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State Auditor

An Audit Report on
**Enrollment Reporting by
Texas Public Universities**

August 15, 2007

Members of the Legislative Audit Committee:

Texas universities' errors in enrollment data¹ for the 2008-2009 base year (the Summer 2006, Fall 2006, and Spring 2007 semesters) were below the 2 percent error rate allowed by the General Appropriations Act (80th Legislature). Therefore, no adjustments to the universities' appropriations are necessary as a result of errors in the universities' reported enrollment data.

Identified errors in enrollment data were equivalent to approximately \$1,185,000 in net over-funding of enrollment-based appropriations (see text boxes). All identified errors fell below the 2 percent allowable error rate. Enrollment-based formula funding appropriations to all universities for the 2008–2009 biennium total \$3,483,217,920.

Enrollment Testing

The State Auditor's Office conducted on-site audits at 16 universities (see the attachment to this letter for a list of those universities). These universities also were asked to self-report any known errors in enrollment data. Auditors asked the remaining 19 universities to attest that errors in their enrollment data did not exceed the 2 percent allowable error rate.

Testing of enrollment data included collecting data reported to the Higher Education Coordinating Board (Coordinating Board), testing that data against data in universities' student information systems, and examining controls at the universities to determine whether data can be collected and reported correctly.

Enrollment Audit Overview

The General Appropriations Act (80th Legislature), Rider 18, page III-221, specifies that the accuracy of enrollment data that Texas public institutions of higher education submit for use in formula funding is subject to audit by the State Auditor's Office.

The General Appropriations Act also specifies that: "The calculation of revised appropriation amounts shall allow each institution an error rate of up to 2 percent of the biennial appropriations related to the variables audited at that institution."

Over- and Under-funding

In analyzing enrollment funding, auditors identified enrollment-based funding as Operations Support funding and Teaching Experience Supplement funding. The amounts of these types of funding are determined based on qualifying semester credit hours (SCH) reported by the universities.

"Over-funding" occurs when a university reports more qualifying SCH than it is entitled to report. This results in that university receiving more funding than it would have been allocated if those items had been reported correctly.

"Under-funding" occurs when a university reports fewer qualifying SCH than it is entitled to report. This results in that university receiving less funding than it would have been allocated if those items had been reported correctly.

¹ Specific enrollment data covered by this audit included semester credit hours.

Each University's Enrollment Data Error Rate Was Below the Allowable Error Rate

Universities' self-reported errors and errors identified by auditors resulted in net over-funding of approximately \$1,185,000 (the attachment to this letter provides details regarding each university's errors). In summary:

- Twelve universities (75 percent of universities tested) over-reported semester credit hours equivalent to approximately \$1,348,000 in funding. The largest over-reporting at a single university, Texas Southern University, resulted in over-funding of approximately \$521,000, or 0.7 percent of that university's 2008-2009 appropriations.
- One university, Texas State University – San Marcos, under-reported semester credit hours equivalent to approximately \$163,000 of funding, or 0.1 percent of that university's 2008-2009 appropriations.
- Auditors identified no errors at three universities (19 percent of universities tested): The University of Texas at San Antonio, the University of Houston, and the University of Houston – Clear Lake.

While conducting on-site audits at universities, auditors also identified issues related to information technology systems and the reliability of certain universities' enrollment data. Those issues were communicated separately to each university and included weaknesses in the following areas:

- Weaknesses in user access such as (1) not sufficiently restricting access to reports containing confidential student data, (2) inability to provide user access lists for student information systems, and (3) lack of procedures for granting access to student information systems.
- Weaknesses in data maintenance such as storing old, confidential data on shared network drives.
- Weaknesses in segregation of duties related to the maintenance, production, ownership, entry, and review of data.
- Weaknesses in business continuity such as not storing backup tapes for student information systems in an off-site location.

We appreciate the universities' cooperation during this audit. If you have any questions, please contact Verma Elliott, Audit Manager, or me at (512) 936-9500.

Sincerely,

John Keel, CPA
State Auditor

Attachment

cc: Boards of Regents, Chancellors, and Presidents of all Texas Public Universities



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Attachment

Universities' Enrollment Data Error Rates Were Below the Allowable Error Rate

As Table 1 shows, universities' self-reported errors and errors identified by auditors resulted in net over-funding of approximately \$1,185,000.

Table 1

University Enrollment Data Error Amounts (Includes Both Self-Reported Errors and Errors Identified By Auditors) (All Dollar Amounts Have Been Rounded to Thousands)			
University	Maximum Allowable Error Amount (Two Percent of Total 2008-2009 Biennium Appropriations)	Amount of Total 2008-2009 Biennium Self-Reported Errors and Errors Identified by Auditors	Errors as a Percentage of Total 2008-2009 Biennium Appropriations
Universities That Over-Reported Enrollment Data (Note: Over-reporting results in over-funding)			
Texas Southern University	\$ 1,415	\$ 521	0.7%
The University of Texas at Brownsville	415	38	0.2%
The University of Texas at Austin	9,461	395	0.1%
The University of Texas at Dallas	2,585	120	0.1%
The University of Texas at Arlington	3,557	93	0.1%
The University of Texas at El Paso	2,273	86	0.1%
Texas A&M University	8,836	42	0.0%
Texas Tech University	4,538	22	0.0%
Sam Houston State University	1,874	14	0.0%
University of North Texas	4,236	8	0.0%
Texas A&M University - Corpus Christi	1,073	7	0.0%
Texas A&M International University	530	2	0.0%
TOTAL OVER-REPORTING UNIVERSITIES	\$ 40,793	\$ 1,348	
University That Under-Reported Enrollment Data (Note: Under-reporting results in under-funding)			
Texas State University - San Marcos	\$ 3,198	\$ 163	0.1%
TOTAL UNDER-REPORTING UNIVERSITIES	\$ 3,198	\$ 163	
NET OVER-FUNDING		\$ 1,185	
Appropriation Information for Universities at which Auditors Did Not identify Any Errors			
The University of Texas at San Antonio	\$ 3,183	\$ 0	0.0%
University of Houston	5,291	0	0.0%
University of Houston - Clear Lake	1,110	0	0.0%
TOTAL ALLOWABLE ERROR AMOUNT FOR UNIVERSITIES THAT REPORTED NO ERRORS	\$ 9,584	\$ 0	0.0%

Auditors conducted on-site audits at the 16 universities listed in Table 1. Auditors asked the following 19 universities to attest that they did not have any errors that would exceed the 2 percent allowable error rate; each of these universities attested that any known errors would be below the 2 percent allowable error rate:

- Angelo State University.
- Lamar University.
- Midwestern State University.
- Prairie View A&M University.
- Stephen F. Austin State University.
- Sul Ross State University.
- Sul Ross State University – Rio Grande College.
- Tarleton State University.
- Texas A&M University – Commerce.
- Texas A&M University – Kingsville.
- Texas A&M University – Texarkana.
- Texas A&M University at Galveston.
- Texas Woman’s University.
- University of Houston – Downtown.
- University of Houston – Victoria.
- The University of Texas – Pan American.
- The University of Texas of the Permian Basin.
- The University of Texas at Tyler.
- West Texas A&M University.

Appendix

Objective, Scope, and Methodology

Objective

The objective of this audit was to enhance accountability for enrollment reporting by:

- Reviewing self-reported enrollment data from the universities.
- Conducting an independent analysis of selected universities' enrollment data.

Scope

The scope of this audit focused on universities' semester credit hour data for the 2008-2009 base year (the Summer 2006, Fall 2006, and Spring 2007 semesters). Each university is allowed up to a 2 percent error rate for enrollment-based appropriations related to the variables audited at that university. Auditors did not audit the accuracy of universities' self-reported errors.

Methodology

The audit methodology consisted of conducting interviews; collecting and reviewing information; and performing tests, procedures, and analyses against predetermined criteria. Auditors obtained the universities' reported information from the Higher Education Coordinating Board (Coordinating Board) and audited the accuracy of enrollment reporting using the following procedures:

- Conducted a risk assessment to determine which universities would be audited to test the accuracy of information and the controls over the universities' systems of collecting, storing, and preparing the Coordinating Board Management Reports (CBM reports).
- Performed a preliminary analysis of the universities' data to ensure data integrity.
- Conducted on-site audits at 16 universities to:
 - ♦ Test the accuracy of the information provided by the universities to the Coordinating Board. The testing was designed to cover the necessary information for enrollment reporting.

- ♦ Identify and assess the access controls and the output processes for the systems providing information for enrollment reporting. These systems included the student information and reporting system.

Information collected and reviewed included the following:

- CBM001 Reports (*Student Reports*) for the Summer 2006, Fall 2006, and Spring 2007 semesters.
- CBM004 Reports (*Class Reports*) for the Summer 2006, Fall 2006, and Spring 2007 semesters.
- University information, including:
 - ♦ Organization chart.
 - ♦ Policies and procedures.
 - ♦ Enrollment data from each university's student information system.
 - ♦ Class rosters.
 - ♦ Self-reported errors.
 - ♦ Student catalogs.
 - ♦ Published tuition and fee schedules.

Procedures and tests conducted included the following:

- Performed on-site audits at the following 16 universities:
 - ♦ Sam Houston State University.
 - ♦ Texas A&M International University.
 - ♦ Texas A&M University.
 - ♦ Texas A&M University – Corpus Christi.
 - ♦ Texas Southern University.
 - ♦ Texas State University – San Marcos.
 - ♦ Texas Tech University.
 - ♦ University of Houston.
 - ♦ University of Houston – Clear Lake.
 - ♦ University of North Texas.

- ♦ The University of Texas at Arlington.
 - ♦ The University of Texas at Austin.
 - ♦ The University of Texas at Brownsville.
 - ♦ The University of Texas at Dallas.
 - ♦ The University of Texas at El Paso.
 - ♦ The University of Texas at San Antonio.
- Determined whether the primary factor (semester credit hours) used as the basis of the formula funding appropriations by the 80th Legislature was consistent with (1) the number of hours in the Coordinating Board's database and (2) the number reported by individual universities.
 - Reviewed universities' self-reported errors in semester credit hours.
 - Calculated funding adjustments (if any) because of inaccurately reported semester credit hours. Because of the complexity of the calculation, all dollar amounts were rounded to thousands so as not to imply a misleading degree of precision.

Criteria used included the following:

- The General Appropriations Act (80th Legislature).
- The Texas Education Code.
- The Texas Administrative Code.
- The Coordinating Board's *Reporting and Procedures Manual for Texas Public Universities*.

Project Information

Audit fieldwork was conducted from February 2007 through June 2007. This audit was conducted in accordance with generally accepted government auditing standards.

The following members of the State Auditor's staff performed the audit:

- Jules Hunter, CPA, CIA (Project Manger)
- Terry Nickel, CIA, CGAP, CFE (Assistant Project Manager)
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