



# Office of Internal Audit and Compliance

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## Briefing

Volume 1, Issue 2

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*“When internal audit is strong, its work will cause opportunity to float and risk to drown.”*

*-Dan Zitting, CPA, CISA*

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### Welcome

Welcome to the Office of Internal Audit and Compliance *Briefing*, a consolidated synopsis highlighting significant audit issues from our recent work within the University System of Georgia. The purpose of the *Briefing* is to provide our colleagues at USG institutions and other stakeholders with substantive summaries of audit policy issues we encountered concerning governance, risk management and internal control audits. The *Briefing* illustrates several examples of common issues, as well as practical solutions designed to resolve those issues.

We plan to publish *Briefing* multiple times a year, with the hopes of providing our stakeholders a clear depiction of our recent engagements, findings, and recommendations. Each issue will contain several articles describing a recent audit topic, our related work, and the results of the audit program along with our recommendations to management. While we will not focus on the institutions themselves, we will provide the relevant details of our audit findings and related recommendations.

In this issue, we will discuss three very pertinent issues to USG governance: Validating Student’s Eligibility for In-State Tuition (Lawful Presence), Admission Entrance Standards and Mandatory Student Fees.

As always, we enjoy hearing from you, and welcome any thoughts or feedback about this publication, including future article ideas or coverage of specific topics. *Thank you for reading.*

Sincerely,

John M. Fuchko, III, CIA, CCEP

Chief Audit Officer and Associate Vice Chancellor

## Verifying Eligibility for In-State Tuition (Lawful Presence)

The OIAC recently began an enterprise-wide review of the implementation of BOR Policy Manual

- § 4.1.6 – “Admission of Persons Not Lawfully Present in the United States”, and;
- § 4.3.4 – “Verification of Lawful Presence”

The review is designed to determine the level of compliance at each Institution with the requirements of these policies. The review will verify:

- a) if students who receive in-state tuition are appropriately verified as eligible to receive in-state tuition rates because they are legal citizens established through citizenship, naturalization or permanent residency, and;
- b) if ineligible students were enrolled at institutions that denied admission to all academically qualified applicant during the previous two academic years.

In addition to the requirements described by the BOR Policy Manual, institutions are required to include the following on all application forms:

- Language describing the penalties for false swearing as defined by O.C.G.A. § 16-10-71; and,
- An opportunity for the applicant to declare the eligibility or ineligibility for in-state tuition.

The specific language necessary to satisfy these requirements can be found on the USG Office of Student Affairs Web site.

While BOR Policy Manual § 4.1.6 is currently applicable to only five USG institutions, the criteria that governs this policy is relevant to all USG institutions. Institutions are held accountable for reviewing their admissions activity to ensure that their classification has not changed. Institutions seeking to change their admission classification status must send a letter of intent to the Office of Student Affairs prior to adopting the selective admission process. If approved, the institution will receive notification and instructions for implementation.

Beginning with the Fall 2011 term, USG institutions were required to verify the lawful presence of any student claiming eligibility for in-state tuition and who was enrolled for the first time at a USG institution. Per BOR policy, a student’s eligibility for in-state tuition must be verified before that student is designated as eligible. The following forms of documentation have been approved as sources to verify a student’s eligibility for in-state tuition:

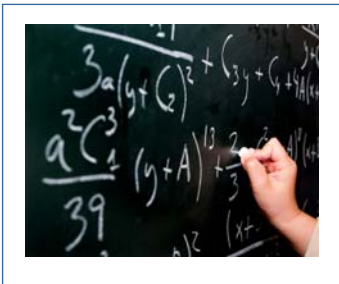
- An approved FAFSA form or other documentation demonstrating eligibility for federal financial aid

*Cont’d Page 6, Verifying Eligibility*



*Do You Know the  
Criteria for Verifying  
Eligibility for In-State  
Tuition?*

*Is Your Institution’s  
Governance Policy in  
Place?*



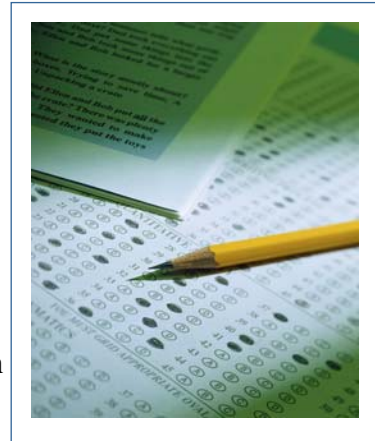
*Creating a More Educated Georgia*

## Admission Entrance Examination Scores

Admission to a USG institution is governed by a variety of criteria and procedures. The policies and language regarding the evaluation of entrance examination test scores as part of the admissions process is defined by the *BOR Policy Manual*<sup>1</sup> and *USG Academic and Student Affairs Handbook*<sup>1</sup>. The OIAC recently began an enterprise-wide review of the manner in which institutions apply these policies, and is working to evaluate the level of compliance with the current policies at all USG schools. Our review focused on the following:

*“Applicants classified as true freshmen or true freshmen/limited admission, applying to a baccalaureate program, from the Fall 2009 to Spring 2012 semesters.”*

Our review analyzed the application decisions made for each of these applicants as compared to the minimum acceptable entrance examination scores for the institution. While there are programs and other applicable policies that mitigate these criteria, as a general rule, the following entrance examination scores are necessary for admission to the various classifications of USG institutions:



Classification	Entrance Examination Score Requirements	
	Regular Freshman Admissions	Limited Freshman Admissions
Research University	SAT Verbal/Critical Reading: 430 SAT Math: 400 or ACT English: 17 ACT Math: 17	SAT Verbal/Critical Reading: 430 SAT Math: 400 or ACT English: 17 ACT Math: 17
Regional University	SAT Verbal/Critical Reading: 430 SAT Math: 400 or ACT English: 17 ACT Math: 17	SAT Verbal/Critical Reading: 430 SAT Math: 400 or ACT English: 17 ACT Math: 17
State University	SAT Verbal/Critical Reading: 430 SAT Math: 400 or ACT English: 17 ACT Math: 17	SAT Verbal/Critical Reading: 430 SAT Math: 400 or ACT English: 17 ACT Math: 17
State College	SAT Verbal/Critical Reading: 330 SAT Math: 310 or ACT English: 12 ACT Math: 14	SAT Verbal/Critical Reading: 330 SAT Math: 310 or ACT English: 12 ACT Math: 14

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*Policy Check:  
Are the “BOR Policy Manual and USG Academic and Student Affairs Handbook” that define entrance requirements and examination test score requirements well known by your Admissions staff?*

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Some institutions have received approval from the Board of Regents to accept applicants without entrance examination scores – however, any student admitted as a regular freshman who does not otherwise provide entrance examination scores exempting them from placement testing is required to undergo assessment through the three COMPASS tests. Each of these tests has a minimum score for admission, and another minimum score to exempt learning support coursework. Current policy states that any student who does not receive a passing score on any of the three COMPASS examinations is not eligible for admission to any USG institution. Similarly, any student who tests into all three learning support courses is not eligible

for admission to any USG institution.

All institutions are encouraged to carefully review the admission policies specified by the BOR Policy Manual, the USG Academic and Student Affairs Handbook, the materials found on the USG Student Affairs “USG Faculty and Staff Resources” Web site, and their Institution’s admissions policies. The policies are intended to ensure that applicants accepted into the USG system will have the opportunity to demonstrate success as a result of the academic infrastructure available to them. Maintaining a supportive and appropriately controlled academic environment allows these students to achieve their educational goals in an efficient manner, and continues the USG’s work towards satisfying the goals of the Complete College Georgia initiative.

## Mandatory Student Fees

Mandatory student fees are required to be paid by all students, and must be approved annually. These fees are subject to Board of Regents (BOR) Policy Manual § 7.3.2.1<sup>1</sup>, which describes how fees are approved, including the requirements for student participation in the process. Mandatory student fees include, but are not limited to: 1) intercollegiate athletic fees, 2) student health service fees, 3) transportation fees, 4) parking fees (if charged to all students), 5) student activity fees, 6) technology fees, and 7) facility fees.

Institutions are encouraged to involve students throughout the fee proposal process in addition to the required review by a student fee committee. It is important to communicate the added value of the services for which the fee will provide to the students who will use the service or fund the rental of a new building. In addition, including students in the process allows the Board of Regents to know that a level of students support exists when approving an application that increases or proposes new student fees.

Below is a table that summarizes the total mandatory fees per semester for fiscal years 2011 and 2012:

Total Mandatory Student Fee Rates Charged by USG Institutions FY2011 and FY2012		
Type of Institution	Total Mandatory Fee Rates Per Semester FY2011	Total Mandatory Fee Rates Per Semester FY2012
Research University	\$556-\$833	\$813-\$1,185
Regional University	\$822-\$855	\$936-\$955
State University	\$455-\$793	\$647-\$936
4-Year College	\$194-\$560	\$418-\$782
2-Year College	\$237-\$397	\$352-\$532
Source: Board of Regents Data <a href="http://www.usg.edu/fiscal_affairs/tuition_and_fees/">http://www.usg.edu/fiscal_affairs/tuition_and_fees/</a>		

**Approval Process:**

- Institutions must submit a fee request proposal to the Office of Fiscal Affairs in December. The proposal must include:
  - 1) Summary of fee requests

- 2) Detailed revenue project for each mandatory fee request
  - 3) Financial data form with actual and projected revenues and expenditures, and
  - 4) Mandatory student fee participation form.
- Fiscal Affairs reviews the fee requests submitted by each institution. After review, the Office of Fiscal Affairs makes recommendations to the Chancellor and the Board of Regents.
  - All mandatory student fees and fee increases must be approved by the BOR at its April meeting to become effective the following fall semester.

Criteria:

- Mandatory student fees may be waived for students who are enrolled for fewer than six credit hours. Alternatively, mandatory fees may be prorated on a per-credit-hour basis for students taking fewer than twelve credit hours. Mandatory fees may be reduced for students enrolled in summer courses.
- Student participation in the fee approval process is required; specifically, the fee advisory board must be composed of at least 50% students and include at least four students. Students are appointed to the committee by the institution's student government association. Institutions and student government associations should make a concerted effort to include broad representation among the students appointed to the committee.
- The purpose of the committee is to provide advice and counsel to the institution president. The BOR, however, does not require approval of the request by the committee.
- Mandatory student fees are to be used exclusively to support the institution's mission to enrich the educational, institutional, and cultural experience of students.
- All payments from funds supported by student mandatory fees must be made using approved and appropriate business practices of the institution.

The BOR approves mandatory fees at the April BOR Board Meeting. Therefore, the institution must plan accordingly to allow adequate time for full consideration of the fees at the institution level. By example, below is a Case Study outlining a process used by a USG institution to increase student awareness and develop support for a proposed mandatory "recreation and wellness" student fee to build a new facility?

The Process

- Exploratory committee consisting of students, faculty, and staff formed to determine need for and purpose of proposed fee
- Committee met multiple times, and included significant student participation, from the affected campuses
- Study determined on institution lacked appropriate wellness and recreation facilities as compared to similarly sized and operated USG institutions
- Findings were shared with students throughout the process in a series of 11 different presentations over a three-month period
- Additionally, a Web site was created to provide information to students regarding the fee proposal, and to purposefully seek out student input
  - Over 1,000 students participated in the presentations and related surveys
- Proposed fee of \$140 per semester determined to develop an appropriately \$1.7m annual revenue stream to provide for new recreation and wellness facility
- For students who pay the fee and graduate before the facility opens, they will be provided free access for the same number of semesters the fee was paid prior to graduation.



**Verifying Eligibility, Cont'd**

- A Certified U.S. Birth Certificate showing the student was born in the U.S. or a U.S. territory (a photocopy is not acceptable)
- A U.S. Certificate of Naturalization (USCIS form N-550 or N-570)
- A U.S. Certificate of Citizenship (USCIS form N-560 or N-561)
- A U.S. Certificate of Birth Abroad issued by the Department of State (DS-350) or a Consular Report of Birth Abroad (FS-240)
- A current U.S. Passport
- A current Driver's License issued by the State of Georgia after January 1, 2008
- A current ID issued by the State of Georgia after January 1, 2008
  - A current military ID (service member only, not dependent)
  - A current, valid Permanent Resident Card (USCIS form I-151 or I-551)
  - An F, J, or M visa
  - Verification through the SAVE program

Institutions should carefully review the processes used to demonstrate a student's eligibility including FAFSA forms.

**Did You Know?**

**Chamber of Commerce membership payments are not an eligible expenditure item for the operating budget!**

The USG Office of Internal Audit and Compliance (OIAC) recently conducted a review of FY 2010 and FY 2011 general ledger transactions and identified payments appearing to have been made to chamber of commerce organizations.

USG Business Procedures Manual § 19.3 – "Payment of Dues to a Chamber of Commerce" notes that the Georgia Department of Audits and Accounts has classified the payment of membership dues to a chamber of commerce as an inappropriate use of general operating funds. However, if the expenditure is for advertisement in a chamber publication, the expenditure is not affected by the policy.

The expenses may represent a violation of the USG business procedures depending upon the fund source used. If a necessary expenditure ~~ Option 2: The Institution should utilize an alternative fund source such as Foundation dollars.

## Office of Internal Audit and Compliance

*The Office of Internal Audit and Compliance (OIAC) mission is to support the University System of Georgia management in meeting its governance, risk management and compliance and internal control (GRCC) responsibilities while helping to improve organizational and operational effectiveness and efficiency. OIAC is a core activity that provides management with timely information, advice and guidance that is objective, accurate, balanced and useful. OIAC promotes an organizational culture that encourages ethical conduct.*

*We have three strategic priorities:*

- *Anticipate and help to prevent and to mitigate significant USG GRCC issues.*
- *Foster enduring cultural change that results in consistent and quality management of USG operations and GRCC practices.*
- *Build and develop the OIAC team.*

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