

# OFFICE OF THE STATE AUDITOR

## PERFORMANCE AUDIT FOLLOW-UP

Status of Recommendations

Tuition Waivers and Student Stipends

Report No. 3035-1

March 23, 2018



Joshua C. Gallion, State Auditor

STATE AUDITOR  
Joshua C. Gallion



Phone  
(701)328-2241

STATE OF NORTH DAKOTA  
**OFFICE OF THE STATE AUDITOR**  
STATE CAPITOL  
600 E. BOULEVARD AVENUE – DEPT 117  
BISMARCK, NORTH DAKOTA 58505

March 23, 2018

Members of the North Dakota Legislative Assembly

North Dakota State Board of Higher Education

Dr. Mark Hagerott, Chancellor, North Dakota University System

The Office of the State Auditor conducted an audit follow-up review on the performance audit entitled *Tuition Waivers and Student Stipends (report #3035) dated March 20, 2015*. The objective of this follow-up was to determine the implementation status of the 10 recommendations presented in the performance audit report.

The State Board of Higher Education has fully implemented 4 of the recommendations and partially implemented 4 others. The remaining recommendations were considered not implemented. Included in this report are the conclusions we made regarding the implementation status of the recommendations. Management's responses are included for partially and not implemented recommendations.

We want to extend our appreciation to the personnel of the University System Office for their assistance and cooperation during the follow-up.

Sincerely,

/S/

Joshua C. Gallion  
State Auditor

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## Not Implemented

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### Recommendation 1-5

**We recommend the State Board of Higher Education establish policies for cultural diversity, international, graduate, and other common institutional tuition waiver types**

*Not Implemented*

The State Board of Higher Education has not established system-wide policies for cultural diversity, international, graduate, and other common institutional tuition waiver types. State Board of Higher Education policy still allows each institution to adopt their own procedures for these and other waivers offered at the discretion of the institution.

*Management's Response*

Agree. The SBHE approved system-wide definitions for cultural diversity, international, graduate and other institutional waiver types on October 27, 2016. The types and levels of institutional waivers offered varies by institution due to the unique population of students served. Therefore, SBHE will not establish system-wide policies and procedures. Rather, changes to SBHE Policy 820- Waivers & Tuition Assistance have been presented to the SBHE, with final approval expected in April 2018. The policy will require institutions to establish procedures for all institutional waivers offered.

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### Recommendation 1-6

**We recommend the State Board of Higher Education establish limits on the tuition waivers institutions can award.**

*Not Implemented*

The State Board of Higher Education has not established limits on the amount of tuition waivers institutions can award.

*Management's Response*

Agree. The SBHE approved a new tuition model on October 27, 2016 that will reduce waivers. As a result, the SBHE determined that tuition waivers will be monitored for a period of time after tuition model implementation to determine what, if any, limits should be established.

## Partially Implemented

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**Recommendation 1-1**      **We recommend the State Board of Higher Education establish common definitions within the University System for discounts, waivers, and stipends. The Board should require institutions to review coding of discounts, waivers, and stipends.**

*Partially Implemented*

The State Board of Higher Education has approved a system-wide definition for the terms discount, waiver, and stipend. The definitions are included in the Data Elements Dictionary which is referenced in policy. The Data Elements Dictionary serves as a guide for institution end users, query writers, NDUS staff, and other stakeholders to assist with ensuring understanding and consistency of data.

An Institutional Data Waiver Form was also developed to compile and monitor waivers established by the institutions. The institutions were required to complete the form for the institutional waiver offerings and submit the completed forms to the University System Office.

The Institutional Data Waiver Form does not address discounts.

*Management's Response*

Agree. Significant progress has been made related to common definitions and coding of waivers, stipends and discounts. NDUS will continue to enhance reporting of discounts and stipends.

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**Recommendation 1-2**      **We recommend the State Board of Higher Education require institutions to establish policies/procedures for institutional waivers. The policies/procedures should address eligibility, application process, selection criteria, awarding process, and monitoring.**

*Partially Implemented*

The State Board of Higher Education did approve an Institutional Waiver Data Form developed to compile and monitor waiver information. The intent of the form is to collect information relevant to each of the institutional waivers being offered throughout the university system. This includes information such as eligibility requirements and selection criteria. NDUS institutions were required to complete the data collection form for institutional waiver offerings on or before August 1, 2017. The information collected was used to prepare a summary waiver report presented to the State Board of Higher Education Budget and Finance Committee. According to University System representatives, the intent is for the form to be updated annually for changes to institutional waiver offerings. If utilized as intended, the form has the potential to serve as effective tool for monitoring institutional waiver offerings and ensuring adequate procedures are being established.

State Board of Higher Education policy states institutions may adopt procedures providing for waives of tuition and fees to promote enrollment of a culturally diverse student body, including members of Indian tribes and economically disadvantaged students, for the benefit of all students and

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## Chapter 2 Partially Implemented

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the academic community, to promote enrollment of graduate students and research, and for other purposes consistent with an institution's mission. This section of the policy remains unchanged since the original performance audit. In addition, the policy provides no expectations regarding the elements identified in the recommendation.

The Institutional Waiver Data Form does not specifically address other elements listed in the recommendation including the application process and continued monitoring.

### *Management's Response*

Agree. Changes to SBHE Policy 820- Waivers & Tuition Assistance have been presented to the SBHE, with final approval expected in April 2018. The policy will require institutions to establish procedures for all institutional waivers offered. The *Institutional Waiver Data Form* was initiated in 2017 to monitor all waiver types offered at institutions and does contain a section on the application process. Beginning in 2018, institutions are required to report changes to waiver offerings and provided updated *Institutional Waiver Data Forms* if necessary. Monitoring will occur as part of the annual budget preparation process.

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### **Recommendation 1-7**

**We recommend the State Board of Higher Education identify and define the relevant student information required and expected for reporting purposes.**

### *Partially Implemented*

The State Board of Higher Education has approved a policy allowing for the establishment of ad hoc Campus Solutions user groups for special projects. The user groups typically include representation from each of the 11 institutions and meet periodically throughout the year. According to the University System Office, ad hoc user groups are established to address questions, identify necessary changes, and communicate/train users. The utilization of standing and ad hoc user groups could potentially serve as an effective method for identifying necessary data for reporting purposes and establishing standard methods for reporting.

The Board has also defined terms such as internship, stipend, discount, and waiver. The terms are included in the Data Elements Dictionary managed by Core Technology Services. The Data Elements Dictionary is made available to institution end users, query writers, NDUS staff, and other stakeholders to assist with ensuring understanding and consistency of data.

The State Board of Higher Education has not directly communicated reporting expectation or defined the relevant student information needed to fulfill such expectation.

The utilization of user groups is not a new practice within the University System with certain user groups in existence prior to the original audit.

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## Chapter 2 Partially Implemented

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### *Management's Response*

Agree. SBHE policies and procedures provide high-level, overarching directions for operations. The policies and procedures are not intended to identify specific fields or coding. Rather, more detailed directions are provided through various user manuals and training. Multiple ad hoc user groups have been established to address questions, identify necessary changes, and communicate/train users.

The SBHE has determined, through SBHE Policy 302.3, that its Budget & Finance Committee (BFC) is responsible for receiving annual budget and finance reports, including the annual Tuition Waiver Report. The report details information on waiver activity for the previous academic year and is reviewed with the BFC each year. Reporting changes suggested by the committee, if any, would be implemented for the next reporting cycle. The 2016-2017 Tuition Waiver Report was received by the BFC on February 15, 2018, and published to the NDUS website.

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### **Recommendation 1-8**

**We recommend the State Board of Higher Education:**

- a) Provide authority to an individual to identify the necessary student data to be obtained.**
- b) Authorize the individual to establish standards related to consistent student data entry for the entire University System.**
- c) Require all institutions follow the established standards.**

### *Partially Implemented*

Since the original audit, the State Board of Higher Education has approved a policy allowing for the establishment of ad hoc Campus Solutions user groups for special projects. The utilization of user groups is not a new practice within the University System with certain user groups in existence prior to the original audit. The user groups typically include representatives from the 11 institutions and meet periodically through the year. According to the University System Office, ad hoc user groups are also established to address questions, identify necessary changes, and communicate/train users. The utilization of standing and ad hoc user groups could potentially serve as an effective method for identifying necessary data for reporting purposes and establishing a standard method for reporting.

We identified no significant changes to the State Board of Higher Education data quality and integrity policy since the original audit. The data quality and integrity policy does not provide an individual with the direct authority to identify necessary student data or the authorization to establish standards all institutions are required to follow. Instead, the policy still states the quality of the data is the responsibility of every NDUS employee and designates Core Technology Services with the responsibility of managing a Data Elements Dictionary. The policy does not provide Core Technology Services with the direct authority to require institution adherence to the Data Elements Dictionary. According to the CTS website, the Data Elements Dictionary is a guide that may be used by institution end users, query writers, NDUS staff, and other stakeholders

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**Chapter 2**  
**Partially Implemented**

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to assist with ensuring understanding and consistency of data. Thus, it is unclear whether adherence to the Data Elements Dictionary is required. During the original audit, NDUS representatives referenced a lack of authority to require institutions adhere to the Data Elements Dictionary as the cause of certain data inconsistencies.

*Management's Response*

Agree. Compliance with the data dictionary, accounting manual and other data standards is and will continue to be monitored through external & internal audits and validation of system-wide reports. NDUS will review the data quality/ integrity and other policies to ensure institutional compliance is required.



## Fully Implemented

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**Recommendation 1-3**      **We recommend the State Board of Higher Education ensure all criteria are clearly defined for tuition waivers established in Board policy.**

*Fully Implemented*

The State Board of Higher Education tuition and fees waiver policies provide for several general categories of waivers including Board established waiver, institutional discretionary waivers, and statutorily mandated waivers. The employee related tuition waivers are the most significant waivers established in policy by the Board.

The State Board of Higher Education tuition waiver policy was amended to include definitions, eligibility criteria, and percentage limits for the various employee tuition waivers. While the Board policy does not specifically address areas such as the application process, awarding process, or continued monitoring, the North Dakota University System procedures were amended to include additional guidance on the application process, course eligibility, and payments/refunds.

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**Recommendation 1-4**      **We recommend the State Board of Higher Education establish a waiver policy for institution employee spouse/dependent and University System Office employees.**

*Fully Implemented*

The State Board of Higher Education tuition waiver policy was amended to include definitions, eligibility criteria, and percentage limits for institution employee spouse/dependent and University System Office employees. The North Dakota University System procedure was also amended to include additional guidance on employee and course eligibility. Lastly, operating procedures have been established for the setup of the employee waivers in Campus Solutions.

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**Recommendation 1-9**      **We recommend the State Board of Higher Education adequately monitor institutions for compliance with policies, procedures, and standards.**

*Fully Implemented*

A system-wide monitoring function has been established within the North Dakota University System Office. This includes a Compliance Officer as well as an internal audit function.

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**Recommendation 1-10**      **We recommend the State Board of Higher Education define internship for the entire University System and require a reporting method to readily identify internships at institutions.**

*Fully Implemented*

The State Board of Higher Education has approved a system-wide definition for the term internship. The definition is included in the Data Elements Dictionary which is referenced in policy. The Data Elements

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### **Chapter 3**

#### **Fully Implemented**

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Dictionary serves as a guide for institution end users, query writers, NDUS staff, and other stakeholders to assist with ensuring understanding and consistency of data.

In addition, internship was added as a course component for reporting purposes. If institutions consistently use the "Internship" course component for those course offerings meeting the definition of internship included in the Data Elements Dictionary, this would serve as an effective method for reporting purposes.