

Legislative History

Policy 6-406 Revision 8

As approved by the Academic Senate April 30, 2018, and by the Board of Trustees May 8, 2018, with a stated effective date of May 8, 2018

Prepared by Bob Flores, for the Institutional Policy Committee

https://regulations.utah.edu/academics/revisions_6/LegHistory%206-406.R8.pdf

Contents:

- Explanatory memorandum of April 6, 2018
- Policy 6-406 Revision 8 draft 2018-04-06, as approved, with redline marking.
- Special Student Fees Audit Report 2017-07-26

Memorandum

From: University Curriculum Policy Review Board and Special Course Fee Committee (Chairperson: Ann Darling)

To: Senate Executive Committee

Re: Proposal for revising Policy 6-406 on Special Course Fees

Date: April 6, 2018

I. Introduction:

This is a proposal to revise policy governing who will make decisions about special course and program fees and how those decisions will be made. The proposal specifically is to revise existing University Policy 6-406.

The overall project began as an outcome of a regular audit of the Special Course Fee Committee. A report from that audit, completed in July of 2017, is included with these proposal documents. The audit recommended that Policy 6-406 be reviewed for specific areas of inconsistency with practice. The review also included efforts to update the policy to match or enhance current practice. A decision was made to revise the Policy in two phases because some changes were needed to be made urgently, and other changes required more extensive consideration and consultation of concerned parties within the University. The more urgent changes were dealt with in the first phase, resulting in Revision 7 of the Policy, which was approved by the Academic Senate and Board of Trustees to take effect in October, 2017. That version and the legislative history for that Phase 1 proposal may be seen at <https://regulations.utah.edu/academics/6-406.php>.

The primary effect of that Phase 1 revision was to change the decision-making structure for approval of special program fees, so that the the Special Student Course Fee Committee now makes recommendations, which are considered by the University Budget Committee when it makes the final decisions.

Work on the second phase of changes has been underway since then, and now results in this proposal for Revision 8 of the Policy, which if approved is recommended to take effect immediately upon final approval.

A subcommittee of the Special Course Fee Committee (SCFC) was composed to review and revise policy 6-406. Recommendations from this sub-committee were discussed at two meetings of the entire committee. Support was given that all revisions had been discussed and approved and permission to move to the Senate was granted. Below is a description of policy recommendations and responses as identified in the proposed policy revisions.

Changes recommended: Changes to Policy 6-406 should be considered to clarify roles and responsibilities and provide for full compliance. Some items to consider include adding concise definitions of fees, oversight transparency provisions, committee composition, and applying fee expiration requirements.

Detailed language is prosed to define breakage fee, key deposits, private instruction as well as special course and special program fees.

The two areas of most concern to the audit and the functioning of the committee concerned student membership on the committee and processes for reviewing expired fees. Proposed revisions require that four students will always sit on the SCFC and that nominations for these representatives will come from the colleges, on a rotating basis. Technology recently purchased by the Office of Curriculum Administration now allows us to track special course and program fee activity. Proposed revisions require that colleges will conduct a thorough review of special course and program fees levied in their unit every three years on a rotating basis. These reports will be used by the SCFC to review and retire or renew special course fees and make recommendations to the University Budget committee about special program fees.

Deficiencies Noted:

- Current policy states that reports should be submitted to the President of the University and the President of the Academic Senate. However, such reports have not been submitted nor missed.

Proposed revisions require that an annual report be submitted to the Vice President for Academic Affairs for both main campus and Health Sciences with a copy to the President of the Academic Senate. These annual reports will document the activities of the SCFC over the year.

- Current policy is mute on deadlines for submitting and processing special course fees. This has sometimes led to fees being attached to courses *after* students have begun to register.

Proposed revisions require that proposals for special course fees be submitted at the same time that all other curriculum proposals are submitted. This deadline permits time for the SCFC to review proposals and for necessary revisions to be accepted. Policy also requires that any approved fees be attached *before* the schedule of courses is made public.

- Current policy was ambiguous about how fee deposits were to be processed. This led to some fees being deposited in incorrect accounts.

Proposed revisions clearly state that special course fees must be paid to Income Accounting and cannot be directed to gift accounts.

Policy 6-406 -- Special Student Course Fees and Other Assessments. Revision

8. Effective date: upon final approval

I. Purpose and Scope:

Purpose: To ~~assure~~ promote transparency and accountability in the proper handling of special course fees and other assessments. ~~that may be required in addition to regular tuition charges approved by the Board of Regents.~~

Scope: This Policy applies to all ~~credit-bearing~~ course-offering academic units of the University (as are described in Policy 6-001).

II. Definitions:

For the limited purposes of this Policy and any associated Regulations, these words and phrases have the following meanings:

A. ~~Breakage Fees:~~ Amounts deposited by a students enrolled in a laboratory or other courses that employs specialized equipment to create a minimal reserve from which damaged or lost equipment may be repaired or repurchased.

A-B. ~~Course-offering unit:~~ An academic department, college, or other unit of the University authorized to offer a credit-bearing course, as more fully described in Policies 6-001 and 6-100.

B-C. ~~Key Deposit:~~ A deposit made by a student to whom a key is issued in accord with University Regulations regarding keys under the Key Policy (Policy 3-234), subject to refund upon return of the key by the student.

C-D. ~~Private Instruction Fees:~~ Fees collected from a students and used to compensate instructors for individualized private instruction necessary to the development of personal performance skills or artistic competencies ~~of such students.~~

D-E. ~~Special Course Fees:~~ Fees or charges that ~~is~~are imposed to offset unfunded costs associated with an individual courses offered either on or off campus or using other modalities, including: use of special software, nontraditional instructional systems; access to and use of technical instruments and equipment; and/or use of consumable laboratory or other instructional materials. (See below for guidelines about how such fees can and cannot be used.)

E-F. ~~Special Program Fees:~~ Fees or charges that ~~is~~are imposed to offset unfunded costs for extraordinary services associated with a specialized educational programs. (See below for guidelines about how such fees can and cannot be used.)

III. Policy:

A. Approval Authority

1. Authorization required. No course-offering unit may impose or collect any special course fee, special program fee, private instruction fee, breakage fee, key deposit, or other special assessment except as approved and processed pursuant to this Policy.
2. Special Fee Review Committee.
 - a. The University Special Fee Review Committee (“Special Fee Committee”) is hereby established. Its membership shall consist of: (i) the current members of the University

Curriculum Policy Review Board (as established by Policy 6-500); (ii) one representative each from the office of the Associate Vice President for Budget & Planning and the Vice President for Student Affairs; and (iii) four students appointed by ~~the President of the University from a list of six students nominated by the Associated Students of the University of Utah, designated Colleges on a rotating basis. See guidelines for a description of the rotation schedule.~~ The chairperson of the Curriculum Policy Review Board will serve as chairperson of the Committee. The Committee will convene ~~annually each semester~~ or as directed by the chairperson, and it will report annually to the ~~Academic Senate~~ Senior Vice President for Academic Affairs and the Senior Vice President of Health Sciences.

- b. The Committee will serve as the University body to review and to approve or disapprove all requests for *special course fees* submitted by course-offering units.

The Committee is authorized to approve and to adjust the amount of previously approved *key deposits, breakage fees, special course fees, and private instruction fees* ~~based on the itemized budget and its justification, as budgetary circumstance may require, after careful consideration of each request and the views of the affected departments, colleges, and students.~~

With regard to *special program fees*, the Committee will review new requests and renewals of special program fees and make recommendations regarding them to the University Budget Advisory Committee.

B. Special Course Fees and Special Program Fees

~~1. Colleges, departments, and other course-offering operating units of the University of Utah are not authorized to impose, collect, or deposit to their own activity/project any special course fees or special program fees, except to the extent as authorized pursuant to by this Policy.~~

~~2.1. A~~ Proposals to impose any new special course fee s and or special program fees, or to increase any such existing fee must be submitted by in writing by academic departments or colleges after approval by the appropriate curriculum committees, through and the cognizant dean, and then submitted to the Special Fee Review Committee (SFRC). A p ~~Proposals to impose a special course fees or and special program fees. The proposal must include an itemized budget, including a description of how this request relates to other sources of funding such as program fees, differential tuition and revenue from designated Community Engaged Learning courses, and a rationale for that budget based on the learning outcomes of the course or program.~~

~~3.2. Periodic Reviews of Fees Length of Approval Period~~ Fee Reviews, Reports, and Increases:

~~Approvals for special course fees and special program fees are granted for a three year period, ending with the summer session. All existing special course fees, private instruction fees, and special program fees and key deposits shall be reviewed periodically, ordinarily on a three-year cycle (with a staggered review schedule for various colleges to be arranged by the Special Fee Committee in consultation with the colleges). The review shall consider whether each existing fee should be discontinued, renewed at the same amount, renewed at a decreased or increased amount, or otherwise modified. For such review, Each college (or equivalent) will submit a report to the Special Fee Committee, describing all existing of special course, private instruction,~~

~~and special program fees or key deposits offer the course-offering units within the college every three years on a rotating basis to the SFRC Special Fee Committee. Each report will include a summary of all special course and special program fees assessed by units within the college. The report shall include a detailed description of the existing fees (including the amount of each fee, the number of students who have paid each fee, and the overall revenue received from such fees), and a statement of how those fees revenues have actually been used by the unit. For each such reviewed fee, the report shall include a proposal to discontinue the fee, renew it at the existing amount, or renew it at a decreased or increased amount, and a brief narrative about which fees should be removed and the need that they be continued or increased. (Any such proposal to increase a fee must be approved by the appropriate curriculum committee and cognizant dean prior to submission of the report to the Committee).~~

Fee Increases

~~The After reviewing these periodic reports, the Special Fee Committee will review these reports and make the final determination about any proposals regarding any special course fees, private instruction fees or key deposits. For proposals regarding special program fees, the Committee will make recommendations for consideration by the University Budget Advisory Committee. requests to continue or increase fees. Special course fees and special program fees may not be increased during the three year period unless there are critical and compelling reasons for an out of sequence increase.~~

4.3. General Policy Guidelines for Special Course Fees

- a. Income from special course fees is restricted to specific course costs and may not be used to augment general categories of departmental budgets, i.e., supplies and equipment, travel, salaries or computing costs, and may not be deposited into gift activities (Fund 6000)
- b. Special course fees may be approved for:
 - i. Consumable Instructional Materials such as the following: lab or studio supplies, breakage, photo lab materials, films, chemicals, ~~handouts,~~ electronic kits, ~~ete.~~
 - ii. Use of Specialized Facilities such as the following: key deposits, darkrooms, practice rooms, special equipment, ~~language studios and laboratories,~~ labs, ~~ete.~~
 - iii. Instructional Materials & Services such as the following: film and tapes, ~~special syllabi,~~ private instruction, etc.
 - iv. Curriculum Enhancement such as the following: field trips, trail fees, leadership ~~seminars,~~ labs, ~~ete.~~
 - v. Other Specialized Services such as : testing and exam fees, ~~counseling,~~ ~~ete.~~

4. General Policy Guidelines for Special Program Fees

Income from special program fees may be used for the sole purpose of offsetting the cost of providing those services specified in the approved proposal. Special program fees cannot be used for salaries for instructional personnel.

5. Any special course fees and special program fees duly approved pursuant to this Policy must be paid directly to the University ~~cashier~~ Income Accounting or designated representative.
6. All approved special course fees and special program fees are due at the time that tuition is due paid.

of the cashier. The ~~cashier's receipt~~ for the payment will be accepted as evidence that the individual is eligible for the special educational service or program for which the fee was imposed.

B.C. Private Instruction Fees

1. A proposal to impose or increase a private instruction fee must follow the guidelines detailed in III.B.1. above
2. Periodic reviews of private instruction fees will be included in the three year reports described in III.B.2. above.
3. Approved fees for private instruction must be paid to the University ~~cashier~~Income Accounting. The department will be provided budget support for private instruction based upon the revenue derived from such private instruction fees.

C. Instructional Materials

~~Required materials, such as syllabi, outlines, extracts, special publications, reading materials, and other classroom instructional aids intended to be sold to students, must be distributed through the University Bookstore, or other available off campus sources, unless special arrangements to the contrary are previously approved in writing by the cognizant vice president, with the concurrence of the Vice President for Administrative Services.~~

D. Breakage Fees

1. A proposal to impose or increase a breakage fee must follow the guidelines detailed in III.B.1. above
2. Periodic reviews of breakage fees will be included in the three year reports described in III.B.2. above.
3. Approved fees for private instruction must be paid to the University Income Accounting.

~~Approved breakage fees must be deposited with the University cashier. Appropriate breakage coupons will be issued. Refunds will be given for unused coupons upon presentation to the cashier.~~

E. Key Deposits

- 5.1. Keys may be issued to individuals for access to ~~rooms~~ lockers within buildings after payment of an approved ~~locker~~ key deposit to the University Cashier, which will be credited to a general fund liability account. Issuance of keys for access to buildings and rooms is governed by the University Regulations regarding keys ~~University Key Policy, (Policy 3-234).~~
- 6.2. An individual requesting a locker key is required to make a deposit for each key with the university cashier. The amount of deposit will be set by the Special Fee Review Committee~~the Special Course Fee Committee. A receipt will be issued by the cashier.~~
- 7.3. The ~~locker~~ key will be issued by the department to the individual on presentation of the deposit receipt. The department will retain the receipt until such time as the individual returns the ~~locker~~ key.
- 8.4. Upon surrender of the ~~locker~~ key, the department returns the receipt to the individual, who may present the deposit receipt to the University cashier for refund of the deposit.

F. Fee Notification

- 5.1. The ~~appropriate operating course-offering~~ units shall notify students in advance of any approved special course fee, special program fee, private instruction fee or key

~~deposit. Notice shall be given by including a description of the fee for deposit² approved special course or program fees in the published Class Schedule. give reasonable notice of required fees and deposits approved under this Policy prior to each academic semester or session in which the fees or deposits are required. See below.~~

- ~~2. Special course fees may not be charged to students without having been published in the Class Schedule. Special program fees, including their due dates, must be published in all materials related to that service, e.g., marketing, recruiting, application, and program materials. Such publication constitutes advance notice of the special fee requirement.~~
- ~~3. Deadlines for submitting Special Course Fee and Special Program Fees will be set by the Special Fee Committee.~~
- ~~4. Any fee approved after the course schedule has been published will not be implemented until the following semester.~~

G. Exceptions

- ~~1. The University President, on recommendation of the cognizant vice president, may approve specific exceptions to this Policy.~~

H. Annual Report.

- ~~5.1. A report of all special fees and deposits approved under this Policy shall be submitted annually to the Senior Vice President for Academic Affairs and the Senior Vice President for Health Sciences. University President for review.~~

H. Addendum

[Note: Parts IV-VII of this Regulation (and all other University Regulations) are Regulations Resource Information – the contents of which are not approved by the Academic Senate or Board of Trustees, and are to be updated from time to time as determined appropriate by the cognizant Policy Officer and the Institutional Policy Committee, as per [Policy 1-001](#) and [Rule 1-001](#).]

IV. Rules, Procedures, Guidelines, Forms, and other related resources.

- A. Rules *[reserved]*
- B. Procedures *[reserved]*
- C. Guidelines *[reserved]*
- D. Forms *[reserved]*
- E. Other related resource materials. *[reserved]*

V. References:

[Policy 3-234](#), Key Policy

VI. Contacts:

The designated contact officials for this Policy are:

A. Policy *Owner* (primary contact person for questions and advice): **Associate Vice President for Undergraduate Studies.**

B. Policy *Officer*: **The Sr. Vice President for Academic Affairs and the Sr. Vice President for Health Sciences.**

These officials are designated by the University President or delegee, with assistance of the Institutional Policy Committee, to have the following roles and authority, as provided in University Rule 1-001:

“A “Policy Officer” will be assigned by the President for each University Policy, and will typically be someone at the executive level of the University (i.e., the President and his/her Cabinet Officers). The assigned Policy Officer is authorized to allow exceptions to the Policy in appropriate cases.... ”

“The Policy Officer will identify an “Owner” for each Policy. *The Policy Owner is an expert on the Policy topic who may respond to questions about, and provide interpretation of the Policy;* and will typically be someone reporting to an executive level position (as defined above), but may be any other person to whom the President or a Vice President has delegated such authority for a specified area of University operations. *The Owner has primary responsibility for maintaining the relevant portions of the Regulations Library... [and] bears the responsibility for determining which reference materials are helpful in understanding the meaning and requirements of particular Policies... .”* University [Rule 1-001-III-B & E](#)

VII. History:

Renumbering: Renumbered as Policy 6-406 effective 9/15/2008, formerly known as PPM 3-8.

Revision History:

A. Current version-- University Policy 7-406, Revision [87](#). Approved by the Academic Senate: [*pending*]. Approved by the Board of Trustees: [*pending*], with the designated effective date of [???].

~~Editorial revisions to current version: [none]~~

Legislative History of Revision [78](#). {*embed hyperlink*}

B. Earlier versions.

[Policy 6-406 Revision 7](#). Effective dates [October 10, 2017 to ????](#).

[Legislative History for Revision 7](#).

Policy 6-~~406~~404 Revision 6. {*hyperlink*} Effective dates: October 11, 2005 to October 10, 2017.

[Policy 6-406 Revision 5](#). Effective dates August 13, 2001 to October 11, 2005.

[Policy 6-406 Revision 4](#) Effective dates September 11, 2000 to August 13, 2001.

[Policy 6-406 Revision 3](#). Effective dates: November 10, 1997 to September 11, 2000

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University of Utah
Internal Audit Department
Dedicated to Improving Operations and Accountability

Audit of Special Student Fees

July 26, 2017

Special student fees are course or program-related fees that are assessed in addition to regular tuition and fees. They include fees that are imposed to offset unfunded costs of individual courses or specialized programs, laboratory materials, and fees to compensate instructors for individualized private instruction. University Policy 6-406 requires approval of these fees by a central committee and establishes procedures for collecting and handling the funds. For the 2016-17 academic year, there were approximately 1,500 separate fees and the related revenues totaled approximately \$7.2 million.

The primary objectives of this audit were to evaluate compliance with University Policy 6-406 and assess accountability for the funds.

We found significant compliance issues and weaknesses in managing these fees. We have made five recommendations for improvement.



July 26, 2017

President David W. Pershing
University of Utah
201 South Presidents Circle, Room 203
Salt Lake City, Utah 84112-9008

Dear President Pershing:

Please find enclosed the report of our audit of Special Student Fees. An executive summary can be found immediately following the table of contents.

This audit was conducted by Michael G. Goodrich. We have appreciated the cooperation and assistance of Income Accounting management, the Special Fee Review Committee chair, and their staffs.

As is customary, we plan to conduct a follow-up review in approximately six months to determine what actions are taken in response to the audit recommendations. This audit will remain open until completion of the follow-up review, at which time we will provide another report.

Sincerely,

Michael G. Goodrich
Internal Auditor

Frederick M. Ericksen
Audit Manager

Randy B. Van Dyke
Assistant Vice President for Auditing and Risk Services

**Audit of
Special Student Fees
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Executive Summary

Special student fees are course or program-related fees that are assessed in addition to regular tuition and fees. They include fees that are imposed to offset unfunded costs of individual courses or specialized programs, laboratory materials, and fees to compensate instructors for individualized private instruction. University Policy 6-406 requires approval of these fees by a central committee and establishes procedures for collecting and handling the funds. For the 2016-17 academic year, there were approximately 1,500 separate fees and the related revenues totaled approximately \$7.2 million.

The primary objectives of this audit were to evaluate compliance with University Policy 6-406 and assess accountability for the funds.

We found significant compliance issues and weaknesses in managing special fees. We have made five recommendations for improvement.



High Risk (recommend immediate attention)

Moderate Risk (recommend attention within the next six months)

Low Risk

- Policy changes should be considered.
- The Special Review Committee should comply with current policy.
- Expired or improperly approved fees should not be collected.
- Special fees should be accurately recorded and classified.
- Special fees should be collected by the University cashier.

Background

The cost of attending the University of Utah goes beyond simple tuition. In addition to tuition, there are various Mandatory Fees (such as Computing, Library, Student Life Center, etc.), and various Special Student Fees (Special Course Fees and/or Special Program Fees). This audit is of the Special Student Fees, not of tuition or other mandatory fees.

University Policy 6-406

- Establishes the Special Fee Review Committee. The Special Fee Review Committee consists of the University Curriculum Policy Review Board (chairpersons of various college curriculum committees, the Dean of the Graduate School, the University Registrar, and The Associate Vice President for Academic Affairs and Undergraduate Studies (or designee) as the chair) and one representative from the office of the Associate Vice President for Budget & Planning, one representative from the office of the Vice President for Student Affairs, and four students as appointed by the President of the University (from a pool of six students nominated by ASUU).
- Instructs the committee to on their specific responsibilities and reporting requirements.
- States that Special Course Fee and Special Program Fees are not to be collected by colleges or departments, and are to be paid directly to the University Cashier
- States that Special Course Fees may be approved for consumable instructional materials, use of specialized Facilities, instructional materials & services, curriculum enhancement, and other specialized services. It states that fees are granted for a three year period, ending with the summer session.
- Identifies that approved Special Course Fees are restricted to specific course costs, may not be used to augment general categories of departmental budgets, and may not be deposited into gift activities (Fund 6000)
- Stipulates that Special Course Fees may not be charged to students without having been published in the Class Schedule

Agenda items for the Special Fee Review Committee are contained normally within the business of the University Curriculum Policy Review Board, and not as its own entity. Dr. Edward Barbanell is the chair of both committees. The University Curriculum Policy Review Board typically meets twice a year.

Fees approved by the Special Fee Review Committee are entered into the University financial system by the Office of Curriculum Administration, attaching the fee to specific courses. Income Accounting (the University Cashier), imposes and collects Special Course Fees as students register for classes.

For the 2016-17 academic year, special student fees totaled \$7,209,463. A breakdown by department is as follows:

Background

Department	Summer 2016	Fall 2016	Spring 2017	Total
Chemistry	\$ 62,422	\$ 208,315	\$ 202,735	\$ 473,472
Music	5,460	207,665	208,555	421,680
Management	2,100	14,085	269,075	285,260
Business	18,200	137,425	124,400	280,025
Accounting	28,243	122,383	124,464	275,090
Mechanical Engineering	950	141,397	120,881	263,228
Psychology	44,100	105,180	113,005	262,285
Theatre	5,934	117,834	123,398	247,165
Biology	33,030	113,115	99,650	245,795
Film And Media Arts	24,670	114,695	101,730	241,095
Mathematics	38,594	90,868	86,340	215,802
Economics	20,920	79,655	96,105	196,680
Sociology	39,780	80,530	62,630	182,940
Art	26,315	70,904	66,108	163,327
Nursing	56,020	52,310	49,180	157,510
Family And Consumer Studies	31,345	55,960	57,805	145,110
Bioengineering	-	70,840	69,770	140,610
Nutrition	24,979	61,202	41,527	127,708
Exercise Sport Science Fitness	9,848	52,073	59,158	121,078
Architecture	2,905	28,506	89,140	120,551
Information Systems	9,900	53,640	50,760	114,300
Hinckley Institute	39,600	26,100	38,700	104,400
Physical Therapy	62,960	16,765	24,030	103,755
Communication	33,420	32,840	35,370	101,630
Geology And Geophysics	29,510	32,039	35,480	97,029
Parks, Recreation And Tourism	17,500	38,199	39,718	95,417
Geography	14,820	36,950	38,459	90,229
Social Work	14,200	35,288	38,445	87,933
Occupational Therapy	4,800	56,310	24,860	85,970
Electrical And Computer Engineering	900	37,526	43,353	81,779
Athletic Training And Sports Medicine	-	24,470	57,089	81,559
Ballet	-	42,527	34,751	77,278
Anthropology	32,753	20,820	22,515	76,088
Political Science	16,560	28,730	29,830	75,120
All other Departments	209,353	569,816	591,398	1,370,566
TOTAL	\$ 962,090	\$ 2,976,960	\$ 3,270,413	\$ 7,209,463

Audit Scope and Objectives

Audit Scope

The audit scope included fees defined in University Policy 6-406, which are:

- **Key Deposits.** "A deposit made by a student to whom a key is issued under the Key Policy (Policy 3-234), subject to refund upon return of the key by the student."
- **Breakage Fees.** "Amounts deposited by students enrolled in laboratory or other courses that employ specialized equipment to create a reserve from which damaged or lost equipment may be repaired or repurchased."
- **Special Course Fees.** "Fees or charges that are imposed to offset unfunded costs associated with individual courses offered either on or off campus, including: use of nontraditional instructional systems; access to and use of technical instruments; and/or use of consumable laboratory or other instructional materials. (See Paragraph V, Addendum, for guidelines about how such fees can and cannot be used.)"
- **Special Program Fees.** "Fees or charges that are imposed to offset unfunded costs for extraordinary services associated with specialized educational programs. (See Paragraph V, Addendum, for guidelines about how such fees can and cannot be used.)"
- **Private Instruction Fees.** "Fees collected from students and used to compensate instructors for individualized private instruction necessary to the development of personal performance skills or artistic competencies of such students."

Audit Objectives

The primary objectives of this audit were to evaluate compliance with University Policy 6-406 and assess accountability for the funds. This included:

- Identifying all special student fees and analyzing related revenues.
- Evaluating the methodology for collecting and recording the fees. This included determining if the fees were recorded in correct activity and account numbers.
- Reviewing the functioning of the Special Fee Review Committee.
- Examining in detail a 10% sample of fees assessed in spring quarter 2017. This included determining if expired fees were assessed.
- Investigating fees that have been collected directly by colleges and departments.

Recommendations and Responses

● **Policy Changes Should Be Considered**

Discussion:

Policy 6-406 has been in place without significant change since 1997. As described in more detail later in this report, current practices for approving and handling special student fees don't conform to the policy. Major issues include:

- **Oversight and Transparency**

The policy requires annual reports from the Special Fee Review Committee to the Academic Senate and the President. No reports have been made for many years.

- **Committee Composition**

The policy establishes membership of the Special Fee Review Committee as a) members of University Curriculum Policy Review Board, b) one representative each from the office of the Associate Vice President for Budget & Planning and the Vice President for Student Affairs, and c) four students appointed by the President from a pool of six students nominated by ASUU. The student representation requirement has not been met.

- **Fee Expiration**

The policy indicates that special fees are valid for three years. In practice, however, expiration dates are not tracked and fees continue to be assessed indefinitely. There is no 'master list' of all currently-authorized fees.

- **Fees Imposed and Collected by Colleges and Departments**

Colleges, departments, and other operating units of the University of Utah are not authorized to impose, collect, or deposit to their own activity/project any special course fees or special program fees that have not been approved by the Special Fee Review Committee. The policy requires all fees to be paid directly to the University cashier. We noted instances where colleges and departments have independently imposed and collected special fees.

- **Concise Definitions of Fees Should Be In Policy**

With the large number of fees collected and the many names given to them, policy should include clear and concise definitions of each fee prescribed by this policy. This includes course and class fees and deposits.

Recommendation:

We recommend that policy changes be considered to clarify roles and responsibilities and provide for full compliance.

Response by Senior Associate Vice President for Academic Affairs:

The Assistant Vice President of Undergraduate Studies will step into the role of both the Chair of the Special Fee Review Committee and the University Curriculum Policy Review Board.

The first order of business will be to begin the process of a broad review and revision of University Policy 6-406 which was written in 1997 and is in serious need of updating. During the past ten years, the number of course fee requests has significantly increased and we are in the process of implementing new technologies, which will greatly facilitate tracking in the future. Members of the committee will clarify the definitions of different types of fees and the catalog year for course fees.

Recommendations and Responses

As the new chair of these bodies, he/she will have the opportunity to review the responsibilities of the two groups and their reporting responsibilities with the group. He/she will reiterate during his/her instructions to the group, that Special Course Fees and Special Program Fees are not to be collected by colleges or departments, and are to be paid directly to the University cashier. He/she will take responsibility of making an annual report of the activities of the Special Course Fee Committee after the completion of the academic year. He/she will lead the process of strengthening the language in the wording of the section in Policy 6-406 "Fees Imposed and Collected by Colleges and Departments" that fees must be paid directly to the university cashier and not collected by the colleges. The chair of the committee will continue to work with ASUU to recruit and engage the requisite number of student representatives.

A special sub-committee of the Special Fee Committee will be in place by September 1, 2017 and will meet over fall semester to revise the policy which will be submitted to the Executive Committee of the Senate and the full Senate for approval during Spring semester 2018.

Responsible Person: Ann L. Darling

Completion Date: December 31, 2017 (end of Fall semester)

● **Special Fee Review Committee Should Comply With Current Policy**

Discussion:

The Special Fee Review Committee doesn't comply with Policy 6-406 in several respects:

- Required reports to the Academic Senate and President have not been made.
- Expiration requirements haven't been applied and no process for doing so has been developed.
- The committee has chosen to focus on special program fees to the exclusion of special course fees, key deposits, breakage fees, and private instruction fees. The chair stated that some committee members prefer not to address fees other than program fees.
- Student representation requirements haven't been met. No one has taken the initiative to ensure that ASUU nominates six potential committee members and ensure that the nominees are submitted to the President. We understand that there was only one student on the committee last year, and that person volunteered and served without a formal appointment by the President.

Recommendation:

Until any changes are made to Policy 6-406, we recommend that the Special Fee Review Committee comply with the current policy.

Response by Senior Associate Vice President for Academic Affairs:

The chair of the committee/assistant vice president of Undergraduate Studies with the Director of Curriculum Management will produce a report each year to be submitted to the academic senate and the president.

A special sub-committee of the Special Fees Committee will review all course fee proposals and renewals. The Special Fee Committee in its revision of the policy will create definitions that will be key to this process during the academic year 2017-18. This committee will be in-place by the first of Fall semester 2017 and will be led by the Assistant Vice President for Undergraduate Studies.

Recommendations and Responses

The Director of Curriculum Management will take responsibility for the tracking of Special Course Fees. The collection of course fees will transition from an initially manual process to our new electronic system (Kuali Curriculum Management) that will allow a more accurate list of all university courses fees and the committee approval dates to be generated for the annual report. This will also help us to create a list of course fees ready for expiration each year. A process will be developed, in conjunction with the Special Fee Review Committee, to review new and expired course fees. The Director of Curriculum Management will also work with Income Accounting to ensure these processes and policies are implemented, tracked and consistent.

The Chair of the Committee/Assistant Vice President of Undergraduate Studies will work with ASUU to recruit and engage the requisite number of students for the Special Course Fee Committee.

The first annual report will be submitted by the end of the 2017-18 academic year and will be drafted by the Assistant Vice President for Undergraduate Studies and the Director of Curriculum Management. The Assistant Vice President for Undergraduate Studies will work with ASUU before the first meeting of the Special Fee Committee during Fall semester to recruit the requisite four student members as per policy.

The Director of Curriculum Management will develop and implement a process to track course fees and schedule both approvals and re-approvals. This process will be in place by the end of Fall 2017.

*Responsible Persons: Ann L. Darling, Lyndi A. Duff
Completion Date: December 31, 2017 (end of Fall semester)*

● **Expired or Improperly Approved Fees Should Not Be Collected**

Discussion:

Policy 6-406 requires that requests for special course or program fees be submitted to the Special Fee Review Committee through the cognizant dean. It also indicates that “approval for special course fees and special program fees are granted for a three year period, ending with the summer session.”

From a listing of 1,463 “active” special student fees, we examined all available documentation for a sample of 141 fees. There were problems in almost every case (137 of 141), as follows:

- 91 fees lacked full committee approval. Available documentation suggests they were approved by the committee chair without being considered by the full committee. Also, approval by the cognizant dean was missing from one. Revenue from these 91 fees for spring 2017 amounted to approximately \$1,090,000.
- 46 fees were expired (past the three year period). Revenue from those 46 fees for the Spring 2017 semester totaled approximately \$531,000.

We also noted that some fees were deposited into a chartfield other than the chartfield indicated on the application form. Without explanatory documentation, this may indicate a change in the purpose of the fee (effectively creating a new fee without approval).

Recommendation:

We recommend that:

- Each fee be approved by the committee every three years. Expired fees that have not been renewed should not be assessed. It may be useful to develop a separate application form for renewals. We believe the cognizant dean should approve renewal applications also.
- The committee chair should not approve fees on behalf of the full committee.
- Documentation of committee approvals, including effective dates, should be kept.

Recommendations and Responses

Response by Senior Associate Vice President for Academic Affairs:

The review of course fees included approvals by the Department Chair, College Dean, and the Chair of the Special Fee Review Committee (SFRC) rather than the committee as a whole, which was motivated by expediency and efficiency. The fees were appropriate and met current guidelines for course fees, but the policy wasn't applied completely. The new Chair of the committee, the Assistant Vice President for Undergraduate Studies will implement a new review process, determined by the SFRC and following policy before December 31, 2017.

In the past, three year reviews have not been completed, which would account for the expired fees being collected. Course fees have been removed at the department's request, when they were no longer relevant. We will work with the SFRC to create a review process and will create a timeline for getting all the out-of-date reviews completed.

The Director of Curriculum Management will use the curriculum management technology to track expired fees, create and schedule the three-year review of existing fees and develop a process for renewals.

*Responsible Person: Lyndi A. Duff
Completion Date: December 31, 2017*

● **Special Fees Should Be Accurately Recorded and Classified**

Discussion:

University Policy 6-406 prohibits special student fees from being deposited into gift accounts (Fund 6000). We noted two instances where this requirement was violated: Special fees totaling approximately \$9,000 have been deposited to a School of Business gift account and fees totaling approximately \$800 have been deposited to a College of Humanities gift account.

Also, a specified account range should be used to record revenue from special fees. Currently, account numbers 40770 - 40794 are dedicated for student fees. In our audit sample, there were 58 activities where incorrect account numbers were used:

- Office for Global Engagement (48 activities)
- Continuing Education (5 activities)
- Undergraduate Studies (1 activity)
- College of Architecture & Planning (1 activity)
- College of Social Work-Dean (1 activity)
- University Financial Functions (1 activity)
- College of Nursing (1 activity)

Recommendation:

We recommend that:

- All Fund 6000 Activities identified for deposit of Special Student Fees be replaced with an appropriate non-Fund 6000 Activity. It would be helpful to indicate this requirement on the Special Course Fee Request form.
- Corrections be made for improperly classified revenue. Income Accounting should contact the departments and provide direction for making the corrections.

Recommendations and Responses

Response by Senior Associate Vice President for Academic Affairs:

The Director of Curriculum Management and the Director of Income Accounting will work on an improved process that identifies incorrect item types and account numbers for course fees.

The Director of Curriculum Management will support Income Accounting in correcting any course fees currently using gift accounts and notifying the departments or colleges of their new chartfield.

As of July 3, 2017 the Associate Director of Income Accounting has reviewed all of the chart fields on the special fee item types, and finds that there are actually less than 10 active accounts, with the incorrect account number or fund. They will be corrected to the appropriate accounts this week (July 5-12). All of the other item types identified in the audit were either no longer in use, or had never been used. Even though we will probably never use these item types in the future, we will correct them so that everything appears to be crediting the correct accounts and funds.

A letter will be sent to all chairs from the Associate Vice President for Financial and Business Services and the Senior Associate Vice President for Academic Affairs alerting them to use the corrected chartfields and type of fees.

The Director of Curriculum Management will work with Income Accounting to improve the recording and classification of special fees by December 2017.

*Responsible Person: Lyndi A. Duff, Lisa A. Zaelit
Completion Date: December 31, 2017*

Response by Income Accounting:

We agree that Income Accounting will ensure that Special Student Fees are deposited into appropriate activities and will correct previous improperly classified revenue.

*Responsible Person: Lisa A. Zaelit
Completion Date: July 1, 2017*

● **Special Fees Should Be Collected by the University Cashier**

Discussion:

Policy states that approved fees must be paid directly to the University cashier, not to individual colleges or departments. We reviewed transactions recorded in the student fee account range for FY17 and found 259 instances of fees collected directly by departments (10 organizations and 27 activities). Of those:

- 75 were verified as classification errors.
- 56 transactions totaling \$5,134 were specifically identified as special student fees.
- 114 transactions totaling \$121,000 were previously identified and were being investigated by the Special Fee Review Committee.
- 14 were undetermined—the departments did not respond to our inquiries.

Some departments may not be aware of or understand the policy requirements.. While the policy indicates that the University Cashier must collect the special student fees, it doesn't assign responsibility for enforcing this requirement.

Recommendations and Responses

Recommendation:

We recommend that Income Accounting or the Special Fee Review Committee take responsibility for identifying any fees collected directly by colleges or departments and following up to end such practices.

Response by Senior Associate Vice President for Academic Affairs:

The Director of Curriculum Management, will create and implement a course review and renewal process using curriculum management technology to track expiring fees and schedule three-year reviews of existing fees. The Director of Curriculum Management will work with the Associate Director, Income Accounting and Student Loan Services, to improve the recording and classification of special fees.

We support the recommendation that Income Accounting take responsibility for identifying any fees collected directly by colleges or departments and following up to end such practices.

*Responsible Person: Ann L. Darling
Completion Date: October 1, 2017*

Response by Income Accounting:

Financial and Business Services believes the policy owner, Undergraduate Studies, should take responsibility for enforcement and communication. Income Accounting is available to provide assistance in this process.

*Responsible Person: Lisa A. Zaelit
Completion Date: ongoing*



July 14, 2017

Randy B. Van Dyke
Internal Audit Department
University of Utah
201 South Presidents Circle, Room 209
Salt Lake City, Utah 84112-9021

Dear Mr. Van Dyke:

I have reviewed the report of your audit of Special Student Fees, along with management's responses. I concur with the recommendations for improvement, and expect management of the department to take appropriate action. I also expect line management to monitor whether the actions are timely and effectively address the underlying issues.

Please notify me if your follow-up review indicates a lack of satisfactory progress on any significant issues.

Sincerely,

Ruth V. Watkins
Senior Vice President for Academic Affairs

Senior Vice President for Academic Affairs
201 S. Presidents Circle Room 205
Salt Lake City, Utah 84112-9007

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