicable cost centers was included in the information provided to the Senior Vice President for Business Affairs and Chief Financial Officer when audit fieldwork concluded.

Employee turnover in the applicable colleges contributed to the specific situations described above and has potentially affected appropriate use of other fee revenue. New faculty and staff may not be aware of the intended purpose of a course or lab fee or that a fee is being charged, and historical request documentation that would describe a fee's approved purpose may be missing from university records.

Observation 2, Continued



Regular monitoring of fee revenue, including unused or underused funds and oversight of expenditure activity, would ensure students pay only those fees and amounts necessary and appropriate, and fees are used only for the approved purpose.

Overall, implementation of a centralized function for coordination and oversight of all student fees can help ensure all policy requirements are met, fees are billed correctly and at authorized amounts, and fee revenue is collected and used only for its intended and approved purposes. Clear and consistent guidelines for all staff and faculty members, to include information on the approved purpose of the fees for which they are responsible, could help enforce the appropriate use of the fee revenue.

Action Plan: The Senior Vice President for Business Affairs and Chief Financial Officer, in their role as chair of the Tuition and Fees Advisory Committee, will work with the appropriate offices to gather and maintain a central repository for fee request and approval documentation, understanding that locating historical documentation for some fees that have not changed in many years may not be possible. Information on cost centers currently receiving fee revenue was provided to Business Affairs during the audit and will be used to follow up with departments on fee use. Analysis and testing like what was performed during this audit will be considered to establish monitoring of the ongoing necessity and appropriate use of fees.

Target Implementation Date: November 15, 2025

Responsible Parties: Senior Vice President for Business Affairs and Chief Financial Officer (in their role as chair of the Tuition and Fees Advisory Committee); Assistant Vice President for Business Affairs and Controller



Medium

Observation 3: All published fee amounts should be verified for accuracy to ensure current and prospective students can accurately anticipate their cost.

Public sources for mandatory fee information were compared on a sample basis to fee amounts as defined in the billing system to determine whether the published information is accurate. These public sources included:

- UTPB Explanation of Fees webpage;
- 2024-2025 Undergraduate Catalog; and
- 2024-2025 Graduate Studies Catalog.

As shown in Table I, all tested fees were accurate on the Explanation of Fees webpage and in the Undergraduate Catalog. However, none of the tested fee amounts published in the 2024-2025 Graduate Studies Catalog were correct.

Table I: Published Fee Test Results

Tested Fee	Billed Amount	Published on Explanation of Fees Webpage	Published in Undergraduate Catalog	Published in Graduate Studies Catalog
Advising Fee	\$35/term	\$35/term	\$35/term	\$15/term
Athletics Fee	\$24/sch	\$24/sch	\$24/sch	\$21.20/sch
Technology Fee	\$25.50/sch	\$25.50/sch	\$25.50/sch	\$7.75/sch
Library Services Fee	\$9/sch	\$9/sch	\$9/sch	\$5/sch
Online Program Fee – Undergraduate	\$108.12/sch	\$108.12/sch	\$108.12/sch	n/a
Online Program Fee – Graduate	\$81.12/sch	\$81.12/sch	n/a	Not in catalog

The Office of the Registrar and the Office of Graduate Studies are responsible for the undergraduate and graduate catalogs, respectively. Each office has a different process for gathering information but uses the same software to publish the online catalogs. Based on discussion with responsible staff, we believe minimal software training, staff turnover, and lack of collaboration may have led to the errors in the published Graduate Studies Catalog. (See also Observation 2.)

In addition, information on the published Explanation of Fees webpage regarding tuition increases and changes is outdated, referring to the 2022-2023 academic year and anticipated timing for estimated tuition bills for the fall 2022 semester.

Accurate published information is necessary to ensure full transparency and for each current or prospective student to understand and accurately estimate their cost of attendance

Action Plan: Responsibility for maintaining both catalogs has been reassigned to the Office of the Registrar. Going forward, one staff person will manage both catalogs to ensure published information is accurate. The Graduate Studies Catalog will be corrected to reflect current fees prior to the next academic year.

Target Implementation Date: July 1, 2025

Responsible Parties: Provost and Senior Vice President for Academic Affairs; Registrar



Medium

Observation 4: Policies, procedures, and training materials should be established to clearly communicate guidelines for establishing, processing, and managing of student fees and comply with Regents' Rule 4040I requirements.

UT System Regents' Rule 4040I: Assessment, Collection, Delegation, and Waiver of Tuition, Fees, and Charges requires that, "Each Institution shall adopt provisions in the institutional Handbook of Operating Procedures to incorporate institutional procedures for proposing and approving the fees and charges" for which delegated authority has been granted by the Rule, which includes most fees. Although Part I of UTPB's Handbook of Operating Procedures (HOP) establishes the policy that faculty members cannot collect any fees from students without "special approval of The University of Texas System Board of Regents," the HOP does not include any "institutional procedures" for requesting and approving fees as is required by Rule 4040I except for fees related to continuing education (HOP Part 2 section 8.1). UTPB's Academic Affairs Handbook, which is not part of the HOP, describes a request and approval process for course fees only and is outdated.

There are no other UTPB policies, procedures, or training materials specific to student fee management. Documented procedures are required by Rule 4040I and would help clarify responsibilities for student fee management, whether centralized or departmental. This includes requesting, approving, collecting, and the use of student fee revenue. Documented policies, procedures, and training materials will also help ensure staff understand their responsibilities for the appropriate establishment and use of student fee revenue.

Action Plan: Procedures for fee request/approval and the collection and use of fee revenue will be documented for inclusion in the HOP. As part of centralizing all fee documentation and establishing a monitoring plan in response to Observation 2, additional materials will be developed to assist departmental leadership and staff in understanding the appropriate use of fee revenue.

Target Implementation Date: November 15, 2025

Responsible Parties: Senior Vice President for Business Affairs and Chief Financial Officer; Assistant Vice President for Business Affairs and Controller

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METHODOLOGY



This audit was conducted in accordance with Global Internal Audit Standards and generally accepted government auditing standards (GAGAS). Those standards require that we plan and perform the engagement to obtain sufficient, appropriate evidence that provides a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. The UTPB Office of Internal Audit and Advisory Services is independent per GAGAS requirements for internal auditors.

Scope & Procedures: The scope of the audit included policies, procedures, and control practices in place at the time of the audit and student fee revenue and expenditure activity throughout academic year 2023-2024. Current year activity was reviewed when needed to establish whether a fee is collected but not used. Procedures performed included a review of applicable UTPB policies and procedures, discussion with knowledgeable staff, walk-throughs of fee processes, and testing of revenue and expenditures in scope. Audit procedures were conducted between December 2024 and February 2025. We will follow up on action plans in this report to determine their implementation status. Any request for extension to the implementation dates for observations rated Priority or High require approval from applicable executive officers. This process will help enhance accountability and ensure that timely action is taken to address the observations.

Observation Ratings

Priority	An issue or condition that, if not addressed timely, has a high probability to directly impact achievement of a strategic or important operational objective of UT Permian Basin or UT System as a whole.
High	An issue considered to have a medium to high probability of significant adverse effects to UT Permian Basin as a whole or at the college/department/unit level.
Medium	An issue considered to have a low to medium probability of adverse effects to UT Permian Basin either as a whole or at the college/department/unit level.
Low	An issue considered to have minimal probability of adverse effects to UT Permian Basin either as a whole or at the college/department/ unit level.

Criteria:

- Texas Education Code Chapter 54: Tuition and Fees
- UT System Board of Regents' Rule 40401: Assessment, Collection, Delegation, and Waiver of Tuition, Fees, and Charges

Report Distribution:

To: Dr. Rajalingam Dakshinamurthy, Provost and Senior Vice President for Academic Affairs
Dr. Becky Spurlock, Senior Vice President for Student Affairs and Enrollment Management
Cesario Valenzuela, Senior Vice President for Business Affairs and Chief Financial Officer

cc: Dr. Sandra K. Woodley, President
UT Permian Basin Internal Audit Committee
External State of Texas Agencies (State Auditor, Legislative Budget Board, Governor's Office)