

# Tuition Waivers

Audit Report # 20-111

June 5, 2020



The University of Texas at El Paso  
**Office of Auditing and Consulting**

"Committed to Service, Independence and Quality"



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June 5, 2020

Dr. Heather Wilson  
President, The University of Texas at El Paso  
Administration Building, Suite 500  
El Paso, Texas 79968

Dear Dr. Wilson:

The Office of Auditing and Consulting Services has completed a limited- scope audit of Tuition Waivers. During the audit, we identified opportunities for improvement and offered the corresponding recommendations in the audit report. The recommendations are intended to assist the department in strengthening controls and help ensure that the University's mission, goals and objectives are achieved.

We appreciate the cooperation and assistance provided by Admissions & Recruitment and Graduate School staff during our audit.

Sincerely,

A handwritten signature in blue ink that reads 'Lori Wertz'. The signature is written in a cursive, flowing style.

Lori Wertz  
Chief Audit Executive

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## **EXECUTIVE SUMMARY**

The Office of Auditing and Consulting Services has completed a limited scope audit of tuition waivers awarded during Fall 2018, Spring 2019, and Summer 2019 (Fiscal Year 2019). During the 2018-2019 academic year, UTEP awarded 4,240 waivers with an approximate value of \$23,855,755.

During the audit, we noted the following:

- The Graduate School processed waiver forms that were incomplete/inaccurate.
- Tuition waivers awarded through a “Participant Award” did not always meet Texas Education Code requirements.
- The Office of Scholarships approved competitive scholarship waivers for three students who were ineligible.
- One student who received a Teaching Assistant waiver for summer 2019 was not appointed as an employee, making him ineligible for the waiver.

## **BACKGROUND**

The State of Texas has implemented a variety of programs, which exempt or waive tuition and fees at state Universities. Texas Education Code Chapter 54, Subchapter D, covers the rules of such programs. The goal of the waiver and exemption programs is to assist specific population groups that warrant special considerations in paying for higher education.

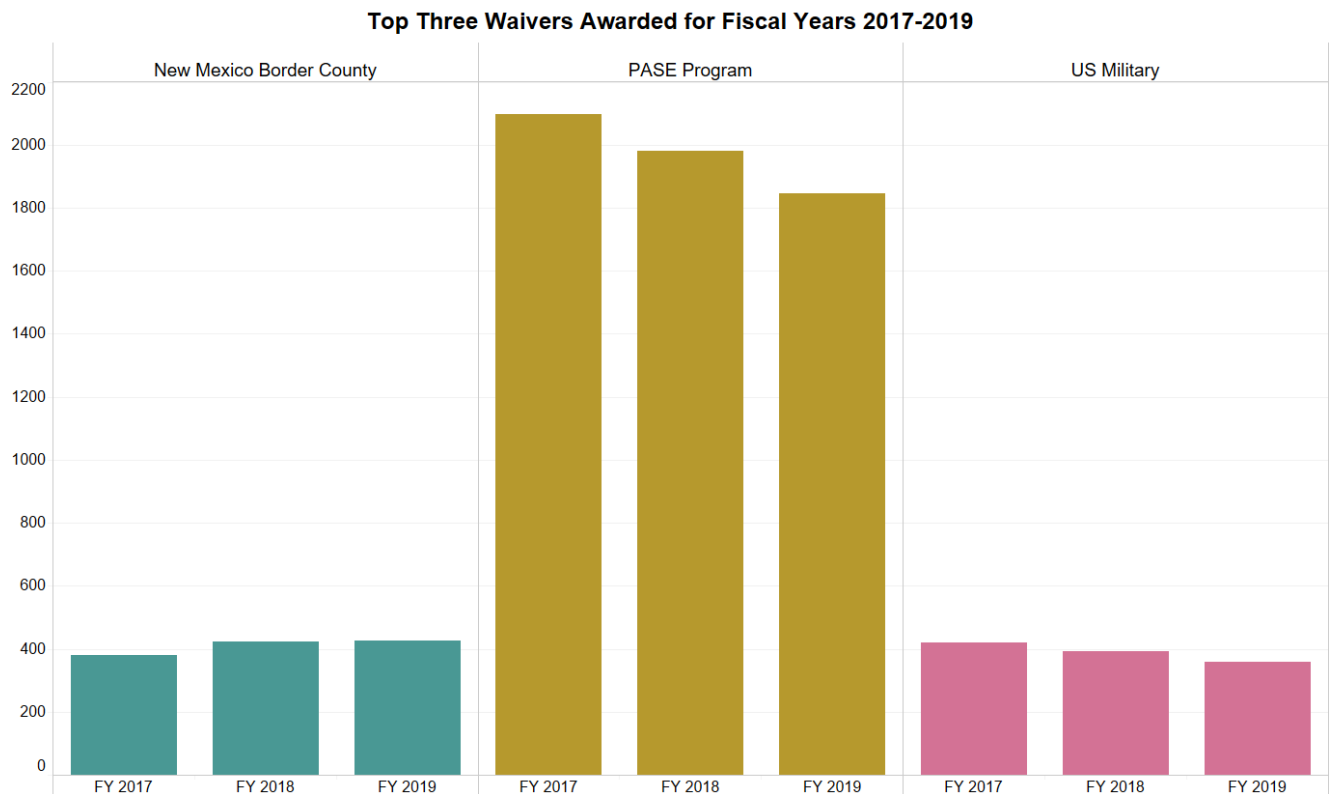
As defined by the Texas Higher Education Coordinating Board (THECB), a waiver allows special groups of non-residents to enroll and pay a reduced non-resident tuition rate. The focus of this audit was tuition and fee waivers awarded during fiscal year (FY) 2019.

At UTEP, the tuition waiver process involves different business units such as Admissions & Recruitment, Office of Scholarships, Graduate School, Military Student Success Center (MSSC), and academic departments across campus. The involvement of each unit depends on the type of waiver awarded; however, the Admissions office is constantly involved because they complete Banner processing. The Graduate School also processes waivers under their purview in Banner.

## BACKGROUND (Cont.)

Eligibility verification depends on the type of waiver. For example, the Office of Scholarships approves a competitive scholarship waiver and forwards the documentation to Admissions & Recruitment for processing. In the case of an athletic waiver, verification comes from the Athletics department. Academic departments across campus approve waivers for Graduate Teaching Assistants/Research Assistants and the Graduate School completes the processing in Banner. The Office of International Programs (OIP) approves and posts the waivers for El Programa de Asistencia Estudiantil (PASE) program. \*

During the 2018-2019 academic year, UTEP awarded 4,240<sup>†</sup> waivers with an approximate value of \$23,855,755<sup>‡</sup>.



\* Refer to appendix A for a list of waiver criteria.

† Refer to Appendix C for a count of waivers by type.

‡ Refer to Appendices B and D for cost of attendance and a breakdown of waivers by college.

## **AUDIT OBJECTIVES**

The objectives of this audit were to determine if:

- tuition waivers are granted in accordance with state regulations and university policies and procedures and
- the recipients of tuition waivers were eligible.

## **SCOPE AND METHODOLOGY**

The audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* and the authoritative guidelines of the *International Professional Practice Framework* issued by the Institute of Internal Auditors.

The audit scope was restricted to tuition waivers awarded during Fall 2018, Spring 2019, and Summer 2019 (Fiscal Year 2019).



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## RANKING CRITERIA

All findings in this report are ranked based on an assessment of applicable qualitative, operational control and quantitative risk factors, as well as the probability of a negative outcome occurring if the risk is not adequately mitigated. The criteria for the rankings are as follows:

<b>Priority</b>	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.
<b>High</b>	A finding identified by internal audit considered to have a medium to high probability of adverse effects to the UT institution either as a whole or to a significant college/school/unit level.
<b>Medium</b>	A finding identified by internal audit considered to have a low to medium probability of adverse effects to the UT institution either as a whole or to a college/school/unit level.
<b>Low</b>	A finding identified by internal audit considered to have minimal probability of adverse effects to the UT institution either as a whole or to a college/school/unit level.

## AUDIT RESULTS

### A. Graduate School

During FY 2019, the Graduate School managed the Banner processing of graduate student waivers. Such waivers included positions of Teaching Assistant (TA), Research Assistant (RA), Assistant Instructor and Participant Awards.

<b>A.1. Incomplete Graduate Tuition Waiver Forms</b>	<b>Medium Risk</b>
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We tested 21 tuition waiver forms processed by the Graduate School and found 14 forms (67%) that students/faculty incorrectly filled out, yet the waivers were posted in Banner.

Examples of errors included:

- Missing information such as dean signature, student signature, GPA/SCH, cost center.
- Email approvals were granted without a completed form
- Amount awarded for participant support in the form does not match Banner records.
- Form indicates "Participant Support"; however, the student was hired as a TA/RA.

Correct information is necessary to determine student eligibility for the waiver. The Graduate School does not have a consistent review process before approving waivers and posting in Banner. Their inconsistent review of student eligibility creates a risk of awarding waivers to ineligible students, causing the University a loss in revenue.

#### **Recommendation:**

*Graduate School management should review the current form, determine what the necessary information for approval is and update the form accordingly. In addition, they should verify student employment status before approving and posting the waiver in Banner.*

**Management Response:**

*The paper forms in use have many problems and in fall 2019, the Graduate School began the process of shifting to an electronic form that will eliminate all of the above issues. In the fall, the proposed electronic format was reviewed by Deans, College CAOs, the Provost, and the Office of Legal Affairs. We then requested an electronic form be created, and work began on that form early spring semester. We shared this process with Office of Auditing when first approached about this audit. The electronic form is currently being tested and should be ready to go live before August 2020.*

**Responsible Party:**

*Stephen Crites- Dean of the Graduate School*

**Implementation Date:**

*August 1, 2020*

<b>A.2. Participant Award Waivers did not meet Texas Education Code Requirements</b>	<b>Medium Risk</b>
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Texas Education Code (TEC) Sec. 54.213 allows tuition waivers to be awarded to recipients of competitive scholarships. In addition, per Texas Administrative Code (TAC) Rule 21.2263 the scholarship must meet the following requirements:

- total at least \$1,000 for the period of time covered by the scholarship, not to exceed 12 months;
- be awarded by a scholarship committee;
- be awarded according to criteria published in the institution's paper or electronic catalog, available to the public in advance of any application deadline;
- be awarded under circumstances that cause both the funds and the selection process to be under the control of the institution; and
- permit awards to both resident and nonresident persons.

Tuition Waivers granted for Participant Awards also fit into the category of a competitive scholarship. As indicated in the Graduate School form, they require a "letter of justification with criteria used to award and a list of the applicant pool on file". Out of six

forms tested, three (50%) of the letters attached to the waivers did not effectively address this requirement. If this is not fulfilled, there is no basis for the participant award to be considered a "competitive scholarship" and thus the students are not eligible for a tuition waiver.

Currently, there is no review process for participant award requirements. Lack of review of participant award criteria/applicants creates a risk of awarding a tuition waiver to an ineligible student.

**Recommendation:**

*The Graduate School must ensure that "Participant Awards" meet the requirements to be considered a competitive scholarship before processing a waiver. This will reduce the risk of ineligible students being awarded a tuition waiver. If there is no process in place to award a competitive scholarship, participant awards should not receive a tuition waiver.*

**Management Response:**

*During our consultation with the Office of Legal Affairs discussed in above response to A.1, we realized that it is not possible for us to appropriately evaluate tuition waivers based on Texas Education Code (TEC) Sec. 54.213. Thus, we are not including them in the electronic approval process and the Graduate School will no longer process these types of waivers.*

**Responsible Party:**

*Stephen Crites- Dean of the Graduate School*

**Implementation Date:**

*March 1, 2020*

**B. Office of Scholarships**

The Office of Scholarships approves tuition waivers for students who received a competitive scholarship. An approval letter is sent to the Department of Admissions and Recruitment and the latter completes Banner processing for the waiver.

**B.1. Some of the Academic Scholarship Students Tested Were Ineligible for a Tuition Waiver**

**Medium Risk**

We tested seven students who received a tuition waiver through a competitive scholarship. Three of the seven students (43%) were ineligible for a tuition waiver. These students did not go through a competitive process as required by TEC Sec. 54.213. The Scholarships Office did not follow TEC regulations when the waivers were approved, causing the University a revenue loss and noncompliance with state regulations.

**Recommendation:**

*The Office of Scholarships management should implement a process to ensure that all tuition waivers awarded to students go through an application process in order to qualify as competitive scholarships.*

**Management Response:**

*The three students that were ineligible for a Tuition Waiver cited in this audit are all students from Bhutan.*

*The Office of Scholarships has been well aware of the need to change the process regarding how Bhutanese students apply for academic scholarships. Unfortunately, in the past, the Office of Scholarships consistently encountered institutional roadblocks that hindered its ability to make the necessary changes. At this point in time, the Office of Scholarships has been able to formalize a process with Institutional Advancement and other stakeholders to ensure compliance as required by TEC Sec. 54.213.*

*In addition, Bhutanese students will be required to complete the general online academic scholarship application available to all scholarship applicants.*

**Responsible Party:**

*Rosa Flores – Assistant Director, Office of Scholarships*

**Implementation Date:**

*April 30, 2020*

## C. Admissions and Recruitment

<b>C.1. TA Waiver Was Awarded to a Student Who Was Not Employed</b>	<b>Medium Risk</b>
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We tested 12 tuition waiver forms processed by the Department of Admissions and Recruitment. One undergraduate student received a TA waiver for summer 2019. However, the student was not appointed as an employee and therefore was ineligible for the waiver. In addition, there was no application form on file for this student. The student's appointment in PeopleSoft was not verified prior to waiver approval, which resulted in a loss of revenue to the University.

### Recommendation:

*Students must provide proof of TA/RA appointment in PeopleSoft before the tuition waiver is posted.*

### Management Response:

*We created a new form entitled: Undergraduate RA/TA Waiver of Non-Resident Tuition Rate. This form will be produced in paper and editable PDF formats. We have listed the TEC regulations outlined in Sec.54.212 requiring copy of appointment to accompany form before processing. Staff members who have modify access to RES Code in BANNER have been trained on this process.*

### Responsible Party:

*Michael John Talamantes- Director, Office of Admissions and Recruitment*

### Implementation Date:

*May 1, 2020*

## **C.2. Other Issues**

Auditors also noted the following during the testing of Admissions and Recruitment waiver process:

- Four undergraduate students who received a TA/RA waiver did not complete application forms correctly. Missing information include GPA, SCH, etc. The forms were also processed late. However, the students met the requirements to be eligible.
- Two work-study employees had access to change the *Residence* field in Banner and therefore trigger a tuition waiver. However, Admissions personnel corrected the issue before the end of the audit.

## **CONCLUSION**

Based on the results of audit procedures performed, we conclude that additional monitoring and oversight is necessary for tuition waivers approved by the Graduate School, the Office of Scholarships, and the Department of Admissions & Recruitment.

We wish to thank the management and staff of the departments mentioned above for their assistance and cooperation provided throughout the audit.

## APPENDIX A: CRITERIA

Banner Residency Description	Criteria	Requirements
<p><b>Acad Scholarship NRes Waiver</b></p> <p><b>Fellowship NRes Waiver</b></p>		<p>Competitive scholarship of at least \$1,000 for academic year</p> <p>The student must compete with other students, including Texas residents, for the scholarship.</p> <p>The total number of students at an institution paying resident tuition under this section for a particular semester may not exceed five percent of the total number of students registered at the institution for the same semester of the preceding academic year.</p>
<b>Participant Award NRes Waiver</b>	TEC Sec. 54.213	
<b>Asst Instructor NRes Waiver</b>		<p>A teacher or professor of an institution of higher education, and the spouse and children of such a teacher or professor, are entitled to register in an institution of higher education by paying the tuition fee and other fees or charges required for Texas residents without regard to the length of time the teacher or professor has resided in Texas.</p> <p>Entitled to the benefit of this section if the teacher or professor is employed at least one-half time on a regular monthly salary basis.</p>
<b>Faculty Employment NRes Waiver</b>	TEC Sec. 54.211	
<b>Research Asst NRes Waiver</b>		<p>A teaching assistant or research assistant of any institution of higher education and the spouse and children of such a teaching assistant or research assistant are entitled to register in a state institution of higher education by paying the tuition fees and other fees or charges required for Texas residents.</p> <p>If the assistant is employed at least one-half time in a teaching or research assistant position which relates to the assistant's degree program under rules and regulations established by the employer institution.</p>
<b>Teaching Assistant NRes Waiver</b>	TEC Sec. 54.212	



Banner Residency Description	Criteria	Requirements
<b>New Mexico Bdr Cnty NRes Wvr</b>	TEC Sec. 54.231 TAC Rule 21.2264 TEC Sec. 54.0601	An eligible person may use this waiver at any general academic teaching institution located within 100 miles of the boundary of Texas with another state if the governing board of the institution approves the tuition rate as being in the best interest of the institution and the Commissioner finds that such a rate will not cause unreasonable harm to any other institution
<b>NATO Military NRes Waiver</b>	TEC Sec. 54.232	A nonimmigrant alien who resides in this state in accordance with the Agreement between the Parties to the North Atlantic Treaty Regarding the Status of Their Forces (4 U.S.T. 1792) and the spouse or children of that alien are considered to be residents for tuition and fee purposes under this title.
<b>SB297</b>	TEC Sec. 54.241 Senate Bill 297	A person is entitled to pay tuition and fees at an institution of higher education at the rates provided for Texas residents without regard to the length of time the person has resided in this state if the person files with the institution at which the person intends to register a letter of intent to establish residence in this state and resides in this state while enrolled in the institution and the person (1) is eligible for benefits under the federal Post-9/11 Veterans Educational Assistance Act of 2008. Spouse and dependents are also eligible.

## APPENDIX B: COST OF ATTENDANCE

The Cost of Attendance (COA) is an estimate for fall and spring semester (9 months) of what it costs a typical student to attend UTEP. The average cost of attendance is based on 30 credit hours per academic year for an undergraduate student and 18 credit hours for a graduate student.

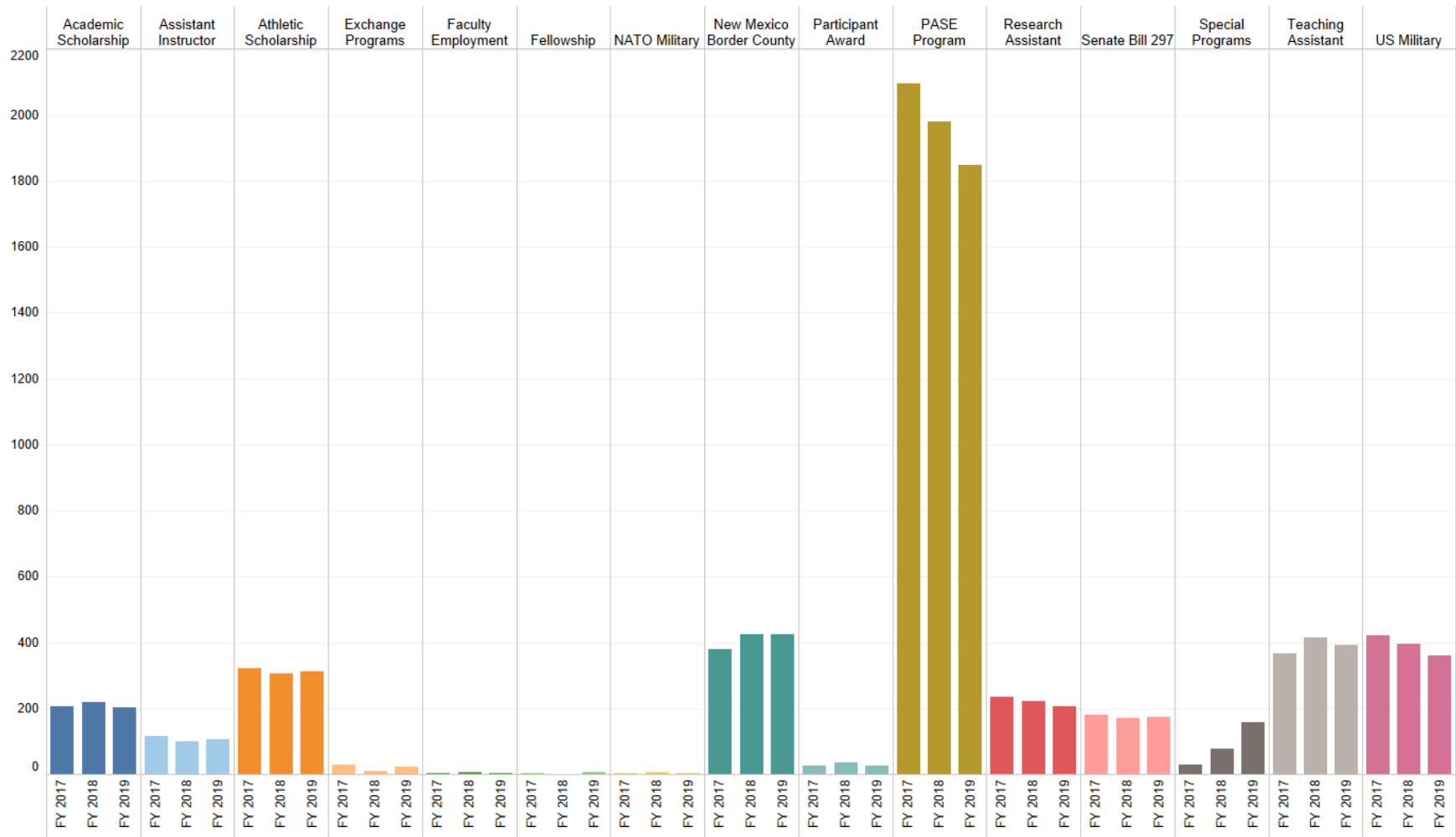
<b>FY 17 Tuition and Fees</b>	<b>All colleges</b>
Undergrad. Full-Time Resident	\$6,576
Undergrad. Full-Time Non-Resident	\$17,578
<i>Value of Waiver per Year</i>	<i>\$11,002</i>
Graduate Full-Time Resident	\$6,260
Graduate Full-Time Non-Resident	\$15,214
<i>Value of Waiver per Year</i>	<i>\$8,954</i>

<b>FY 18 Tuition and Fees</b>	<b>All colleges</b>
Undergrad. Full-Time Resident	\$6,814
Undergrad. Full-Time Non-Resident	\$19,040
<i>Value of Waiver per Year</i>	<i>\$12,226</i>
Graduate Full-Time Resident	\$6,500
Graduate Full-Time Non-Resident	\$17,734
<i>Value of Waiver per Year</i>	<i>\$11,234</i>

<b>FY 19 Tuition and Fees</b>	<b>Colleges with No Differential Tuition</b>
Undergrad. Full-Time Resident	\$7,050
Undergrad. Full-Time Non-Resident	\$19,524
<i>Value of Waiver per Year</i>	<i>\$12,474</i>
Graduate Full-Time Resident	\$6,170
Graduate Full-Time Non-Resident	\$14,878
<i>Value of Waiver per Year</i>	<i>\$8,708</i>

## APPENDIX C: TYPE OF WAIVERS AWARDED

Number of Waivers Awarded for Fiscal Years 2017-2019



## APPENDIX D: VALUE OF TUITION WAIVERS

Total Dollar Value of Waivers by College for Fiscal Years 2017-2019

