Audit of Residency Classification for Tuition Purposes
Report No. 17/18-04
December 11, 2017
FIU
FLORIDA INTERNATIONAL UNIVERSITY
OFFICE OF INTERNAL AUDIT

Date: December 11, 2017

To: Kevin B. Coughlin Jr., Interim Vice President for Enrollment Management & Services
   Tawia Ansaah, Acting Dean, College of Law

From: Allen Vann, Chief Audit Executive

Subject: Audit of Residency Classification for Tuition Purpose, Report No. 17/18-04

We have completed an audit of Residency Classification for Tuition Purposes for the academic year 2016-17. The primary objective of our audit was to determine whether controls over student residency classification were adequate and effective. Specifically, we evaluated: 1) residency classification and reclassification process; 2) non-resident tuition waiver or exemption; 3) compliance with applicable laws, rules and regulations, and University policies and procedures; and 4) information security measures for student residency data changes.

The total number of students enrolled for Fall 2016 were 55,112, of which 90% were classified as Florida residents for tuition purpose. For the fiscal year 2016-17, tuition and fees assessed to students totaled $365.8 million, 18% of which represent revenues derived from non-resident students.

The student residency classification process and information security controls need to be improved. During the audit, we noted that the classification to in-state student residency status was not always adequately documented or supported resulting in as much as a quarter million dollars per semester in estimated tuition shortfalls. In addition, IT controls related to the student residency data need to be strengthened. The audit resulted in eight recommendations, which management agreed to implement.

We would like to take this opportunity to express our appreciation to you and your staff for the cooperation and courtesies extended to us during the audit.

Attachment

C: FIU Board of Trustees
   Mark B. Rosenberg, University President
   Kenneth G. Furton, Provost and Chief Operating Officer
   Kenneth A. Jessell, Chief Financial Officer and Senior Vice President
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OBJECTIVE, SCOPE AND METHODOLOGY

Pursuant to our approved annual plan, we have completed an audit of Residency Classification for Tuition Purposes for the academic year 2016-17. The primary objective of our audit was to determine whether controls over student residency classification were adequate and effective. Specifically, we evaluated:

- Residency classification and reclassification process;
- Non-resident tuition waiver or exemption;
- Compliance with applicable laws, rules and regulations, and University policies and procedures; and
- Information security measures for student residency data changes.

The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing and included tests of the accounting and student records and such other auditing procedures, as we considered necessary under the circumstances. Audit fieldwork was conducted from May to August 2017.

During the audit, we:

- Reviewed University policies and procedures, applicable Florida statutes and regulations, and department operational manuals;
- Observed and evaluated current practices and processing techniques;
- Interviewed responsible personnel; and
- Tested selected transactions.

A risk-based approach was used when selecting sample sizes and transactions for testing. We selected and examined mainly those students whose address on record were out-of-state and whose residency were classified as in-state status. We also estimated the potential revenue loss for a semester for each sampled student whose residency status was misclassified.

As part of our audit, we reviewed internal and external audit reports issued during the last three years to determine whether there were any prior recommendations related to the scope and objective of this audit and whether management had effectively addressed prior audit concerns. In this regards, we identified and followed up on a prior recommendation, issued by the State of Florida Auditor General (Report No. 2016-187, dated April 2016), relating to the residency classification of international students for tuition purposes.
BACKGROUND

According to section 1009.21, Florida Statutes (F.S.), *Determination of Resident Status for Tuition Purposes*, students shall be classified as residents or nonresidents for the purpose of assessing tuition in postsecondary educational programs offered by Florida public higher education institutions. To qualify as a Florida resident for tuition purposes, a student or, if that student is a dependent child, his or her parent(s) must have established residence in Florida and must have maintained legal residence in Florida for at least 12 consecutive months immediately prior to his or her initial enrollment in an institution of higher education. The statute indicates that it is imperative that the required 12 month qualifying period be for the purpose of maintaining a bona fide domicile rather than simply establishing a temporary residence to attend college/university. The statute also allows a student who is classified as a non-Florida resident to be reclassified as a Florida resident for tuition purposes if the student or his or her parent(s), if that student is a dependent child, provides clear and convincing documentation that supports permanent legal residency in Florida for at least 12 consecutive months.

Furthermore, the statute provides authority for the Board of Governors (BOG) to establish regulations related to residency for tuition purposes for all state universities. Accordingly, the BOG adopted regulation 7.005 to establish consistent policies for the classification of students as residents for tuition purposes in accordance with the criteria set forth in section 1009.21, F.S. Therefore, Florida International University (FIU or University) as part of state universities is required to comply with the guidelines provided in Florida statute and BOG regulation.
In order to determine if a student is a Florida resident or a non-Florida resident for tuition purposes at FIU, each application is reviewed on an individual basis by the following departments/colleges:

- Enrollment Processing Center, which evaluates and determines the initial residency status for undergraduate students;
- Colleges of Medicine and Law, which evaluate and determine the initial and reclassification residency status for their respective students;
- College of Business, which evaluates and determines the initial residency status for their graduate students;
- Graduate and International Admissions and Recruitment Services, which evaluates and determines the initial residency status for all graduate students except for Medical, Law and graduate Business students; and
- Office of the Registrar, which evaluates and determines reclassification from out-of-state to in-state status for all students other than Medical and Law students.

The Enrollment Processing Center, the Graduate and International Admissions and Recruitment Services, and the Office of the Registrar are part of the University’s Enrollment Management and Services.

The student’s residency status is entered into the student records in the PantherSoft Campus Solutions system to facilitate tuition assessment and billing.

For the academic year 2016-17, the University assessed tuition and fees for resident and non-resident students as follows:

<table>
<thead>
<tr>
<th>Tuition and Fees for Residents and Non-residents</th>
<th>Resident</th>
<th>Non-resident</th>
</tr>
</thead>
<tbody>
<tr>
<td>For the academic year 2016-17</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rate Per Credit Hour</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Undergraduate</td>
<td>$205.57</td>
<td>$618.87</td>
</tr>
<tr>
<td>Graduate</td>
<td>$455.64</td>
<td>$1,001.69</td>
</tr>
<tr>
<td>College of Law</td>
<td>$690.54</td>
<td>$1,150.03</td>
</tr>
<tr>
<td>Rate Per Academic Year</td>
<td>College of Medicine</td>
<td>$38,003.00</td>
</tr>
</tbody>
</table>

According to the Controller’s Office, tuition and fees assessed to students for the fiscal year 2016-17 were as follows:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resident</td>
<td>$223,040,531</td>
</tr>
<tr>
<td>Non-resident</td>
<td>66,396,305</td>
</tr>
<tr>
<td>Fees</td>
<td>76,364,905</td>
</tr>
<tr>
<td>Total</td>
<td>$365,801,741</td>
</tr>
</tbody>
</table>
The total number of students enrolled for Fall 2016 were 55,112, 90% of whom were classified as Florida residents for tuition purposes. The following chart details the University's total headcount enrollment by residency classification for tuition purposes for the past five academic years.

![Bar Chart]

- **Fall 2012**: Resident Students 41,094, Nonresident Students 3,968
- **Fall 2013**: Resident Students 48,140, Nonresident Students 4,840
- **Fall 2014**: Resident Students 49,268, Nonresident Students 4,831
- **Fall 2015**: Resident Students 48,879, Nonresident Students 5,179
- **Fall 2016**: Resident Students 49,636, Nonresident Students 5,476
Personnel

The chart below details the number of personnel responsible for initial residency and residency reclassification determination by areas of the University.
FINDINGS AND RECOMMENDATIONS

Overall, the student residency classification process and information security controls need to be improved. During the audit, we noted that the classification to in-state student residency status was not always adequately documented or supported resulting in as much as a quarter million dollars per semester in potential tuition losses. In addition, IT controls related to the student residency data need to be strengthened.

Our overall evaluation of internal controls is summarized in the table below.

<table>
<thead>
<tr>
<th>CRITERIA</th>
<th>SATISFACTORY</th>
<th>FAIR</th>
<th>INADEQUATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Process Controls</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Policy &amp; Procedures Compliance</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Effect</td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Information Risk</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>External Risk</td>
<td></td>
<td>X</td>
<td></td>
</tr>
</tbody>
</table>

INTERNAL CONTROLS LEGEND

<table>
<thead>
<tr>
<th>CRITERIA</th>
<th>SATISFACTORY</th>
<th>FAIR</th>
<th>INADEQUATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Process Controls</td>
<td>Effective</td>
<td>Opportunities exist to improve effectiveness</td>
<td>Do not exist or are not reliable</td>
</tr>
<tr>
<td>Policy &amp; Procedures Compliance</td>
<td>Non-compliance issues are minor</td>
<td>Non-compliance issues may be systemic</td>
<td>Non-compliance issues are pervasive, significant, or have severe consequences</td>
</tr>
<tr>
<td>Effect</td>
<td>Not likely to impact operations or program outcomes</td>
<td>Impact on outcomes contained</td>
<td>Negative impact on outcomes</td>
</tr>
<tr>
<td>Information Risk</td>
<td>Information systems are reliable</td>
<td>Data systems are mostly accurate but can be improved</td>
<td>Systems produce incomplete or inaccurate data which may cause inappropriate financial and operational decisions</td>
</tr>
<tr>
<td>External Risk</td>
<td>None or low</td>
<td>Medium</td>
<td>High</td>
</tr>
</tbody>
</table>
The areas of our observations during the audit are detailed below.

1. Initial Residency Determination

Florida Statute Section 1009.21(3)(c) requires each institution of higher education to affirmatively determine that an applicant who has been granted admission to that institution as a Florida resident meets the residency requirements. The residency determination must be documented by the submission of written or electronic verification that includes two or more of the documents mentioned in this statute. The documents must include at least one of the following:

First Tier

a) Florida voter’s registration card.
b) Florida driver license.
c) State of Florida identification card.
d) Florida vehicle registration.
e) Proof of a permanent home in Florida, which is occupied as a primary residence by the individual or by the individual’s parent if the individual is a dependent child.
f) Proof of a homestead exemption in Florida.
g) Transcripts from a Florida high school for multiple years if the Florida high school diploma or high school equivalency diploma was earned within the last 12 months.
h) Proof of permanent full-time employment in Florida for at least 30 hours per week for a 12-month period.

In addition, other documents (Second Tier), such as a declaration of domicile in Florida, a Florida professional/occupational license, a document evidencing family ties in Florida, or Florida incorporation, may be used in conjunction with one document from First Tier.

The University requires all newly admitted students to complete an Initial Classification Residency Affidavit (Residency Affidavit). Initially, all students are automatically assigned as Florida residents (in-state) in the University’s student records system. Subsequently, University staff members review the Residency Affidavit and determine if the student qualifies for in-state status for tuition purposes. If the student does not meet Florida residency requirements, their status is changed to a non-Florida resident (out-of-state) classification for tuition purposes. According to the Director of the Enrollment Processing Center, in the future all students will be automatically assigned as ‘undetermined’ rather than Florida residents until their residency status is verified.

During the audit, we examined records supporting the initial determination of residency for 182 students who were classified as Florida residents but their permanent addresses were listed as outside of Florida. Since their residency determination was made by their respective college/department, we selected the students who were undergraduate, graduate, medical, and law students for testing as follows:
• 52 undergraduate students;
• 12 graduate students including 3 from the College of Business;
• 52 students from the College of Medicine; and
• 66 students from the College of Law.

Our test disclosed that the University lost potential tuition revenue of $111,474 due to various classification errors during the initial residency determination process. The findings are detailed below.

• Fourteen law students and two undergraduate students were determined by the College of Law and the Enrollment Processing Center, respectively as Florida residents without documents that prove the establishment and maintenance of a legal residence in Florida for at least 12 consecutive months immediately prior to their initial enrollment at the University. For example, we found instances where the information on the Residency Affidavit was incomplete; inadequate supporting documents such as an alien registration card and an auto insurance invoice were used; and a claimant on the Residency Affidavit was not the same person identified on the supporting documentation. As a result of the misclassification of these 16 students as Florida residents for tuition purposes, the University lost $105,685 in potential revenue.

• One undergraduate student, who graduated from a foreign high school immediately prior to attending FIU, was determined by the Enrollment Processing Center as a Florida resident based on a legal guardianship with a Florida resident. However, there was no evidence to support the legal guardianship and the student later reported to the Financial Aid Office that the legal guardianship did not exist. As a result of the misclassification of this student as a Florida resident for tuition purposes, the University lost the potential revenue of $4,970.

• One readmitted undergraduate student was determined by the Enrollment Processing Center as a Florida resident without completing an updated Residency Affidavit, thereby no supporting documents. We have calculated the potential lost revenue at $819.

• Three Juris Master (JM) students were determined by the College of Law as Florida residents without completing a Residency Affidavit. While we noted that the JM program is offered to local professionals in the banking industry and a flat tuition rate is charged to every student whether the students are residents or non-residents, classifying students as Florida residents can have an effect if the students choose to transfer to other programs within the University. State law states that once the student has been classified as a Florida resident for tuition purposes, the residency status evaluation is only required if inconsistent information suggests a classification error or if the student discontinued attendance for more than 12 months.
We noted that the residency verification process differed among the Enrollment Processing Center, the Graduate & International Admissions Office, and three colleges (Medicine, Law, and Business) within the University. Although all of them used the same Residency Affidavit to determine a residency status, the Enrollment Processing Center and the Graduate & International Admissions Office did not require the students to submit copies of the residency supporting documents. Instead, they used a self-reporting process where a student enters residency related documents identifying the numbers and expiration dates on the Residency Affidavit. According to the Director of the Enrollment Processing Center, all of information on the Resident Affidavit were reviewed, but not verified. The three colleges, however, required their students to submit supporting residency documents.

We consulted with the University’s Office of General Counsel and confirmed that the University must require students to submit documents that support the residency determination either in hard copy or electronically.

In the absence of suitable residency classification procedures, the University is not adequately assessing and collecting tuition fees resulting in a loss of revenues.

Recommendations

<table>
<thead>
<tr>
<th>The <strong>College of Law</strong> should:</th>
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<tbody>
<tr>
<td>1.1</td>
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<table>
<thead>
<tr>
<th>The <strong>Enrollment Processing Center</strong> should:</th>
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<tr>
<td>1.3</td>
</tr>
<tr>
<td>1.4</td>
</tr>
</tbody>
</table>
Management Response/Action Plan:

The College of Law concurs with the recommendations and has action plans as follows:

1.1 Initial Classification: we identified the source of the documents provided which were not related to the applicant, as human error. To avoid these errors,

1) We will provide incoming staff with better training concerning documentation provided and that which is required.

2) We will support manual processes with detailed queries.
   a. Queries will highlight residency applications in which the claimant is a parent or spouse.
   b. We will initiate checklist items specific needs of students who have parents or spouses as the residency claimant.
   c. Before any residency decisions are made (in-state or out-of-state determinations), we will review documents from completed checklists.

3) Until checklist is confirmed, we will assign undetermined residency (UD) status to an applicant's residency record to prevent enrollment.

Residency Reclassification:

4) When students request reclassification and are denied by the College of Law, they will be referred to the University Residency Appeals Committee for a final decision.

Implementation Date: January 9, 2018

1.2 All students will be required to submit an Initial Residency Affidavit, including any program offered by the College which has a flat tuition rate.

Implementation Date: January 9, 2018

The Enrollment Processing Center concurs with the recommendations and will address audit issues as follows:

1.3 Legal Guardianship and Florida Residency: we identified the source of the guardianship oversight as human error and will take the following actions.

1) We will provide incoming staff with better training concerning checklist documentation and required documentation management.

2) We will support manual processes with detailed queries.
   a. Queries will highlight residency applications in which the claimant is the guardian.
b. We will initiate checklists items specific to the specific needs of students who have guardians as the residency claimant.

c. Before any residency decisions are made (in-state or out-of-state determinations), we will review documents from completed checklists.

3) Until checklist confirmed, we will assign undetermined residency (UD) status to applicant residency records to prevent enrollment.

Implementation Date: January 9, 2018

1.4 Residency Documentation:

1) As we manage residency decision for first-time in college (FTIC) applicants, we will:

   a. Default all applicants residency status as UD.
   b. Limit residency reviews to admitted students.
   c. Run daily admission queries to identify students requiring determination.
   d. Run queries that segregate admitted student records with documentations from those with missing documents.
   e. For students who have documents, we will review and determine residency.
   f. For students without submitted documents, we will
      - attempt to verify residency information in DAVID (Driver and Vehicle Information Database System).
      - If we cannot verify via DAVID, we will initiate checklist items and communicate document deficiency with applicants.
      - Applicants will maintain UD status until we can make a residency decision.

2) Transferring Students:

   a. For Florida state college transfers who are citizens
      - We will use electronic transcripts to determine residency as allowed in the Florida Statute.
      - We will use data from hard copy transcripts when electronic transcripts are not available.
   b. For all other transfers, we will engage in the same set of processes as FTIC applicants.

3) Over the next 30 days, the Director of Enrollment Operations will contact UCF and USF for best practices as they are applied to incoming applicant records (i.e., initial residency classification decisions).

Implementation Date: January 9, 2018
2. Residency Reclassification Determination

According to Florida Statute Section 1009.21(6)(a), a student who is classified as a nonresident may become eligible for reclassification as a resident for tuition purposes if that student or his or her parent, if the student is a dependent child, presents clear and convincing documentation that supports permanent legal residency in this state for at least 12 consecutive months rather than temporary residency for the purpose of pursuing an education. This section also provides an example of clear and convincing documentation as documentation of full-time permanent employment for the prior 12 months or the purchase of a home in this state and residence therein for the prior 12 months while not enrolled in an institution of higher education.

BOG Regulation 7.005(3), Residency Reclassification Determination, states, “A student who is classified as a nonresident for tuition purposes may become eligible for reclassification as a resident for tuition purposes by presenting a minimum of three (3) documents identified in sections 1009.21(3)(c)1. or 1009.21(3)(c)2., that convincingly demonstrate the establishment of permanent legal residence in Florida other than for the sole purpose of pursuing a postsecondary education.” The required documents are mentioned in the Initial Residency Determination section of this report.

Accordingly, the University requires a student who wants to request reclassification from out-of-state to in-state status to complete a Residency Reclassification Application and present clear and convincing documentation to support Florida residency requirements. It requires a copy of the most recent signed tax return of the student or the parent/legal guardian, if the student is dependent. In addition, a minimum of three documents, such as a Florida voter’s registration card, a Florida driver license, a State of Florida identification card, and/or a Florida vehicle registration, must be provided.

The Office of the Registrar reviews and approves the majority of Residency Reclassification Applications. The College of Medicine and the College of Law also review and approve applications for their respective students.

We selected 35 Residency Reclassification Applications for testing as follows:

- 33 applications approved by the Office of the Registrar;
- 1 application for the College of Medicine, but approved by the Office of the Registrar; and
- 1 application for the College of Law.

Our test disclosed that the University lost potential tuition revenue of $104,150 by approving 14 Residency Reclassification Applications without sufficient documentation that convincingly demonstrated the establishment of permanent legal residence in Florida other than for the sole purpose of pursuing a postsecondary education.

- Twelve applications were approved by the Office of the Registrar using three documents, such as a Florida driver license, a Florida voter’s registration card, and/or a Florida vehicle registration, noted in Florida Statute Section 1009.21(3)(c).
However, these documents alone did not necessarily demonstrate the establishment of permanent legal residence in Florida other than for the sole purpose of pursuing a postsecondary education. We estimated the potential lost revenue of $66,530.

- One application was approved by the Office of the Registrar with documentation that did not support Florida residency for a minimum of 12 consecutive months prior to the first day of classes. We estimated the potential lost revenue of $6,199.

- One application for a College of Medicine student was approved by the Office of the Registrar. The College of Medicine Registrar was unaware of this reclassification. She informed us that the Office of the Registrar should not reclassify medical students. She also indicated that the application should have not been approved based on the documents provided because the student did not present clear and convincing evidence of establishment of a Florida residency such as full-time employment or the purchase of a home. We estimated the potential lost revenue of $31,421.

During the audit, we noted that the documentation used for approving residency reclassification differs between the Office of the Registrar and two colleges (Medicine and Law) at the University. For example, the College of Medicine and the College of Law require documentation to support establishment of permanent legal residence in Florida and/or full-time employment in addition to a minimum of three documents identified in section 1009.21(3)(c), F.S. However, the Office of the Registrar just requires the three minimum documents without obtaining proof of full-time employment and/or a copy of the most recent signed tax return. The three required documents accepted by the Office of the Registrar often does not provide clear and convincing evidence that students are not in Florida primarily for the purpose of pursuing a higher education.

We obtained information from three other state universities of what their residency reclassification requirements are. They all require proof of full-time employment and/or evidence of the establishment of permanent legal residence in Florida in addition to the three document minimum identified in section 1009.21(3)(c), F.S.

According to the University’s General Counsel Office, the residency statute was revised in 2009 to impose stricter requirements for reclassifying students as in-state residents such as proof of full-time employment and/or the purchase of a home. They opined that while the full-time employment or the purchase of a home are not the exclusive documentation that must be provided, certainly other documents that most students who come to Florida primarily to study would have, such as a lease agreement or declaration of domicile, or a Florida driver’s license would not be sufficient to support a reclassification.

In the absence of proper residency reclassification procedures, the University is not adequately assessing and collecting tuition fees resulting in a loss of revenues.
**Recommendations**

The **Office of the Registrar** should:

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<table>
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<tbody>
<tr>
<td>2.1</td>
<td>Enhance current procedures so that they can more effectively prevent applicants living in Florida, primarily to pursue higher education, from being reclassified as Florida residents.</td>
</tr>
<tr>
<td>2.2</td>
<td>Ensure that the student residency status is properly reclassified for tuition purposes based on adequate documentation.</td>
</tr>
</tbody>
</table>

**Management Response/Action Plan:**

The **Office of the Registrar** concurs with the recommendations and will perform the following actions:

2.1

    a) Although we will continue to base initial considerations of reclassification applications on the FLDOE 2015 guidelines, we will no longer consider the three document guidance as sufficient for granting a reclassification.

    b) Members of the University Registrar staff will request specific documentation that they (at the time) determine will constitute clear and convincing evidence that the applicant is not in Florida for the exclusive purpose of pursuing higher education.

    c) The members of the SR team who are responsible for considering reclassification will identify a list of exemplar document types based on their experiences from November 15, 2017 to November 14, 2018; based on these experiences, we will develop a baseline list of acceptable documentation for training purposes.

    Implementation Date: Immediately

2.2

    a) Our efforts in response to recommendation 2.1 will have an impact on compliance levels in this area.

    b) We will provide all staff members with training concerning term start dates and qualifying dates for documents to be considered for a given term.

    c) We will reduce the number of staff members that are authorized to implement reclassifications.

    Implementation Date: Immediately
3. **Florida Residency for Non-United States Citizens**

Pursuant to BOG Regulation 7.005(5), a non-United States citizen may be eligible to establish residency for tuition purposes if evidence is presented verifying that the student has legal status in the United States, has met the Florida residency requirements for tuition purposes, and the person is one of the following:

- A foreign national in a non-immigrant visa classification that grants the person the legal ability to establish and maintain a bona fide domicile in the United States.

- A permanent resident alien, parolee, asylee, Cuban-Haitian entrant, or other legal alien granted an indefinite stay, or other qualified alien as defined under federal law.

- Pursuant to section 1009.21(2)(d), a dependent student who is a U.S. citizen may not be denied classification as a resident for tuition purposes based solely upon the immigration status of the student’s parent.

We examined records supporting the residency status for 24 non-United States citizens classified as Florida residents. We found that six of them were misclassified as Florida residents, which resulted in $23,888 potential revenue loss, as follows:

- Three students continued to maintain the Florida residency or in-state status for tuition purposes after their visa expired. These students were dependents in non-immigrant visa category for which the benefit was no longer applicable after they became 21 years old. The estimated revenue loss was $14,859.

- Two students were classified as Florida residents without adequate documentation to support proof of Florida residency as required in Florida law. The estimated revenue loss was $7,799.

- One student was classified as a Florida resident after the Temporary Protective Status expired. The estimated revenue loss was $1,230.

Office of the Registrar personnel informed us that non-immigrant students should be reclassified as non-resident status when their visa expires. They have been monitoring F-1 student visas\(^1\) since a recommendation related to the residency classification of international students was issued by the State of Florida Auditor General in April 2016 (Report No. 2016-187). However, we noted that other non-immigrant visa expiration was not monitored, thus their residency status was not updated accordingly.

\(^1\) The F visas are a type of non-immigrant student visa that allows foreigners to pursue education in the United States.
Recommendation

The Office of the Registrar should:

| 3.1 | Enhance monitoring procedures to verify non-immigrant students’ visa expiration dates and timely update their residency status accordingly. |

Management Response/Action Plan:

The Office of the Registrar concurs with the recommendation and will perform the following actions:

1) Assistant Registrars will develop a list of visa types that render student eligible Florida resident status but expire when students reach a specific age.

2) The Assistant Registrar for Technology and Systems will develop a query based on these visa types that identifies students who age out of Florida residency eligibility. We are currently testing the query that will support this effort.

3) The residency professionals on the University Registrar team will use this query to reclassify students as non-residents until their residency claims can be approved.

Implementation Date: Immediately
4. **Information Security Measures for Student Residency Data**

a. **Audit Log Controls**

According to COBIT 5.0 DSS05.04.08, an audit trail should be maintained for access to information classified as highly sensitive. The audit trail should automatically record the creation and/or modification of sensitive data and notify defined personnel of these actions.

Data changes made to students’ residency field are logged in the information system including time stamp, employee who did the change, student ID, and semester that the change applies to. The log stores the prior and current residency data for each student. However, the log was not reviewed and the information system did not notify data owners of high-risk data changes to the residency field, e.g., a change from out-of-state to in-state status.

The lack of notification to high-risk residency data modifications and review of log files increases the risk of unauthorized data changes.

b. **Least Privileged**

According to COBIT 5.0 DSS05.04.01 and DSS06.03.03, user access privileges should be allocated based on what is only required to perform their job functions.

During our examination of the log files, we found that 5 of the 73 users tested were student employees or users from the departments that do not perform student residency classification. As a result, 29 students were changed to in-state (IS) from either out-of-state (OS) or undetermined (UD) by these employees, as noted in the chart below.
In addition, we selected and reviewed 23 out of the 29 changes made to in-state status. Our review disclosed that 3 were made with inadequate or without supporting documentation.

Access to the residency field of the student records by student employees or users from the departments that do not perform student residency classification increases the risk of unauthorized data changes to the residency field.

c. **Segregation of Duties**

According to COBIT DSS06.03.04, access to sensitive data should be allocated, so that there is a clear separation of duties necessary to prevent malevolent activity. Typically, management only approves or verifies data changes as part of their job duties. Information Technology (IT) staff members are also not making changes but maintain the information systems in the production environment.

During our examination, we found 5 of the 73 users tested, which included department heads and IT support staff made changes to the residency data during the Fall 2016 and Spring 2017 semesters. The table below illustrates the number of students that were changed to in-state from either out-of-state or undetermined by these users.

<table>
<thead>
<tr>
<th>User</th>
<th>Record Changes From</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Out of State</td>
<td>Undetermined</td>
<td></td>
</tr>
<tr>
<td>Director of Enrollment Operations</td>
<td>15</td>
<td>136</td>
<td></td>
</tr>
<tr>
<td>Registrar</td>
<td>0</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Director of Admissions</td>
<td>3</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Director of Admission Systems Support</td>
<td>0</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Information Technology Manager</td>
<td>1</td>
<td>0</td>
<td></td>
</tr>
</tbody>
</table>

We further reviewed all 3 changes made by the Director of Adm. System Support and the IT Manager. Our review revealed that 2 of the 3 changes were made without supporting documentation.

Department heads and IT staff having the ability to make residency data changes pose a segregation of duties risk.
Recommendation

Enrollment Management and Services should:

| 4.1 | Work with appropriate colleges/departments to: (a) ensure that the data owners are notified of high-risk residency data modifications and periodically review audit logs; (b) review and disable department heads and IT staff user accounts ability to make changes to the residency data; and (c) review and reduce user access to the residency field only to appropriate personnel. |

Management Response/Action Plan:

Enrollment Management and Services concurs with the recommendation and is currently in the process of strengthening IT controls over student residency data. Our detailed plans are as follows:

1) We are working with the IT security division to develop a query to support data owner assessment of residency updates.

2) The query will be run daily after initial run on November 1, 2017 and undergoing testing. We will complete the first review by December 4, 2017.

3) Assistant Registrar (and team) will review changes from out-of-state to in-state status.

4) For access reviews:

   a. Security team will provide the University Registrar (interim VP) with list of staff who can change residency.
   b. University Registrar will periodically review the staff authorization to residency page.
   c. University Registrar will submit requests to Security Team grant view only access to members of management teams to ensure checks and balances.

Implementation Date: Immediately