



**SOUTH TEXAS
COLLEGE**

Board of Trustees

Board Work Session

**Friday, October 01, 2021
10:00 a.m.**

**Pecan Campus
Ann Richards Administration Building
Board Room
McAllen, Texas**

Online Board Packet

**SOUTH TEXAS COLLEGE
BOARD OF TRUSTEES WORK SESSION
Friday, October 1, 2021 @ 10:00 a.m.
Ann Richards Administration Building Board Room
Pecan Campus, McAllen, Texas 78501**

AGENDA

"At anytime during the course of this meeting, the Board of Trustees may retire to Executive Session under Texas Government Code 551.071(2) to confer with its legal counsel on any subject matter on this agenda in which the duty of the attorney to the Board of Trustees under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with Chapter 551 of the Texas Government Code. Further, at anytime during the course of this meeting, the Board of Trustees may retire to Executive Session to deliberate on any subject slated for discussion at this meeting, as may be permitted under one or more of the exceptions to the Open Meetings Act set forth in Title 5, Subtitle A, Chapter 551, Subchapter D of the Texas Government Code. At this meeting, the Board of Trustees may deliberate on and take any action deemed appropriate by the Board of Trustees on the following subjects:"

- I. Call Meeting to Order**
- II. Determination of Quorum**
- III. Presentation on Purchasing and Distribution Services 1 - 22**
- IV. Presentation on Student Account Receivables and Collection Efforts 23 - 52**
- V. Presentation on Internal Audit Function's Purpose and Concepts 53 - 64**
- VI. Discussion of the South Texas College Educational Foundation 65**

Announcements

Next Meetings:

Tuesday, October 19, 2021

- 3:30 p.m. – Education and Workforce Development Committee
- 4:30 p.m. – Facilities Committee
- 5:30 p.m. – Finance, Audit, and Human Resources Committee

Tuesday, October 26, 2021

- 5:30 p.m. – Regular Board Meeting

A. Other Announcements:

- The Association of Community College Trustees will hold its annual National Leadership Summit from October 13 – 16, 2021.

Presentation on Purchasing and Distribution Services

Mrs. Mary G. Elizondo, Vice President for Finance and Administrative Services, and Mrs. Becky Cavazos, Director of Purchasing, will present an overview on the College's Purchasing and Distribution Services processes to the Board of Trustees.

Purpose – The presentation will provide to the Board of Trustees information on the Purchasing and Distribution Services Department functions, procedures, and compliance with Board approved purchasing policies and with state and federal laws.

Justification – The Purchasing and Distribution Services presentation will provide information related to the operations and compliance requirements of the Purchasing and Distribution Services processes.

Enclosed Documents – The Purchasing and Distribution Services Presentation follows in the packet for the Board's information and review.

No action is required from the Board of Trustees. This item is presented for information and feedback to administration.



Purchasing and Distribution Services

A Division of Finance and Administrative Services

Mary G. Elizondo, MBA, CPA, CFE, CGMA
Vice President for Finance and Administrative Services
Title IX Coordinator

Becky Cavazos
Director of Purchasing and Distribution Services

October 1, 2021

Discussion Topics

A. Purchasing and Distribution Services Overview

- Presentation Objectives
- Mission Statement
- Purchasing and Distribution Services Functions, Organizational Chart, Fast Facts
- Compliance with State and Federal Laws and College Policies

B. Purchase Order Types

- Procure to Pay
- Purchase Order Types, Purchase Requisition Approval Process, Solicitation Process at \$50,000 and Above
- Request for Proposal / Request for Qualifications Steps and Timeline for a Purchase Requiring Board Approval
- Existing Contracts Examples
- Cost of Publishing - Request for Proposal / Request for Qualifications
- Evaluation Committee Members

C. Strategic Goals

- Purchasing and Distribution Services IE Plan Goals
- Comprehensive Plan



A.

Purchasing and Distribution Services Overview

Objectives

To learn about:

- The Purchasing and Distribution Services Department
 - Purchase orders, contracts, agreements, soliciting
 - Mail Services and Copy Center
 - Fixed Assets
- Compliance with the Federal Standards, Texas Government Code, Texas Education Codes, and College Policies.
- Strategic Goals

Mission Statement

South Texas College Purchasing and Distribution Services supports the College's educational mission by:

- Securing the best value and achieve savings opportunities in acquisition of goods and services necessary for the operation of the College;
- Maintaining an efficient system for the delivery of goods and processing of mail for College departments;
- Maintaining an accurate and up-to-date inventory of the College assets;
- Incorporating effective internal controls.
- Providing services that are in compliance with applicable federal and state laws, College policies, and best practices.
- Supporting South Texas College goals and objectives.

A. Purchasing and Distribution Services Overview

5

Purchasing and Distribution Services Functions



PURCHASING



CENTRAL
RECEIVING



FIXED ASSETS



MAIL SERVICES

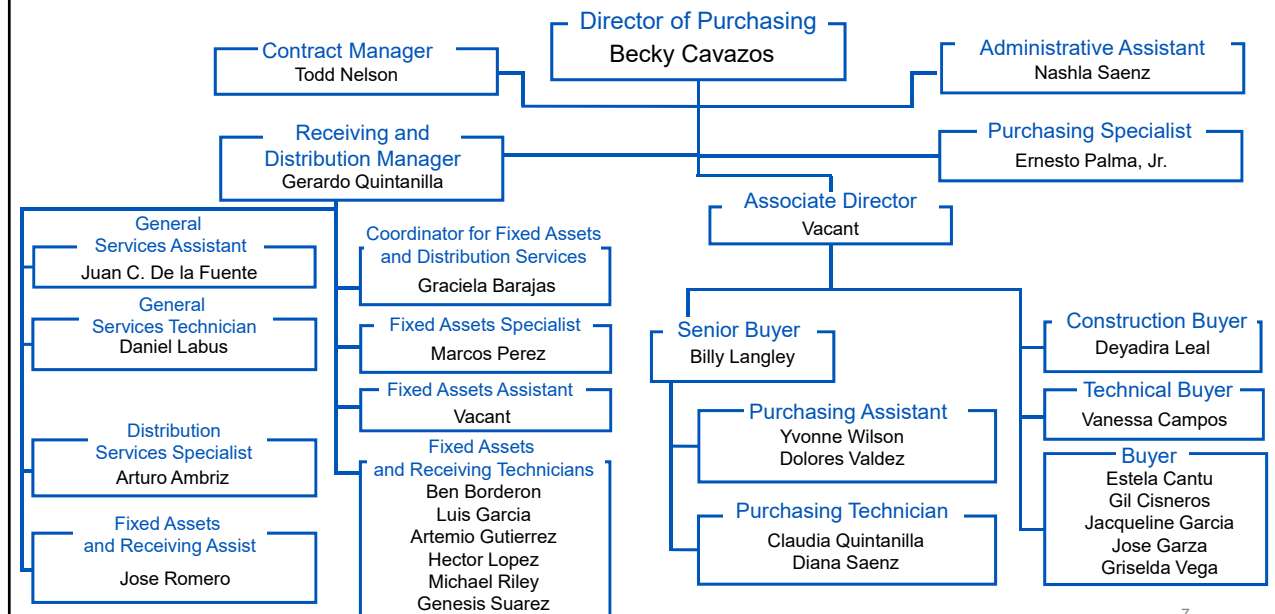


COPY CENTER

A. Purchasing and Distribution Services Overview

6

Meet the Purchasing and Distribution Services Department Staff



A. Purchasing and Distribution Services Overview

7

Fast Facts

South Texas College Purchasing and Distribution Services in 2021:

- Prepared and solicited a total of 54 bids for request for proposals (RFPs) and request for qualifications (RFQs).
- Prepared a total of 13 request for quotes.
- Processed a total of 6,486 purchase orders.
- Generated a total of 309,750 copies at the Copy Center.
- Completed a total of 230 moves for faculty and staff.
- Completed a total of 5,355 deliveries of goods to end user departments.
- Created 997 new assets in the Banner fixed assets system.

A. Purchasing and Distribution Services Overview

8

Compliance with Purchasing State of Texas Governing Laws

Government Codes

Chapter 791: Interlocal Cooperative Contracts

Chapter 2254: Professional and Consulting Services Subchapter A: Professional Services

Chapter 2269: Contracting and Delivery of Procedures for Construction Projects

Education Code

Fiscal Management Subchapter B: Purchases; Contract Section 44.031
Chapter 44: Purchasing Contracts

Federal Standards: 2-CFR-200.318 General Procurement Standards

A. Purchasing and Distribution Services Overview

9

Compliance with Board Approved Purchasing Policies

Policy 5200

- Purchasing Authority

Policy 5210

- Purchasing

Policy 5211

- Vendor Information File

Policy 5212

- Relationship Between Vendors and Employees

Policy 5213

- Voluntary Participation in the State of Texas Purchasing Program

Policy 5214

- Disclosure of Business Relationships with Vendors

Policy 5220

- Contractors: Consultant Services, Professional Services, and Honoraria

Policy 5225

- Authorization for the President to Award Contracts After Informal Bidding for Expenditures of Up to \$10,000 and Purchasing Procedures for Personal Property and Public Works

Policy 5226

- Contracts

Policy 5600

- Authorization to Sign Checks

Policy 5610

- Release of Disbursements

A. Purchasing and Distribution Services Overview

10

Policy 5200 Purchasing Authority



Governing Law



Authorization to
Conduct Purchasing



Unauthorized
Purchase

A. Purchasing and Distribution Services Overview

11

Policy 5210 Purchasing

The provisions of Purchasing are:



To afford the most competitive opportunity for individual vendors to provide items to the College;



To minimize the administrative costs of manpower, storage, and freight costs associated with accomplishing the purchasing function.



The Director of Purchasing is delegated the authority to act as agent for the College in carrying out the purchasing activities of the College.



To identify and describe exceptions to competitive procurement of certain professional services.

A. Purchasing and Distribution Services Overview

12

Policy 5210 Purchasing - Continued

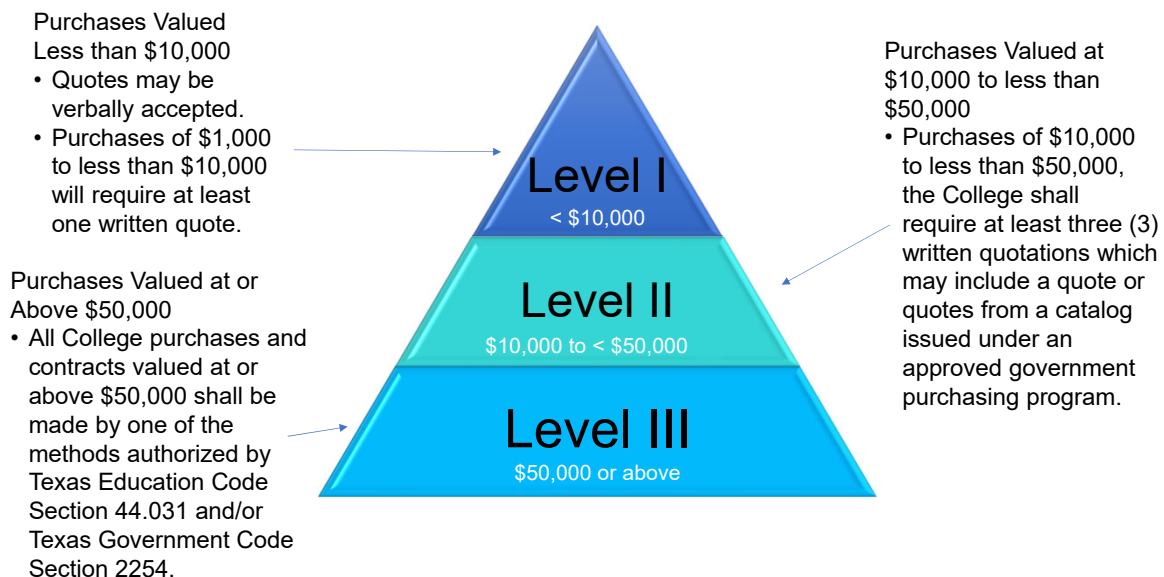
Purchases are divided into levels based upon dollar value and method of procurement; the levels are as follows:

- Level I : Purchases Valued Less than \$10,000
 - Quotes may be verbally accepted. Purchases of \$1,000 to less than \$10,000 will require at least one written quote.
 - Examples: Memberships, Subscriptions, Registrations, Trainers, Consultants, etc.
- Level II : Purchases Valued at \$10,000 to less than \$50,000
 - Purchases of \$10,000 to less than \$50,000, the College shall require at least three (3) written quotations which may include a quote or quotes from a catalog issued under an approved government purchasing program. The Board of Trustees receives a monthly report for all the expenditures at \$10,000 to less than \$50,000.
 - Examples: Vehicles, Equipment, Software Maintenance, Moving Services, Software Licenses, Services, etc.
- Level III : Purchases Valued at or above \$50,000
 - All College purchases and contracts valued at or above \$50,000 must be Board approved and shall be made by one of the methods authorized by Texas Education Code Section 44.031 and/or Texas Government Code Section 2254.
 - Examples: Property Insurance, Network Equipment, Custodial Supplies, Internet Services, Audio Visual Equipment, Equipment Rental Services, etc.

A. Purchasing and Distribution Services Overview

13

Policy 5210 Purchasing - Continued



A. Purchasing and Distribution Services Overview

14

Policy 5210 Purchasing - Continued

- **Level III : Purchases Valued at or above \$50,000 (continued)**
- **Request for Proposal and Request for Qualifications processes are as follows:**
 - Work with end-user to develop Proposal/Qualification
 - Advertise the solicitation
 - Receive the proposals/qualifications
 - Purchasing staff will prepare the proposal tabulation or qualifications summary
 - The evaluation team which is composed of the project owner(s), personnel familiar with the project outside the project owner department, and Purchasing will review and evaluate the responses based on Board approved criteria and weights. Examples:
 - Audio Visual Equipment – Educational Technologies, Information Technology, and Purchasing
 - Construction Projects – Facilities Planning and Construction, Facilities Operations and Maintenance, Project Owner(s), and Purchasing
 - Prepare the evaluation summary and Board recommendation

A. Purchasing and Distribution Services Overview

15

Policy 5211 Vendor Information File



The Director of Purchasing shall maintain a vendor information file.



Reach out to Texas Community Colleges and Purchasing Association members.



The Purchasing staff does their due diligence by utilizing search engines to identify possible vendors for the various opportunities.



Vendors wishing to be placed on the College's vendor information file must complete the vendor information form.

A. Purchasing and Distribution Services Overview

16

Policy 5212

Relationship Between Vendors and Employees



Employees of South Texas College Shall ...

- Work to maintain the good name of the College by developing and maintaining good relations between the College and its vendors;
- Promote positive vendor relationships through courtesy and impartiality in all phases of the purchasing cycle



Employees of South Texas College Shall NOT ...

- Accept gifts, either in-kind or of money from a vendor;
- Accept meals with a value over \$50.00 transportation beyond district boundaries, and overnight accommodations.
- Be involved in any transaction with a vendor in which there exists a conflict of interest;
- And more...

A. Purchasing and Distribution Services Overview

17

Policy 5213

Voluntary Participation in the State of Texas Purchasing Program



South Texas College voluntarily participates in the state of Texas purchasing program.



Such participation allows the College to purchase and/or acquire services via state contracts and the state's catalog purchasing program.

Purchases at \$50,000 and above will require Board of Trustees approval.

A. Purchasing and Distribution Services Overview

18

Policy 5214

Disclosure of Business Relationships with Vendors



This policy requires the written disclosure of certain information by College administrators regarding dealings with vendors.

A. Purchasing and Distribution Services Overview

19

Policy 5220

Contractors: Consultant Services, Professional Services and Honoraria



Consultant services and professional services greater than \$5,000 require advance approval, in writing, by the College President.

Honoraria in any amount require advance approval, in writing, by the College President.

A. Purchasing and Distribution Services Overview

20

Policy 5225

Authorization for the President to Award Contracts After Informal Bidding for Expenditures of Up to \$10,000 and Purchasing Procedures for Personal Property and Public Works



Personal Property

All South Texas College expenditures for the purchase of any personal property, except produce or vehicle fuel, in excess of \$1,000.00 and not more than \$10,000.00 shall be made by the President after the receipt of informal bids.



Public Works

All South Texas College expenditures for public works, which become fixtures to real property in excess of \$1,000.00 and not more than \$10,000.00 shall be made by the President after the receipt of informal bids.

A. Purchasing and Distribution Services Overview

21

Policy 5226 - Contracts



This policy shall apply to all contracts to which the College is a party, other than purchasing activities which are governed by a separate policy.

Contracts under \$25,000 for personal property and contracts under \$15,000 for construction, maintenance, repair, or renovation of any building:

The President may contract for any lawful purpose of the College provided the obligation of the College thereby incurred does not exceed the above limits in cash or in-kind equivalent.

Change order - Construction

The President may approve a capital improvement change order involving expenditures of \$5,000 or less, and the President and Board Chair may jointly approve a construction change order involving an expenditure exceeding \$5,000 when, in the opinion of the President, the deferral of the change order until the next regular board meeting would cause a significant delay in the progress of the construction project.

A. Purchasing and Distribution Services Overview

22

Policy 5600

Authorization to Sign Checks



The Board of Trustees authorizes the President, the Vice President for Finance and Administrative Services, and the Comptroller to sign checks for all accounts on behalf of the College.

All Checks Under \$25,000

- Business Office approval
- Released without initials by Vice President for Financial and Administrative Services, President or Board of Trustees

All Checks \$25,000 and Above

- Approved (initialed) by:
 - Vice President for Finance and Administrative Services
 - President

All Checks \$125,000 and Above

- Approved by:
 - Board of Trustees

A. Purchasing and Distribution Services Overview

23

Policy 5610

Release of Disbursements



The following authority is required for release of disbursements:

Under \$25,000

- Business Office approval

\$25,000 - \$125,000

- Vice President for Finance and Administrative Services
- President

Above \$125,000**

- Vice President for Finance and Administrative Services
- President
- Board of Trustees

****Exceptions: Utilities, Telephone Services, Lease Agreements, Postage, Insurances, Certificates of Deposits, Payroll Liabilities, and other Investments**

A. Purchasing and Distribution Services Overview

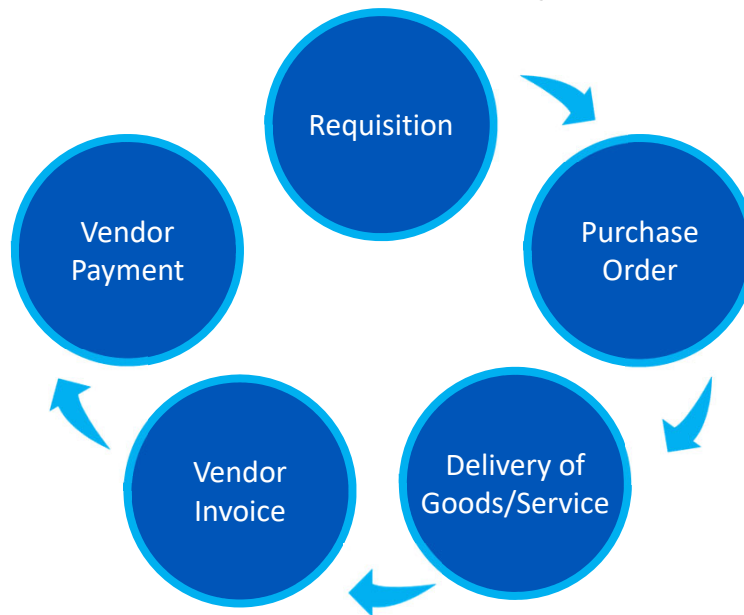
24



B.

Purchase Order Types

Procure-To-Pay



B. Purchase Order Types

26

Purchase Order Types

2-Way Purchase Order

This type of purchase order would be for **intangible items**: services, open purchase orders, equipment rentals, memberships, hosted services, temporary personnel services, etc.

The vendor invoices are signed by the financial manager prior to payment.

3-Way Purchase Order

This type of purchase order would be for **tangible items**: office supplies, equipment, furniture, computers, printers, scanners, books, etc.

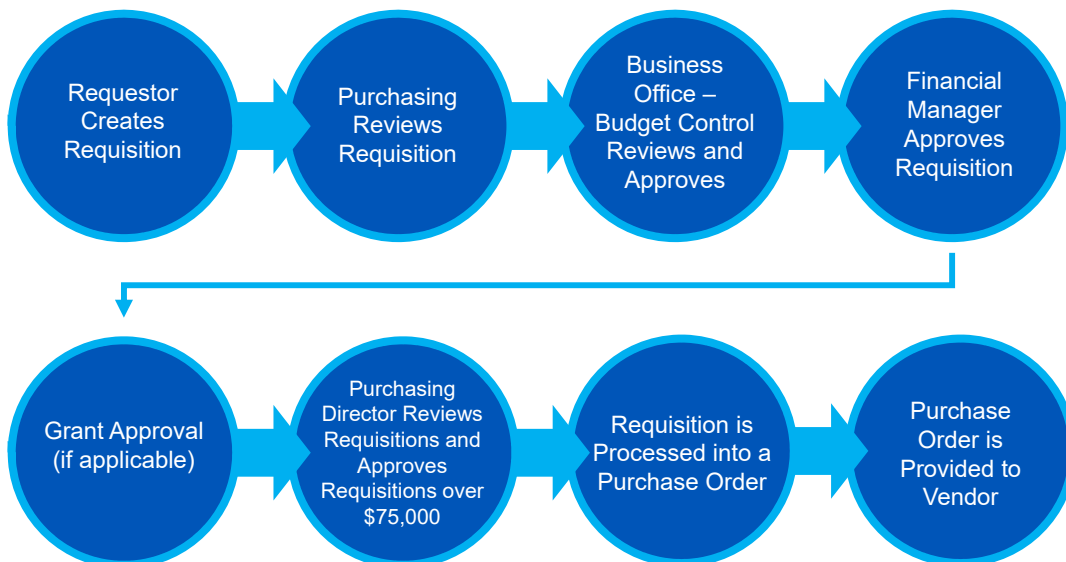
The items are delivered to the Central Receiving Warehouse for inspection, verification, and tagging. After this process is completed, the information is posted in Banner.

The invoice is received by the Business Office, posted in Banner, and processed for payment.

B. Purchase Order Types

27

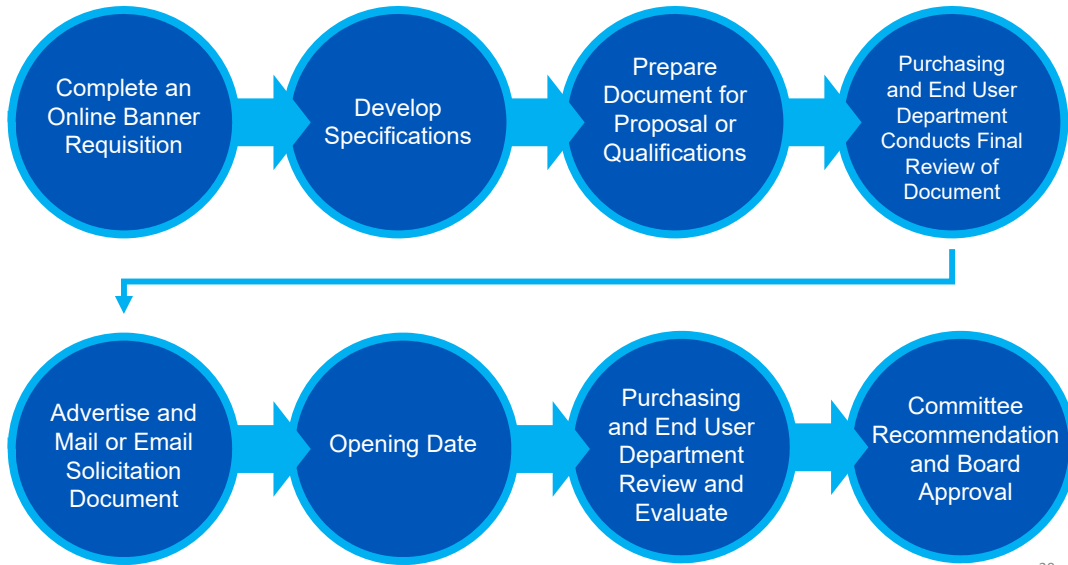
Purchase Requisition Approval Process



B. Purchase Order Types

28

Solicitation Process at \$50,000 and Above



B. Purchase Order Types

29

Request for Proposal / Request for Qualifications Steps and Timeline for Purchases Requiring Board Approval

1st Month	Weeks 1 & 2 <ul style="list-style-type: none"> End-user creates a requisition and it is received at Purchasing Department. If amount is greater than \$50,000, proposal process begins. Purchasing gathers information needed from end-user department and develops specifications 1-2 weeks depending on requested item(s) and response time from department. Weeks 3 & 4 <ul style="list-style-type: none"> Advertise proposal for a minimum of two (2) weeks.
2nd Month	Week 5 <ul style="list-style-type: none"> Analyze/evaluate proposals and select a vendor in conjunction with end-user department(s) for award. Weeks 6 & 7 <ul style="list-style-type: none"> Recommendations are submitted for Board approval one (1) month prior to Board meeting.
2nd & 3rd Month	Weeks 8 - 10 <ul style="list-style-type: none"> Pending Board approval.
3rd Month	Weeks 11 & 12 <ul style="list-style-type: none"> If proposal recommendations are approved by the Board, purchase orders are processed, signed and sent to vendor for purchase of items or services.
4th & 5th Month	Weeks 13 - 20 <ul style="list-style-type: none"> Delivery time varies from immediately to eight (8) weeks after receipt of purchase order, depending on the time of item or service that is being ordered.

B. Purchase Order Types

30

Existing Contracts Examples



Operation of College Bookstore – Barnes & Noble College Booksellers

- Period: 11/1/19 – 10/31/24

Vending Services – Beverages – PepsiCo

- Period: 8/1/19 – 8/31/24

Vending Services – Snacks – STX Snacktime Vending, Co.

- Period: 9/1/19 – 8/31/24

Delinquent Tax Collection Services – Linebarger, Goggan, Blair, and Sampson

- Period: 5/1/21 – 4/30/22

31

B. Purchase Order Types

Cost of Publishing - Request for Proposal

	Day Published	Size of Advertising	Price
	Monday – Saturday***	4" x 6"	\$293.00 - \$322.30
	Monday – Saturday***	4" x 8"	\$351.60 - \$410.20
	Sunday	4" x 6"	\$400.00 - \$500.00
	Sunday	4" x 8"	\$500.00 - \$600.00
***Price is based on the number of lines per ad			
	Day Published	Size of Advertising	Price
	Wednesday	5" x 5"	\$310.00
	Wednesday	5" x 10"	\$410.00
	Day Published	Size of Advertising	Price
	Wednesday	5" x 7"	\$131.63
	Day Published	Size of Advertising	Price
	Wednesday	3" x 6"	\$137.34
	Wednesday	3" x 7"	\$160.23
Note: Construction solicitations are advertised individually and non-construction solicitations are combined in one advertisement.			

May 2021 Examples
\$322.30 (Regular Ad price) x 2 (frequency) x 5 (Ad Amounts)
Average Regular Ad Cost = \$3,223.00
\$410.20 (Regular Ad price) x 2 (frequency) x 1 (Ad Amounts)
Average Construction Ad Cost = \$820.40
Grand Total = \$4,043.40
May 2021 Examples
\$310.00 (Regular Ad price) x 2 (frequency) x 5 (Ad Amounts)
Average Regular Ad Cost = \$3,100.00
\$410.00 (Regular Ad price) x 2 (frequency) x 1 (Ad Amounts)
Average Construction Ad Cost = \$820.00
Grand Total = \$3,920.00
May 2021 Examples
\$131.63 (Regular Ad price) x 2 (frequency) x 5 (Ad Amounts)
Average Regular Ad Cost = \$1,316.30
\$131.63 (Regular Ad price) x 2 (frequency) x 1 (Ad Amounts)
Average Construction Ad Cost = \$263.26
Grand Total = \$1,579.56
May 2021 Examples
\$137.34 (Regular Ad price) x 2 (frequency) x 5 (Ad Amounts)
Average Regular Ad Cost = \$1,373.40
\$160.23 (Regular Ad price) x 2 (frequency) x 1 (Ad Amounts)
Average Construction Ad Cost = \$320.46
Grand Total = \$1,693.83

32

B. Purchase Order Types

Evaluation Committee Members



The evaluation committee must be composed of a minimum of three (3) members:

- A member from the Purchasing Department.
- A subject matter expert from the department requesting the items or service.
- A member outside both departments with a vested interest in the items or service.
- A professional representative will be added to construction project committees.

B. Purchase Order Types

33



C.

Strategic Goals

Purchasing and Distribution Services Institutional Effectiveness (I.E.) Plan: Goals

- By January 2023, the Distribution Services will find a solution for tracking packages by working closely with the IT department and developing a process map with the tracking procedures.
- By Fall, 2023, the Purchasing and Distribution Services will ensure 100% of the staff receives health and safety trainings, by professional developments and workshops from the Office of the Professional Development, Continue Education Department, and the Office of Human Resources.
- By Spring, 2023, the Purchasing Department will obtain a Texas Comptroller Transparency Star in the Area of Procurement and Contracts, by meeting all the elements of the checklist requirements.

C. Strategic Goals

35

Purchasing and Distribution Services Operational Plan FY2021-2023

Purchasing and Distribution Services Comprehensive Goals		FY 20 - 21	FY 21 - 22	FY 22 - 23
1	Review Policies and Procedures and Update as Necessary	Phase 1	Phase 2	Phase 3
2	Obtain a Texas Comptroller Transparency Star in the Area of Procurement and Contracts	Phase 1	Phase 2	Phase 3
3	Provide Bonfire (Electronic Bids/Contracts) Training to the Purchasing Department Staff	Phase 1	Phase 2	Phase 3
4	Online Copy Job Request System Available to Faculty and Staff	Phase 1	Phase 2	Phase 3
5	Develop and Administer a Peer-College Survey to Self-Evaluate the Department's Performance Level of Pertinent Functions and Process	Phase 1	Phase 2	Phase 3
6	Implement a Quarterly Purchasing and Distribution Services Newsletter with Helpful Tips for Faculty and Staff	Phase 1	Phase 2	Phase 3
7	Establish a Remote Central Receiving and Mail Services Department at the Mid Valley and Starr County Campuses to Provide Services on a Quarterly Basis	Phase 1	Phase 2	Phase 3

C. Strategic Goals

36

Thank You!

QUESTIONS?



37

Presentation on Student Account Receivables and Collection Efforts

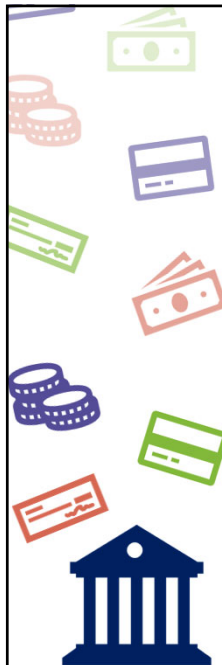
Mrs. Mary G. Elizondo, Vice President for Finance and Administrative Services, Katarina Bugariu, Associate Comptroller, and Marittza M. Adame Accounting Group Manager will provide an overview on the Student Account Receivables and Collection Efforts processes at South Texas College.

Purpose – The presentation will provide to the Board of Trustees information on the Student Account Receivables and Collection Efforts functions and compliance with Board policies related to this process.

Justification – The Student Account Receivables and Collection Efforts presentation will provide information related to the operations and compliance requirements of the Student Account Receivables and Collection Efforts processes.

Enclosed Documents – The Student Account Receivables and Collection Efforts presentation follows in the packet for the Board's information and review.

No action is required from the Board of Trustees. This item is presented for information and feedback to administration.





South Texas College Student Account Receivables (A/R) and Collections Efforts

Maria G. Elizondo, MBA, CPA, CFE, CGMA
Vice President for Finance and Administrative Services
Title IX Coordinator

Katarina M. Bugariu, Associate Comptroller
Marittza Adame, Accounting Group Manager

October 1, 2021

Discussion Points

A. Student Account Receivables and Collection Efforts Overview

- Presentation Objectives
- Mission Statement
- Responsibilities and Functions
- Organizational Chart, Fast Facts
- Compliance with College, Federal and State Policy and Regulations

B. Payments Received By the College

- Student Payments
- Third Party Agency Payments
- Scholarship
- Grants

C. Current Term Balances and Collection Efforts

- Current Term Balances and Collection Efforts
- Balances Remaining Immediately After 12th Class Day – Census
- Student Balance Increases After Census

D. Delinquent Balances

- Delinquent Balance Categories
- FY 2020 Primary Delinquent Balance Categories
- Delinquent Account Payment Options
- Delinquent Balance Internal Collection Efforts, External Collection Preparation, Selection, and Submission Process
- Contracted External Collection Agencies, Collection Fee Rates and Collection Effort Activity
- S&S, ICR, and Key 2 Recovery Collection Performance
- Historical Summary of Student Delinquent Balances

E. Annual Write Off and Allowance Process

- Annual Direct Write-Off (Student and Non-Student)
- Current Year Allowance for Doubtful Accounts
- Accounts Receivable and Allowance for Doubtful Accounts
- Expense
- Third Year Write-off of Student Delinquent Accounts Receivable

2



A. Student Account Receivables and Collection Efforts Overview

3



Presentation Objectives

Learn About

- How balances occur from the beginning of the fall semester and can remain and possibly increase by the end of the semester.
- The internal collection efforts that exist within the current semester and the internal and external collection efforts at the end of the semester.
- Guidelines set forth by South Texas College, Texas Attorney General, Texas Comptroller's Office, Texas Higher Education Coordinating Board, and Federal Department of Education.

A. Student Account Receivables and Collection Efforts Overview

4

Mission Statement

South Texas College Accounts Receivable department provides centralized billing and collection services to our students and other college departments while complying with college, state, and federal policies and regulations.

We approach debt recovery from an empathetic perspective to prevent our students from serious financial hardship. The Collection Specialist and Bursar does this by offering creative payment options while still recovering debt.

A. Student Account Receivables and Collection Efforts Overview

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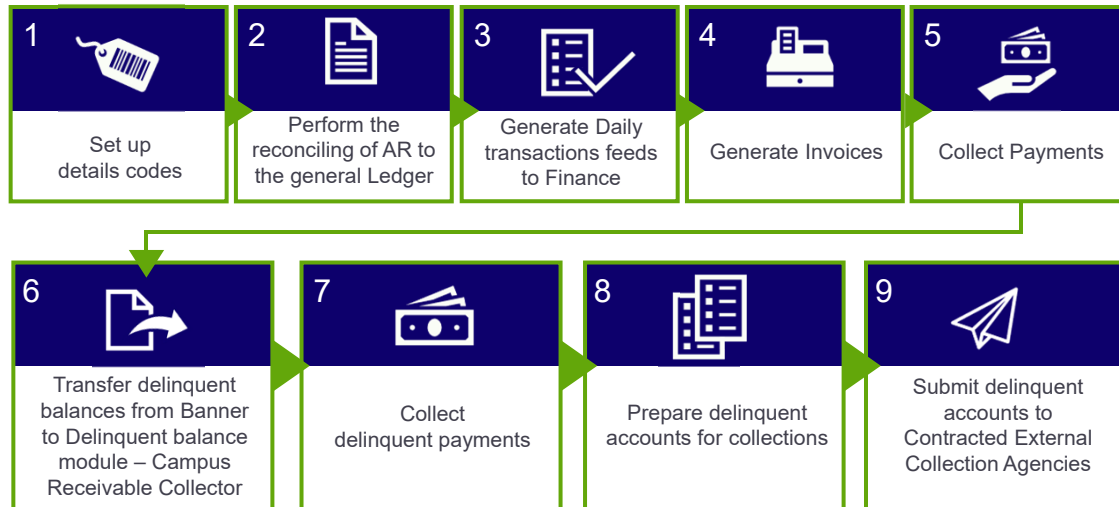
Accounts Receivable Responsibilities

- Provide timely and accurate statements to students with delinquent accounts.
- Responsible for invoicing third party agencies sponsoring students and other non-student related receivables for South Texas College.
- Reconcile student, third party, emergency loan, restricted scholarships, and agency accounts on a monthly basis.
- Maintain the student charge and payment table (detail codes) to accurately record transactions to the appropriate accounts.
- Prepare monthly management reports on third party revenue and expenditure accounts.
- Collect on delinquent accounts and refer uncollectible accounts to the College's contracted collection agencies on a regular basis.
- Implement, maintain, and enhance the Campus Receivable Collector (CRC) module. The module assists in generating monthly statements for collecting outstanding emergency loan balances and delinquent balances.

A. Student Account Receivables and Collection Efforts Overview

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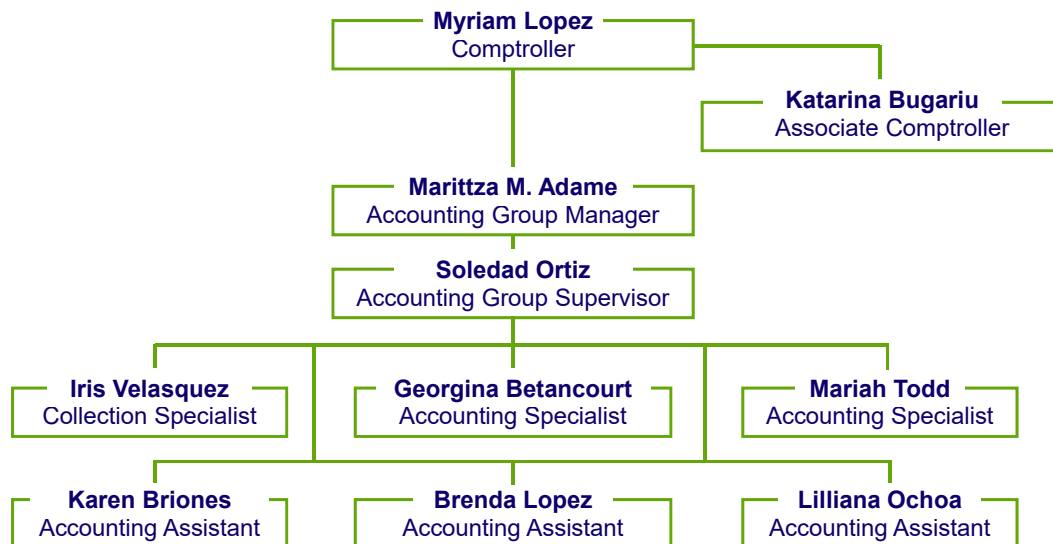
Accounts Receivable Functions



A. Student Account Receivables and Collection Efforts Overview

7

Meet the A/R Staff



A. Student Account Receivables and Collection Efforts Overview

8

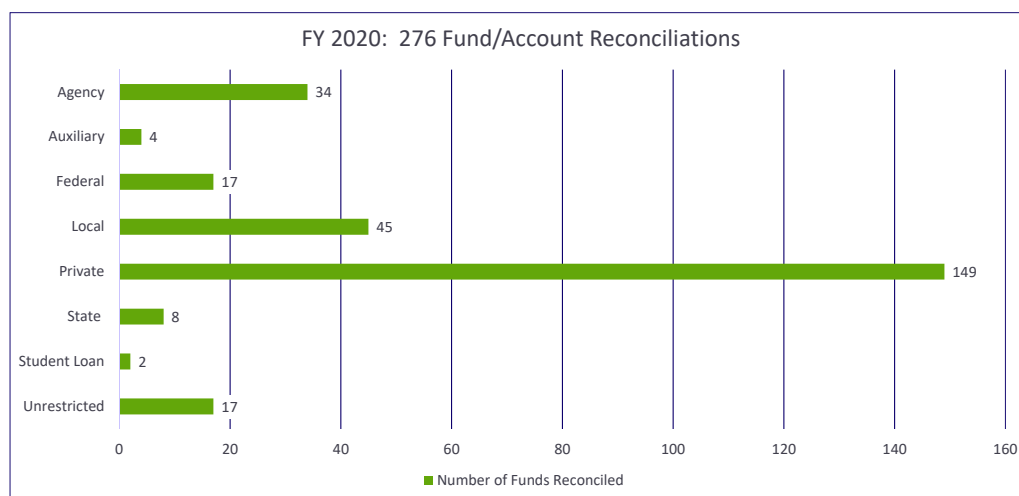
Fast Facts: FY 2019 - 2020

Accounts Receivable	
Amount of Revenue	\$71,226,501
Outstanding Invoice Aging Average (number of days collected)	31
Number of Invoices prepared	1,080
Percentage of receivables over 90 days past due	13.00%
Number of Emergency Loans issued	1,345
Amount of Emergency Loans Disbursed	\$1,253,428
Amount of Internal Collections	\$1,974,970
Amount of Delinquent account on-line payments	\$421,918

A. Student Account Receivables and Collection Efforts Overview

9

Fast Facts: Fund Types



A. Student Account Receivables and Collection Efforts Overview

10

Compliance with Board Approved Policies



Policy 5226: Contracts

This policy shall apply to all contracts to which the College is a party, other than purchasing activities which are governed by a separate policy.

A. Student Account Receivables and Collection Efforts Overview

11

Compliance with Board Approved Policies



Policy 5223: Third Party Contracts and Scholarships

Third party contracts constitute written agreements between a third party (i.e. Texas Rehabilitation Commission, JTPA) and South Texas College wherein payment of tuition and fees for a student is to be paid to South Texas College by the third party.

A. Student Account Receivables and Collection Efforts Overview

12

Compliance with Board Approved Policies



Policy 5521: Collection of Emergency Loans

After exhausting all alternatives to collect the balance owed from the student, the Business Office will refer the unliquidated debt to a collection agency. A hold flag should be placed upon the student's record if the student fails to pay.

A. Student Account Receivables and Collection Efforts Overview

13

Compliance with Board Approved Policies



Policy 5520: Emergency Loan Fund

The purpose is to provide students at the College with an opportunity to obtain emergency loans for tuition, fees, and textbooks.

A. Student Account Receivables and Collection Efforts Overview

14

Compliance with Board Approved Policies



Policy 5530: Payment and Collection of Tuition and Fees

The purpose of the policy is to provide best practices and provisions regarding payment and collection of tuition and fees.

A. Student Account Receivables and Collection Efforts Overview

15

Compliance with Board Approved Policies



Policy 5535: Payment of Tuition and Fees by Installments

Students at South Texas College may pay their tuition and fees in installments in accordance with Education Code, Section 54.007, Option to Pay Tuition by Installment.

A. Student Account Receivables and Collection Efforts Overview

16

Compliance with Board Approved Policies



Policy 5537: Collection of Delinquent Accounts

The Business Office, after exhausting all alternatives to collect from the student, will refer all students with unliquidated College debts to a collection agency. The student will be responsible for collection costs including attorney's fees, court costs, and professional collection agency fees.

A. Student Account Receivables and Collection Efforts Overview

17

Compliance with Board Approved Policies



Policy 5538: Withdrawal of Students with Delinquent Accounts

The College may withdraw any students from registered classes in the event the student has failed to make emergency loan or installment payments as agreed or has a delinquent account.

A. Student Account Receivables and Collection Efforts Overview

18

Compliance with Federal Regulations



Federal Pell

- 34 CFR Part 668 Subpart K
- 668.162 Requesting funds
- 34 CFR Part 668 Subpart L

A. Student Account Receivables and Collection Efforts Overview

19

Compliance with Federal Regulations



Federal College Work Study

- FWS 34 CFR 675.19(b)(2)(iv)

A. Student Account Receivables and Collection Efforts Overview

20

Compliance with Federal Regulations



Federal Supplemental Opportunity Grant

- FSEOG 34 CFR 676.19(b)(2)

A. Student Account Receivables and Collection Efforts Overview

21

Compliance with Federal Regulations



Federal Trade Commission: Federal Debt Collection Practices Act

- 34 CFR Part 668 Subpart L

A. Student Account Receivables and Collection Efforts Overview

22

Compliance with State Statutes



- [Sec. 16.004 of the Texas Civil Practice and Remedies Code](#)
- [Sec. 392.307 of the Texas Finance Code](#)
- [Texas Administrative Code: Chapter 21.4 Rule – Collection of Tuition](#)
- [Sec. 56.031 – 039: Subchapter C – Texas Public Educational Grants](#)
- [Sec. 56.051-055: Subchapter D – Emergency Tuition, Fee, and Textbook Loans](#)

A. Student Account Receivables and Collection Efforts Overview

23

Compliance with State Statutes

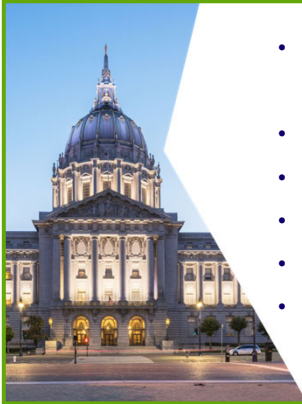


- Texas Educational Opportunity Grant Program
 - [TAC: Sec. 22.253](#)
 - [TAC: Sec. 22.262](#)
- Educational Aide Exemption Program
 - [TAC: Sec. 21.1080](#)
- College Access Loan
 - [TAC: Sec. 21.51](#)
 - [TAC, Sec. 21.54](#)

A. Student Account Receivables and Collection Efforts Overview

24

Compliance with State Statutes



- Texas College Work-study Program
 - TAC: Sec. 21.401
- TEC 54.351: Children of Disabled Firemen/Peace Officers
- TEC 54.355: Children of Nurse Faculty
- TEC 54.343: Children of POWs and MIAs
- TEC 54.011: Concurrent Enrollment/ Min Tuition
- TEC 54.364: Deaf or Blind

A. Student Account Receivables and Collection Efforts Overview

25

Compliance with State Statutes

Texas Coordinating Board

Exemptions and Waivers - Mandatory

Mandatory programs, by statute, require institutions to grant awards to all who meet the qualifications.

- **Exemptions:** allow special groups of Texas residents or nonresidents to enroll and pay a reduced amount of tuition or fees.
- **Waivers:** allow special groups of nonresidents to enroll and pay a reduced nonresident tuition rate.

All exemption or waiver programs, whether mandatory or optional, apply only to courses for which an institution can receive formula funding.

A. Student Account Receivables and Collection Efforts Overview

26

Compliance with State Statutes



- [TEC 54.354: Dependents of Diseased Public Servants](#)
- [TEC 54.353: Firefighters taking Fire Science Courses](#)
- [TEC 54.206: Foreign Service Officer](#)
- [TEC 54.366: Foster Care/TX Dpt. Family Protective Services](#)
- [TEC 54.341: Hazelwood Exemptions](#)

A. Student Account Receivables and Collection Efforts Overview

27

Compliance with State Statutes



- [TEC 54.241: Military in Texas](#)
- [TEC 54.345: National Guard Waiver](#)
- [TEC 54.232: NATO Members and Families](#)
- [TEC 54.3531: Peace Officer Exemption](#)
- [TEC 54.356: Preceptors and/or their Children](#)

A. Student Account Receivables and Collection Efforts Overview

28

Compliance with State Statutes



- [TEC 54.212: Teaching and Research Assistants](#)
- [TEC 54.621c: Texas Tomorrow Fund Contract](#)
- [Exemptions and Waivers - Optional](#)
- [TEC 130.0851: Community College District Employees](#)
- [TEC130.008: Dual Enrollment - Jr. Colleges](#)
- [TEC 54.301: Highest Ranking HS Scholar](#)

A. Student Account Receivables and Collection Efforts Overview

29

B. Payments Received by the College

B. Payments Received by the College

30

Type of Payments Received by the College

- Student payments
 - Cash
 - Check
 - Credit Cards
- Sponsoring Third Party Agency payments
 - Federal, State, Local and Private 3rd Party agencies
- Scholarships – students may apply for various scholarships published on the Financial Aid website
- Grants – sponsoring student tuition and/or fees
 - Federal, State, Local and Private 3rd Party agencies

B. Payments Received by the College

31

C. Current Term Balances and Collection Efforts

C. Current Term Balances and Collection Efforts

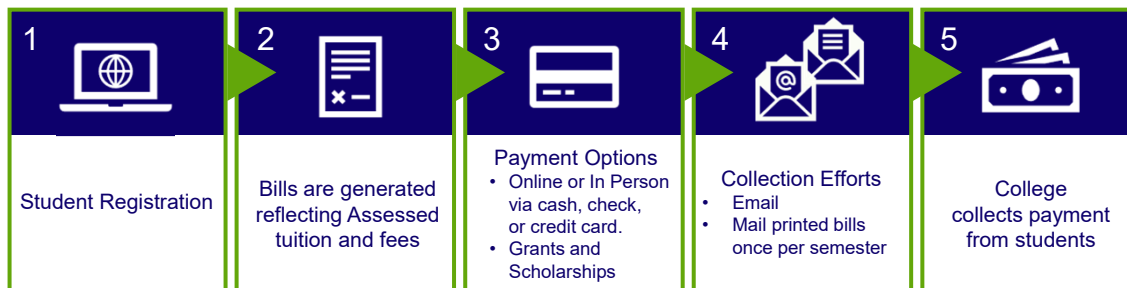
32

Current Term Balances and Collection Efforts

Student Registration – assesses tuition and fee charges

- Registration is typically available for students three (3) months before the semester begins and students may review the tuition and fees assessed via JagNet.

Tuition and Fee Payment Deadlines – due prior to census.



C. Current Term Balances and Collection Efforts

33

Current Term Balances and Collection Efforts

Student Registration –Registration is typically available for students three (3) months before the semester begins and six (6) months before students are dropped for non-payment on census date.

Tuition and Fee Payment Deadlines due prior to census are published on the South Texas College website.

Important Dates		
Payment Options	Fall 2021	Summer 2021
Installment Plans	See Installment Plans	See Installment Plans
Emergency Loans	See Emergency Loans	See Emergency Loans
Payment Deadlines		
Mini-mester Payment Deadline	Payment due prior to 1 st class day	06/10/21 – Summer I Mini-mester 07/19/21 – Summer II Mini-mester All other mini-mesters payment is due prior to 1 st class day
Early Payment Deadline	08/16/21	N/A
Payment Deadline	08/22/21	05/25/21
Final Payment Deadline Due by 5pm, including online payments	09/08/21	06/15/21 – Summer Session
Classes not paid in full by 5pm on the Final deadline may be dropped! Web payments will be temporarily disabled after 5pm on the Final Payment Deadline		

C. Current Term Balances and Collection Efforts

34

Current Term Balances and Collection Efforts

Activity	April	May	June	July	August	September
Registration	04/09/21	→				08/23/2021
Early Payment Deadline					08/16/2021	
Book Allowance					08/19/2021	
1 st Class Day					08/23/2021	
Faculty Attendance verification					08/23/2021	09/08/2021
Final Payment/ Census Drop						09/08/2021

Type of Outstanding Balance on Census Date	Drop Student
Tuition	Yes
Non-Mandatory Fee	No
Tuition and Fees on Financial Aid Saved List	No

C. Current Term Balances and Collection Efforts

35

Current Term Balances Remaining Immediately After 12th class day - Census

Deferred Payment Plans

- Installments
 - 2 to 4 payments with final payment due in November
- Emergency Loans
 - 2 payments with final payment due in November

C. Current Term Balances and Collection Efforts

36

Current Term Balances Remaining Immediately After 12th class day - Census

- Students receive installment due date reminders via e-mail.

Fall 2021 Installment Plans

	Budget Plan	Plan 1	Plan 2	FLEX Plan
Initial Payment	20%	50%	25%	50%
Processing Fee	\$35	\$35	\$35	\$35
Online Start Date	06/16/21	06/16/21	08/01/21	09/09/21
End Date	07/13/21	08/22/21	09/08/21	11/17/21
Payment Due Dates: (A \$35 late payment fee will be assessed on each late payment)				
08/25/21	20%	-	-	2 equal bi-weekly payments from the Enrollment Date
09/20/21	20%	25%	-	
10/14/21	20%	25%	37.5%	
11/08/21	20%	-	37.5%	

C. Current Term Balances and Collection Efforts

37

Current Term Balances Remaining Immediately After 12th class day - Census

- Students receive Emergency Loan due date reminders via e-mail.

Emergency Textbook Loans Subject to Availability		
	Fall 2021	Summer 2021
Start Date	08/09/21	05/17/21
End Date	09/08/21	06/15/21
Payment Due Dates: A \$35 late fee is applied on each late payment		
50% Due	09/30/21	06/30/21
50% Due	10/29/21	17/30/21

C. Current Term Balances and Collection Efforts

38

Current Term Balances Remaining Immediately After Census (cont.)

Outstanding Fees

- Outstanding fee balances are not considered to drop as non-payment at census. (Other resources: TAC 21.4 (a))

C. Current Term Balances and Collection Efforts

39

Current Term Balances Remaining Immediately After Census (cont.)

Outstanding Tuition and Fees

- Financial Aid saved List. (Other resources – TAC 21.4(b))
- Non-attendance student – Book allowance received.
- Withdrawal – Book allowance received.
- Drop retained – voluntarily dropped before census and a percentage of tuition and fees remain outstanding. The percentage remaining is based on when the student dropped.

C. Current Term Balances and Collection Efforts

40

Student Balance Increases After Census

Various Title IV eligible student actions may cause the outstanding balance to increase from census date to the end of each semester requiring Title IV aid payment reductions due to:

- Withdrawals
- Non-attendance
- Failing grades
- Unsuccessful Financial Aid verification
- Enrollment in multiple Higher Education institutions

Students with remaining balances have a registration hold and continue receiving notices throughout the term with options to pay on-line, in-person, via phone, or mail.

C. Current Term Balances and Collection Efforts

41

D. Delinquent Balances

D. Delinquent Balances

42

Delinquent Balance Categories

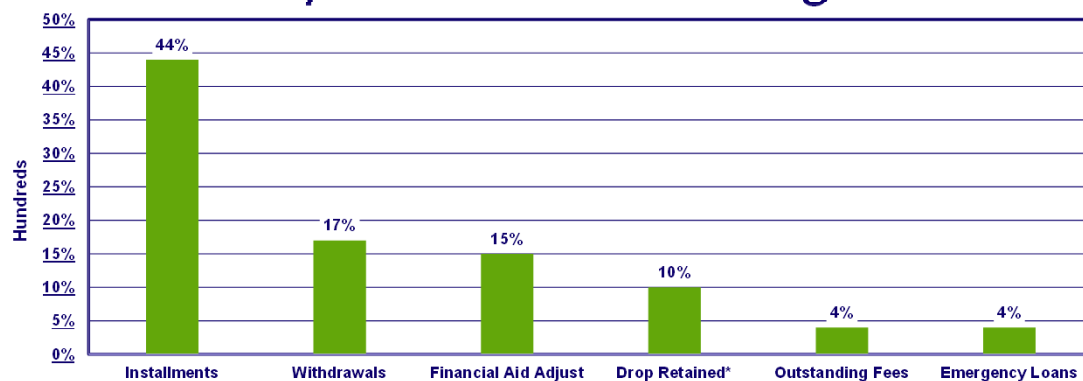
Outstanding balances at the end of each semester are considered delinquent and fall under the following categories:

- Installment Agreements
- Insufficient Funds
- Continuing Education/Industry Training and Economic Development
- Reinstated
- Withdrawn
- Payment Arrangements
- Drop retained
- Financial Aid Saved
- Financial Aid Adjustments
- Fees
- Third Party adjustments

D. Delinquent Balances

43

FY 2020 Primary Delinquent Balance Categories



Note:

- 62% of the balance may have existed before the census.
- 32% of the balance occurred after census (Withdrawals and Financial Aid Adjustments)

Tuition and fees are reversed at 100% on census for student non-payment; however a percentage of tuition and fees remain when a student voluntarily drops before census

D. Delinquent Balances

44

Delinquent Balance Internal Collection Efforts

1-29 Days

1st Email is
sent to Student



30-59 Days

2nd Email and
1st mail out notices
are sent to Student



60-89 Days

Final Email is
sent to Student



90+ Days

All collection notices
are generated and
recorded in Campus
Receivables Collector



Accounts with remaining balances after 90 days are selected for external collection efforts.

D. Delinquent Balances

45

Delinquent Account Payment Options



JAGNET – CWA
(Customer Web
Access)



Cashier Department:

- In-Person – Cash, Check, Credit card, Debit card
- In-Person Payment Lab – Credit card, Debit card
- Pay by phone – Credit card, Debit card



Mail:

Attention Cashiers:
P.O. Box 9701
McAllen, TX
78502-9701

D. Delinquent Balances

46

Contracted External Collection Agencies

S&S Recovery

**13 Years
(2008-2021)**

ICR

**10 Years
(2011-2021)**

Key 2 Recovery

**1 year
(2020-2021)**

D. Delinquent Balances

47

Delinquent Balance External Collection Preparation, Selection, and Submission Process

President approves
Collection Agency
Referral memorandum



Distribute Accounts to
Agencies (by last name)

- ICR: (A-F) & (W-Z)
- S&S: (G-M)
- Key 2 Recovery (N-V)



South Texas College
submits encrypted
batch file through
secure client portal



Collection Agencies
send college receipt
acknowledgment



D. Delinquent Balances

48

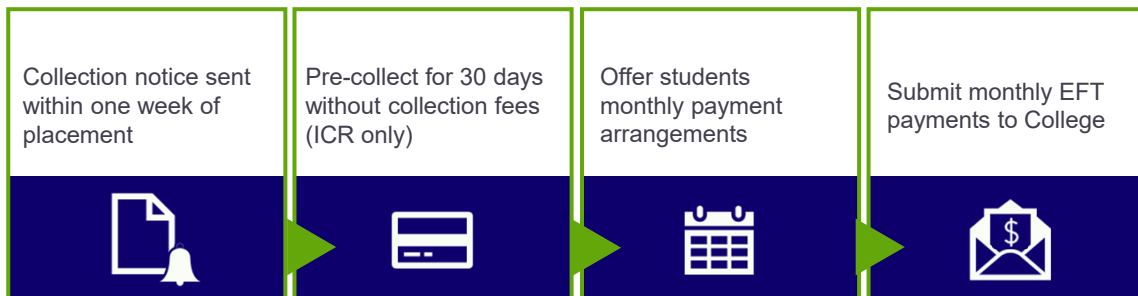
External Collection Agency Collection Fee Rates

Collection Agency/Referral Type	Collection Fee Rate
S&S	
• 1 st Referral	25%
• 2 nd & Tertiary Referrals	25%
• Litigation (4-yr statute of limitation)	30%
ICR	
• Pre-collection	0%
• 1 st Referral	20%
• 2 nd & Tertiary Referrals	25%
• Litigation(4-yr statute of limitation)	28%
Key 2 Recovery	
• 1 st Referral	18%
• 2 nd Referral	22%

D. Delinquent Balances

49

External Collection Agency Collection Effort Activity



D. Delinquent Balances

50

S&S, Inc Collection Performance 2021

SOUTH TEXAS COLLEGE COLLECTION AGENCY PERFORMANCE MONTH ENDING JULY 31, 2021

AGENCY	TYPE	ORIGINAL DEBT	BALANCE	COLLECTED	COLL %
S&S	AR - Tuition, Fees, Title IV	4,648,819.25	3,917,967.87	730,851.38	16%
	CE - Continuing Education and ITED	7,086.24	6,275.19	811.05	11%
	EML - Emergency Loans	568,792.77	400,040.28	168,752.49	30%
	INSTALL - Installment Agreements	1,947,347.50	1,567,399.76	379,947.74	20%
	NAHL - Nursing Allied Health Loans	1,700.00	130.00	1,570.00	92%
	NSF - Insufficient Check Payments	7,201.66	5,995.76	1,205.90	17%
S&S Total		7,180,947.42	5,897,808.86	1,283,138.56	18%

D. Delinquent Balances

51

ICR, Inc Collection Performance 2021

SOUTH TEXAS COLLEGE COLLECTION AGENCY PERFORMANCE MONTH ENDING JULY 31, 2021

AGENCY	TYPE	ORIGINAL DEBT	BALANCE	COLLECTED	COLL %
ICR	AR - Tuition, Fees, Title IV	1,072,816.61	872,478.88	200,337.73	19%
	CE - Continuing Education and ITED	1,082.60	1,001.30	81.30	8%
	EML - Emergency Loans	137,573.68	82,848.27	54,725.41	40%
	INSTALL - Installment Agreements	602,846.50	428,838.59	174,007.91	29%
	NSF - Insufficient Check Payments	6,294.20	6,294.20	0.00	0%
	X - Former Employees	1,646.49	722.85	923.64	56%
ICR Total		1,822,260.08	1,392,184.09	430,075.99	24%

D. Delinquent Balances

52

Key 2 Recovery, Inc Collection Performance 2021

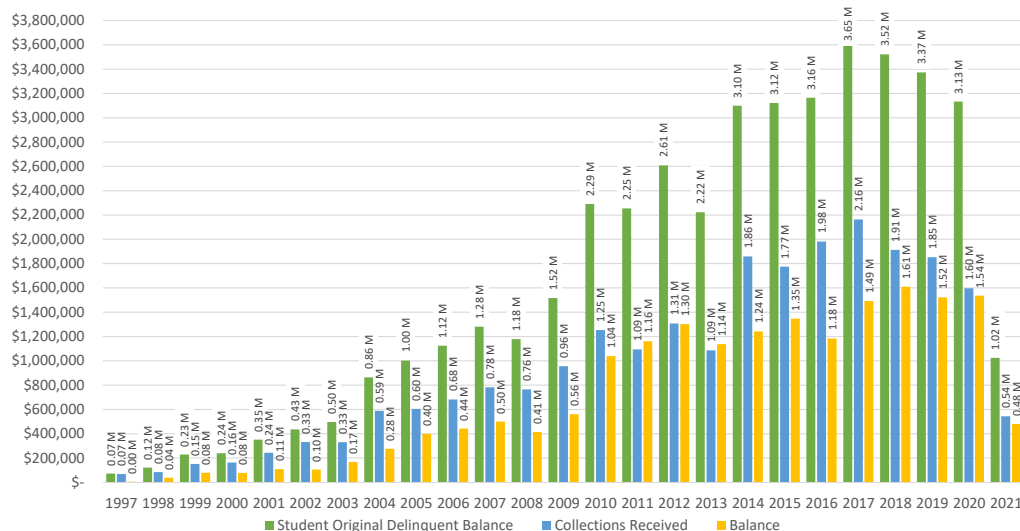
SOUTH TEXAS COLLEGE COLLECTION AGENCY PERFORMANCE MONTH ENDING JULY 31, 2021					
AGENCY	TYPE	ORIGINAL DEBT	BALANCE	COLLECTED	COLL %
Key 2 Recovery	AR - Tuition, Fees, Title IV	1,909,330.60	1,628,721.47	280,609.13	15%
	CE - Continuing Education and ITED	1,471.08	970.84	500.24	34%
	EML - Emergency Loans	275,247.39	184,777.54	90,469.85	33%
	INSTALL - Installment Agreements	873,907.64	663,044.88	210,862.76	24%
	NAHL - Nursing Allied Health Loans	500.00	98.00	402.00	80%
	NSF - Insufficient Check Payments	2,561.19	2,259.69	301.50	12%
	X - Former Employees	3,962.36	3,962.36	0.00	0%
Key 2 Recovery Total		3,066,980.26	2,483,834.78	583,145.48	19%

Note: Key 2 Recovery was contracted on September 2020. Delinquent balances were referred late October.

D. Delinquent Balances

53

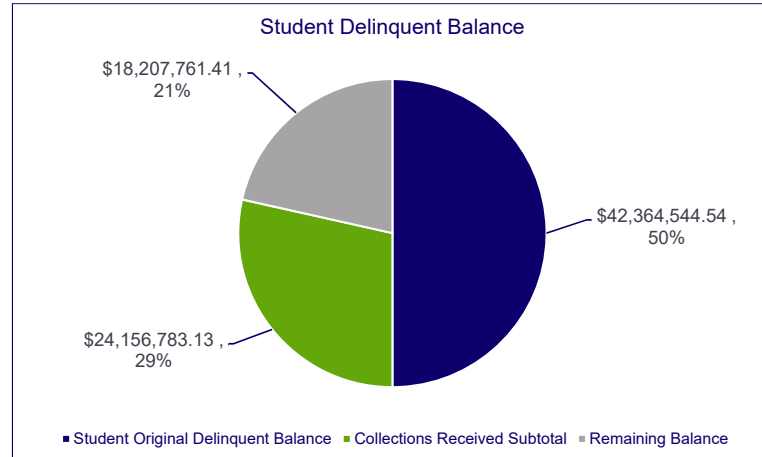
Historical Summary of Student Delinquent Balances FY1997 to FY2021



D. Delinquent Balances

54

Historical Summary of Student Delinquent Balances FY1997 to FY2021



D. Delinquent Balances

55

Annual Direct Write Off and Allowance Process (Audited Annually by External Financial Auditors)

Annual Direct Write Off – Student and Non-Student

- The College uses the direct Write off method for Emergency Loans, NSF (over one year old), forgiveness of debt and other non-student uncollectible accounts.

Current Year Allowance for Doubtful Accounts

- As of fiscal year 2011, the College uses the allowance method for student receivables.

Accounts Receivable and Allowance for Doubtful Accounts

- The allowance method results in accounts receivable, allowance and net accounts receivable on the Statement of Net Assets.

E. Write-Off and Allowance Process

56

Annual Direct Write Off and Allowance Process (Audited Annually by External Financial Auditors)

Expense

- The allowance entry results in an expense in the Statement of Revenues, Expenses and Changes in Net Assets (SRECNA). The current year other direct write off amount is also expensed while the collections from fiscal year 2010 and prior reduce the expense amount.

3rd Year Write Off of Student Delinquent Accounts Receivable

- The write-off for delinquent student balances will occur on the third year.

E. Write-Off and Allowance Process

57

Questions?



Presentation on Internal Audit Function's Purpose and Concepts

Mr. Khalil Abdullah, (Internal Auditor, CAE) will discuss the College's Internal Audit Function.

Purpose – The discussion will review the Office of Internal Audit's position within the College and provide information on the benefits of maintaining an internal audit function.

The goal is to provide information to board members to assist them in their oversight role of the internal audit function.

Enclosed Documents – The packet includes the following documents for the trustees' information:

- Internal Audit Charter
- Internal Auditing Services for the Period of FY 2008 through FY 2022
- Performance Evaluation of the Internal Auditor FY 2020 - 2021

No action is required from the Board. This item is presented for information and feedback.

**SOUTH TEXAS COLLEGE
INTERNAL AUDIT CHARTER
EFFECTIVE AUGUST 24, 2021**

INTRODUCTION

Internal Auditing is an independent and objective assurance and consulting activity that is guided by a philosophy of adding value to improve the operations of the College. It assists the College in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organization's risk management, governance, and internal controls.

ROLE

The internal audit function is established by the College Board of Trustees, Finance, Audit, and Human Resources Committee (hereafter referred to as the Board). The internal audit function's responsibilities are defined by the Board as part of their oversight role.

AUTHORITY

The internal audit function, with strict accountability for confidentiality and safeguarding records and information, is authorized full, free, and unrestricted access to any and all of the College's property, records (manual or electronic), and personnel pertinent to carrying out authorized engagements. All employees are requested to assist the internal audit function in fulfilling its roles and responsibilities. The internal audit function will also have free and unrestricted access to executive management and the Board.

INDEPENDENCE & OBJECTIVITY

The internal audit function will remain free from interference by any element in the organization, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of a necessary independent and objective mental attitude. Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, they will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair the internal auditor's independence or objectivity. Internal auditors are not authorized to perform any operational duties, initiate or approve accounting transactions external to the internal audit function, or direct the activities of any employee not employed by the internal audit function, except to the extent such employees have been appropriately assigned to auditing teams or otherwise assist the internal audit function. Internal auditors must exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors must make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.

The Internal Auditor will confirm to the Board, at least annually, the organizational independence of the internal audit activity.

INTERNAL AUDIT PLAN

At least annually, the Internal Auditor will submit to senior management and the Board an internal audit plan for review and approval. The internal audit plan will consist of a work schedule as well as budget and resource requirements for the next fiscal year. The Internal Auditor will communicate the impact of resource limitations and significant interim changes to senior management and the Board. The internal audit plan will be developed based on a prioritization of the audit universe using a risk-based methodology, including input of senior management and the Board. The Internal Auditor will review and adjust the plan, as necessary, in response to changes in the College's risks, operations, programs, systems, and internal controls. Any significant deviation from the approved internal audit plan will be communicated to senior management and the Board.

ORGANIZATION

The Internal Auditor will report functionally to the President and the Board and administratively (i.e. day to day operations) to the Vice President of Finance and Administrative Services.

The Board will

- Approve the internal audit charter;
- Approve the risk-based annual audit plan;
- Approve decisions regarding the appointment and removal of the Internal Auditor;
- Approve the remuneration of the Internal Auditor;
- Complete an annual performance appraisal of the Internal Auditor;
- Approve the internal audit budget and resource plan;
- Receive communications from the Internal Auditor on the internal audit activity's performance relative to its plan and other matters; and
- Make appropriate inquiries of management and the Internal Auditor to determine whether there are inappropriate scope or resource limitations.

The Internal Auditor will communicate and interact directly with the Board, including in executive sessions and between Board meetings as appropriate.

SCOPE OF ACTIVITIES

Assurance Services are objective examinations of evidence for the purpose of providing an independent assessment. The scope of work for assurance services is to determine whether the College's risk management, governance, and control processes as designed and represented by management, is adequate and functioning in a manner to help ensure:

- Risks are appropriately identified and managed;
- Significant financial, managerial, and operating information is accurate, reliable, and timely;
- Employees' actions are in compliance with policies, standard, procedures, and applicable laws and regulations;

- Resources are acquired economically, used efficiently, and adequately protected;
- Established objectives and goals are met and whether operations or activities are being conducted as planned;
- Quality and continuous improvement are fostered in the institution's control process.

Consulting Services are advisory and include other service activities such as counsel, advice, facilitation, training, and participation on standing or temporary management committees or project teams. The objective of consulting services is to add value in the development or modification of organization processes, procedures, and controls to minimize risk and achieve department objectives. Accepted consulting engagements will be included in the audit plan.

STANDARDS OF AUDIT PRACTICE

The internal audit function will govern itself by adherence to The Institute of Internal Auditors' mandatory guidance including the Definition of Internal Auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing (Standards). This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the internal audit activity's performance. The Institute of Internal Auditors' Practice Advisories, Practice Guides, and Position Papers will also be adhered to as applicable to guide operations. In addition, the internal audit activity will adhere to the College's relevant policies and procedures and the internal audit activity's audit manual.

RESPONSIBILITIES

The Internal Auditor has a responsibility to:

- Develop a flexible, annual work plan using an appropriate risk-based methodology, including any risks or control concerns identified by management, and submit that plan to the President, and the Board of Trustees' Finance, Audit, and Human Resources Committee for review and approval as well as periodic updates;
- Implement the annual work plan, as approved by the Finance, Audit, and Human Resources Committee;
- Issue periodic reports to the President and the Finance, Audit, and Human Resources Committee summarizing results of audit activities, annual work plans, sufficiency of office resources, and emerging trends and successful practices in internal auditing;
- Review systems to verify compliance with established policy, procedures, and applicable regulations;
- Review compliance with guidelines for ethical professional conduct.
- Maintain a follow-up process to monitor management actions on reported engagement observations and whether recommendations have been effectively implemented;
- Identify indicators of fraud and facilitate the investigation of suspected fraudulent activities within the organization;
- Act as liaison between the College and external auditors, including the review of their findings and the follow-up on necessary corrective action;

RESPONSIBILITIES (Cont.)

- Identify necessary training to improve the knowledge, skills, and competencies necessary for the internal auditors to have sufficient proficiency for auditing with the organization and maintaining professional certifications;
- Obtain competent advice and assistance necessary for the engagement when needed or decline the engagement;
- Ensure that an external review of the internal audit function in accordance with the Standards is conducted at least once every five years.
- Evaluate specific operations at the request of the Finance, Audit, and Human Resources Committee or the President, as appropriate.

QUALITY ASSURANCE AND IMPROVEMENT PROGRAM

The internal audit function will maintain a quality assurance and improvement program that covers all aspects of the internal audit activity. The program will include an evaluation of the internal audit function's conformance with the Definition of Internal Auditing and the IIA Standards and an evaluation of whether internal auditors apply the Code of Ethics. The program also assesses the efficiency and effectiveness of the internal audit function and identifies opportunities for improvement. The Internal Auditor will communicate to senior management and the Board on the internal audit activity's quality assurance and improvement program, including results of ongoing internal assessments and external assessments conducted at least every five (5) years.

The results of internal audit reviews as well as a report on Internal Audit's activities shall be presented to the President and the Board of Trustees. The report shall include:

- 1) Internal audit finding(s);
- 2) Internal audit recommendation(s);
- 3) Management response(s);
- 4) Date of implementation of audit recommendation(s).

The Internal Auditor verifies corrective action has been taken by management and reports on the corrective action to the Board of Trustees' Finance, Audit, and Human Resources Committee.

Khalil M. Abdullah
Internal Auditor

Date

Maria G. Elizondo
Vice President for Finance and Administrative Services

Date

Dr. Ricardo J. Solis
President

Date

Rene Guajardo
Chair, Finance, Audit, and Human Resources Committee

Date

Rose Benavidez
Chair, Board of Trustees

Date

South Texas College
Internal Auditing Services for the Period of FY 2008 through FY 2022

	Audit Area	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
1	Fraud Survey	11/22/07	11/03/08	11/18/09	11/12/10	11/08/11	10/18/12	11/08/13	Complete	Complete	12/07/16	10/18/17	10/22/18	10/08/19	10/12/20	Proposed
2	Fraud Hotline Calls/Investigations							10/29/13								
3	Cash -Controls and safeguards -Bank Reconciliation -Check and deposit preparation	02/06/08														
4	Cash -Bank Reconciliation				06/15/11											
5	Surprise Cash Counts and Cash Handling Controls over Student Tuition and Fees Collection				10/20/10 06/16/11			Requested- Not Performed	Requested- Not Performed	Requested- Not Performed	11/04/16					
6	Food Services Department Cash Handling Procedures								Requested - Not Performed	Requested - Not Performed	11/04/16					
7	Student Receivables/ Third Party -Billing -Collections -Reconciliation			05/25/10												
8	Scholarship Funds -Valley Scholars -Pledges -Awards -Other Scholarships			05/25/10			08/22/13									
9	Grants- Title V															
10	Grants- Wired		05/19/09 06/19/09													
11	Grants - Federal Work-study, Federal Pell Grant, Carl Perkins, and Workforce Investment Act		01/19/09													
12	Property Taxes -Rec. & Rollback Taxes				10/14/10			Requested- Not Performed	Requested- Not Performed							
13	Property Taxes - Internal Controls of Hidalgo and Starr County Tax Assessor- Collector's Offices									Requested - Not Performed	06/20/17					
14	AP - Operations															
15	AP - Commercial Card Use				06/30/11							Requested - In Progress	01/29/19			
16	Fuel Card Use	08/15/08										Requested - In Progress	10/23/18			
17	Travel												Requested - Not Performed	Requested - Not Performed	Requested - Not Performed	Postponed
18	Mileage Reimbursement Procedures								Requested - Not Performed	Requested - Not Performed	02/17/17					
19	Purchasing			02/19/10											Requested - Not Performed	Proposed
20	Contracts -Solicitation/Renewal Process -Record keeping	06/25/08				06/28/12										
21	Construction Contracts				10/14/10											
22	2013 Bond Construction Program - Payment Applications											Closed				
23	2013 Bond Construction Program - Change Orders											Closed				

South Texas College
Internal Auditing Services for the Period of FY 2008 through FY 2022

	Audit Area	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
24	2013 Bond Construction Program - Broaddus & Associates Reconciliation of Budget and Actual Expenditures Reports at August 31, 2017											01/19/18				
25	2013 Bond Construction Program - Billings of Selected 2013 Bond Program Related Additional Services Consultants											Closed				
26	Financial Aid - State Awards		01/19/09				05/07/13					Requested - Not Performed	In Process	01/07/20		
27	Financial Aid - Federal Awards														In Process	In Process
28	Investments -Compliance -Collateral Documentation -Transfers for Debt Service -System for Monitoring Maturities			02/19/10												
29	Debt Service -Bond Payments -Continuing Disclosure Requirements -Arbitrage -Bond Restrictions				10/14/10											
30	Human Resources and Payroll -Compliance & Controls					10/21/11										
31	HR - Human Resources- Employment Eligibility Verification Form I-9 (U.S. Citizenship and Immigration Services)							Requested - Not Performed	Requested - Not Performed	Requested - Not Performed	02/17/17					
32	HR Processes - Faculty Credentials												Requested - Not Performed	In Process	In Process	In Process
33	TimeClock Plus [Time Keeping System Compliance] -Departmental Timeforce Procedures							Requested - Not Performed	Requested - Not Performed	Requested - Not Performed	Requested - Not Performed	Requested - In Progress	10/04/18			
34	TimeClock Plus [Time Keeping System Compliance] -Internal Control Procedures				5/5/2011 In Progress- Not completed											
35	Fixed Assets			02/19/10	07/01/11			Requested - Not Performed	Requested - Not Performed	Requested - Not Performed		11/08/17				
36	Continuing Professional and Workforce Education Department					01/05/12										
37	Facilities, Operation & Maintenance- Workorders and Purchase Orders						07/18/13									
38	Custodial Services- Work Orders, Purchase Orders and Inventory							Requested - Not Performed	Requested - Not Performed	Requested - Not Performed	Requested - Not Performed		06/06/19			
39	Enrollment Audit (Traditional and Continuing Education)											Requested - In Progress	07/26/18			
40	Student Activities & Wellness								Requested - Not Performed	Requested - Not Performed		12/01/17				
41	Memorandum of Understanding [MOU] -Early College High Schools -Dual Credit												Requested - Not Performed	In Process	01/11/21	
42	Blueprint Expectations for Early College High Schools												Requested - Not Performed	Requested - Not Performed		
43	Science Lab Safety and Storage Compliance												Requested - Not Performed	In Process	In Process	In Process

South Texas College
Internal Auditing Services for the Period of FY 2008 through FY 2022

	Audit Area	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
44	Red Flag Rules					01/06/12										
45	IT Security and Procedures							09/05/13								
46	IT - Business Continuity / Disaster Recovery															Proposed
47	Texas Administrative Code Sec. 202															Proposed
48	Banner Computer System Security and Access								Requested - Not Performed	Requested - Not Performed	Requested - Not Performed	Requested - Not Performed	In Process	In Process	01/11/21	
49	Instructional Technologies Inventory							Requested - Not Performed	11/06/14							
50	Copiers		10/17/08													
51	Cell Phones		10/01/08													
52	Clery Act, and VAWA											Requested - Not Performed	In Process	07/14/20		
53	Title IX													Requested - Not Performed	Requested - Not Performed	Postponed
54	Internal Assessment of the Office of Internal Audits - (QAIP)														07/13/21	
55	External Assessment of the Office of Internal Audits - (QAIP)														Requested - Not Performed	Proposed
56	Faculty Overloads & Stipends														Requested - Not Performed	Proposed
57	Teacher Retirement System (TRS)														Proposed	In Process
58	Emergency Medical Technology (EMT) Program															Proposed
59	Child and Adult Care Food Program - Application Process													10/01/19		
60	SAO - Catch the Next Complaint: 20-0044													11/07/19		
61	CARES Act Compliance													In Process	08/26/20	
	Total Number of Audits Completed	4	7	6	9	5	4	3	1	0	6	4	6	6	5	

Other Activities

Annual Financial Report [CAFR]
Risk Assessment & Audit Plan
Internal Audit Annual Report

SOUTH TEXAS COLLEGE
PERFORMANCE EVALUATION OF THE INTERNAL AUDITOR
FY 2020 - 2021

Please rate the functioning of the Internal Auditor according to the following criteria and characteristics.

4 = Excellent 3 = Good 2 = Satisfactory 1 = Needs Improvement 0 = Not observed

A.	Fulfillment of Role – Authority, Independence, & Objectivity, and Standards	SCORE
1	Demonstrates accountability and integrity in the execution of the internal auditor function	4 3 2 1 0
2	Successfully engages personnel pertinent to carrying out authorized auditing activities	4 3 2 1 0
3	Maintains freedom from interference by other elements within the College	4 3 2 1 0
4	Maintains free and clear communication with the Board of Trustees	4 3 2 1 0
5	Exercises proper judgment and focus on internal audit activities	4 3 2 1 0
6	Reviews Internal Audit Charter at least annually, with suggested revisions as necessary	4 3 2 1 0
7	Conforms with the Institute of Internal Auditors (IIA) International Standards for the Professional Practice of Internal Auditing (Standards) and IIA Code of Ethics	4 3 2 1 0

B.	Internal Audit Plan	SCORE
1	Provides an internal audit plan at least annually	4 3 2 1 0
2	Bases proposed audit plan on well-defined, risk-based methodology	4 3 2 1 0
3	Aligns plan with the College's risk assessment process	4 3 2 1 0
4	Incorporates feedback of senior management in the development of the proposed audit plan	4 3 2 1 0
5	Reasonably achieves planned activities	4 3 2 1 0

B.	Internal Audit Plan	SCORE
6	Communicates significant deviation, including any material justifications for deviance	4 3 2 1 0
7	Collaborate with external auditors on audit objectives	4 3 2 1 0

C.	Quality Assurance and Improvement	SCORE
1	Maintains a Quality Assurance and Improvement Plan to enhance the Internal Audit Function at the College	4 3 2 1 0
2	Aligns activities to best practices and internal auditing standards	4 3 2 1 0
3	Assesses activities and performance and identifies appropriate opportunities and strategies for improvement	4 3 2 1 0
4	Communicates with senior management and trustees on the quality assurance activities and improvement plan	4 3 2 1 0

D.	Internal Audit Reports	SCORE
1	Provides sufficient reports on completed Internal Audit activities outlined in authorized project list and other approved engagements as necessary	4 3 2 1 0
2	Clearly outlines scope, methodology, and findings of all audit activities	4 3 2 1 0
3	Produces reports which present information in a clear, concise, and impactful manner	4 3 2 1 0
4	Incorporates management response as appropriate to each particular engagement	4 3 2 1 0
5	Provides appropriate follow-up reporting on findings or other issues, as necessary.	4 3 2 1 0
6	Provides comprehensive annual report on audit activities	4 3 2 1 0

E.	Overall Performance	SCORE
1	Overall job performance of the Internal Auditor.	4 3 2 1 0

COMMENTS: _____

Discussion of the South Texas College Educational Foundation

On September 28, 2021, Dr. Ricardo Solis, President, invited Mr. Mario Vazquez to present on the South Texas College Educational Foundation.

This agenda item is provided to allow the Board an opportunity, if necessary, to discuss the next steps for the South Texas College Educational Foundation with Dr. Solis and administration. This will help provide guidance and feedback for the development of any formal actions that may be required in the next steps of developing the Foundation into an actively functioning fundraising entity.

No action is required from the Board. This item is presented for information and feedback.

*The following document
was provided as a
handout at the meeting.*

South Texas College Student Account Receivables (A/R) and Collections Efforts

Maria G. Elizondo, MBA, CPA, CFE, CGMA
Vice President for Finance and Administrative Services
Title IX Coordinator

Katarina Bugariu, Associate Comptroller

Marittza M. Adame, Accounting Group Manager

October 1, 2021



Discussion Points

A. Student Account Receivables and Collection Efforts Overview

- Presentation Objectives
- Mission Statement
- Responsibilities and Functions
- Organizational Chart, Fast Facts
- Compliance with College, Federal and State Policy and Regulations

B. Payments Received By the College

- Student Payments
- Third Party Agency Payments
- Scholarship
- Grants

C. Current Term Balances and Collection Efforts

- Current Term Balances and Collection Efforts
- Balances Remaining Immediately After 12th Class Day – Census
- Student Balance Increases After Census

D. End of term Balances (Delinquent)

- Delinquent Balance Categories
- FY 2020 Primary Delinquent Balance Categories
- Delinquent Account Payment Options
- Delinquent Balance Internal Collection Efforts, External Collection Preparation, Selection, and Submission Process
- Contracted External Collection Agencies, Collection Fee Rates and Collection Effort Activity
- S&S, ICR, and Key 2 Recovery Collection Performance
- Historical Summary of Student Delinquent Balances

E. Annual Write Off and Allowance Process

- Annual Direct Write-Off (Student and Non-Student)
- Current Year Allowance for Doubtful Accounts
- Accounts Receivable and Allowance for Doubtful Accounts
- Expense
- Third Year Write-off of Student Delinquent Accounts Receivable



A. Student Account Receivables and Collection Efforts Overview

3



Presentation Objectives

Learn About

- How balances occur from the beginning of the fall semester and can remain and possibly increase by the end of the semester.
- The internal collection efforts that exist within the current semester and the internal and external collection efforts at the end of the semester.
- Guidelines set forth by South Texas College, Texas Attorney General, Texas Comptroller's Office, Texas Higher Education Coordinating Board, and Federal Department of Education.

A. Student Account Receivables and Collection Efforts Overview

4

Mission Statement

South Texas College Accounts Receivable Department provides centralized billing and collection services to our students and other College departments while complying with College, State, and Federal policies and regulations.

We approach debt recovery from an empathetic perspective to prevent our students from serious financial hardship. The Collection Specialist and Bursar does this by offering creative payment options while still recovering debt.

A. Student Account Receivables and Collection Efforts Overview

5

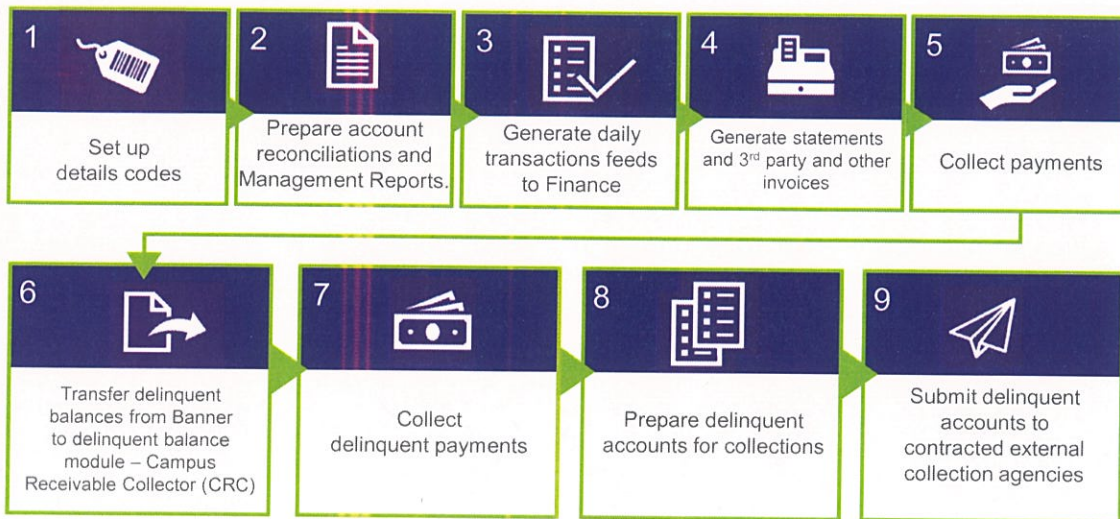
Meet the A/R Staff



A. Student Account Receivables and Collection Efforts Overview

6

Accounts Receivable Functions



A. Student Account Receivables and Collection Efforts Overview

7

Compliance with Board Approved Policies

- Policy 5226: Contracts
- Policy 5223: Third Party Contracts and Scholarships
- Policy 5521: Collection of Emergency Loans
- Policy 5520: Emergency Loan Fund
- Policy 5530: Payment and Collection of Tuition and Fees
- Policy 5535: Payment of Tuition and Fees by Installments
- Policy 5537: Collection of Delinquent Accounts
- Policy 5538: Withdrawal of Students with Delinquent Accounts

X. Section Title

8

Compliance with Federal Regulations

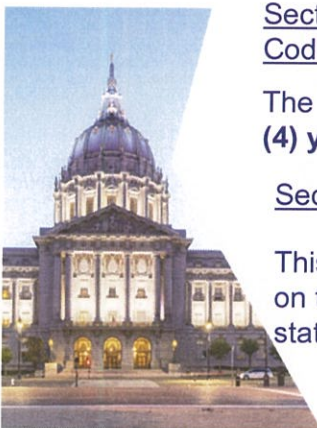


- Federal Pell
- Federal College Work Study
- Federal Supplemental Opportunity Grant
- Federal Trade Commission – Federal Debt Collection Practices Act

A. Student Account Receivables and Collection Efforts Overview

9

Compliance with State Statutes



Section 16.004 of the Texas Civil Practice and Remedies Code

The Texas statute of limitation for a debt collection suit is **four (4) years**.

Section 392.307 of the Texas Finance Code

This section of the law, introduced in 2019, states that a payment on the debt (or any other activity) does not restart the clock on the statute of limitations as it does in most states.

A. Student Account Receivables and Collection Efforts Overview

10

Compliance with State Statutes / Texas Administrative Codes



- Collection of Tuition
- Texas Public Educational Grants
- Emergency Tuition, Fee, and Textbook Loans
- Texas Educational Opportunity Grant Program
- Educational Aide Exemption Program
- College Access Loan
- Texas College Work-study Program

A. Student Account Receivables and Collection Efforts Overview

11

Exemptions and Waivers

Texas Coordinating Board

Exemptions and Waivers - Mandatory

Mandatory programs, by statute, require institutions to grant awards to all who meet the qualifications.

- **Exemptions:** allow special groups of Texas residents or nonresidents to enroll and pay a reduced amount of tuition or fees.
- **Waivers:** allow special groups of nonresidents to enroll and pay a reduced nonresident tuition rate.

All exemption or waiver programs, whether mandatory or optional, apply only to courses for which an institution can receive formula funding.

A. Student Account Receivables and Collection Efforts Overview

12

Exemptions and Waivers (continued)



- [TEC 54.354: Dependents of Diseased Public Servants](#)
- [TEC 54.353: Firefighters taking Fire Science Courses](#)
- [TEC 54.206: Foreign Service Officer](#)
- [TEC 54.366: Foster Care/TX Dpt. Family Protective Services](#)
- [TEC 54.341: Hazelwood Exemptions](#)
- [TEC 54.351: Children of Disabled Firemen/Peace Officers](#)
- [TEC 54.355: Children of Nurse Faculty](#)
- [TEC 54.343: Children of POWs and MIAs](#)
- [TEC 54.011: Concurrent Enrollment/ Min Tuition](#)
- [TEC 54.364: Deaf or Blind](#)

A. Student Account Receivables and Collection Efforts Overview

13

Exemptions and Waivers (continued)

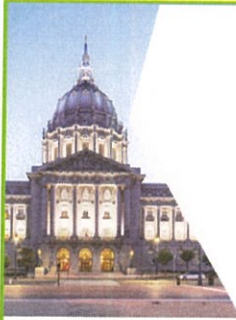


- [TEC 54.241: Military in Texas](#)
- [TEC 54.345: National Guard Waiver](#)
- [TEC 54.232: NATO Members and Families](#)
- [TEC 54.3531: Peace Officer Exemption](#)
- [TEC 54.356: Preceptors and/or their Children](#)
- [TEC 54.212: Teaching and Research Assistants](#)
- [TEC 54.621c: Texas Tomorrow Fund Contract](#)

A. Student Account Receivables and Collection Efforts Overview

14

Exemptions and Waivers - Optional



- [TEC 130.0851: Community College District Employees](#)
- [TEC 130.008: Dual Enrollment - Jr. Colleges](#)
- [TEC 54.301: Highest Ranking HS Scholar](#)

A. Student Account Receivables and Collection Efforts Overview

15

B. Payments Received by the College

B. Payments Received by the College

16

Type of Payments Received by the College

- Student payments
 - Cash, Check, and Credit Cards
- Sponsoring Third Party Agency payments
 - Federal (Veterans Ch. 31 & 33), State , Local (Dual Credit ISDs) and Private (VIDA) 3rd Party agencies
- Scholarships – students may apply for various scholarships published on the Financial Aid website
- Grants – sponsoring student tuition and/or fees
 - Federal (PELL), State (TEOG), Local and Private 3rd Party agencies
- Exemptions and Waivers

B. Payments Received by the College

17

C. Current Term Balances and Collection Efforts

C. Current Term Balances and Collection Efforts

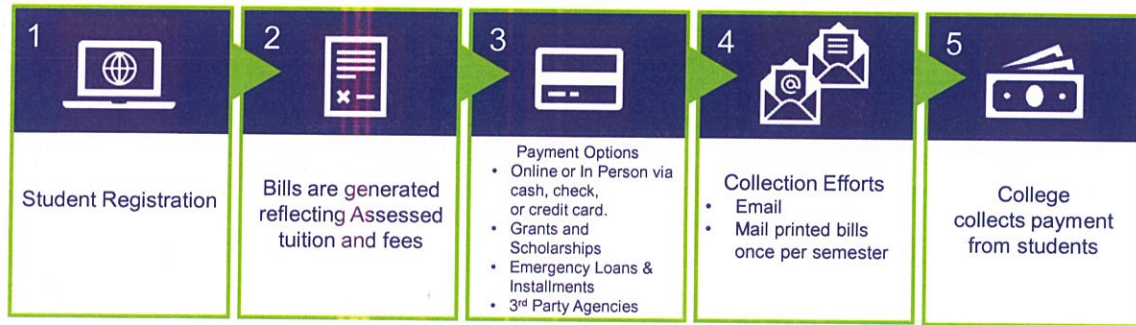
18

Current Term Balances and Collection Efforts

Student Registration – assesses tuition and fee charges

- Registration is typically available for students three (3) months before the semester begins and students may review the tuition and fees assessed via JagNet.

Tuition and Fee Payment Deadlines – due prior to census.



C. Current Term Balances and Collection Efforts

19

Current Term Balances and Collection Efforts

Student Registration –Registration is typically available for students four (4) months before the semester begins and students are dropped for non-payment on census date, which occurs 12 days after first day of class.

Tuition and Fee Payment Deadlines due prior to census are published on the South Texas College website.

Important Dates	
Payment Deadlines	
First Day of Class	08/23/21
Early Payment Deadline	08/16/21
Payment Deadline	08/22/21
Final Payment Deadline (Census) Due by 5pm, including online payments	09/08/21
Classes not paid in full by 5pm on the Final deadline are dropped!	

C. Current Term Balances and Collection Efforts

20

Current Term Balances and Collection Efforts

Activity	April	May	June	July	August	September
Registration	4/9/2021					
1st Payment Deadline					8/16/2021	
Book Allowance					8/19/2021	
2nd Payment Deadline					8/22/2021	
1st class day					8/23/2021	
Faculty Attendance Verification					8/23/2021	9/8/2021
Final Payment Due Date (Census)						9/8/2021

Type of Outstanding Balance on Census Date

Tuition
Non-Mandatory and Other Fees
Tuition and Fees on Financial Aid Saved List

Drop Student

Yes
No
No

C. Current Term Balances and Collection Efforts

21

Current Term Balances Remaining Immediately After 12th class day - Census

Payment Plans

- Installments
 - 2 to 4 payments with final payment due in November
- Emergency Loans Funded from TPEG
 - 2 payments with final payment due in November

C. Current Term Balances and Collection Efforts

22

Current Term Balances Remaining Immediately After Census (cont.)

Outstanding Fees (Mandatory, Incidental and Other)

- Students with outstanding fee balances are not dropped for non-payment at census. (Other resources: TAC 21.4 (a))

C. Current Term Balances and Collection Efforts

23

Current Term Balances Remaining Immediately After Census (cont.)

Outstanding Tuition and Fees

- Financial Aid saved List. (Other resources – TAC 21.4(b))
- Non-attendance student – Book allowance received.
- Withdrawal – Book allowance received.
- Drop retained – voluntarily dropped before census and a percentage of tuition and fees remain outstanding. The percentage remaining is based on when the student dropped.

C. Current Term Balances and Collection Efforts

24

Student Balance Increases After Census

Various Title IV (PELL) eligible student actions may cause the outstanding balance to increase from census date to the end of each semester requiring Title IV aid payment reductions due to:

- Withdrawals
- Non-attendance
- Failing grades
- Unsuccessful Financial Aid verification
- Enrollment in multiple Higher Education institutions

Students with remaining balances have a registration hold and continue receiving notices throughout the term with options to pay on-line, in-person, via phone, or mail.

C. Current Term Balances and Collection Efforts

25

D. Delinquent Balances

D. Delinquent Balances

26

Delinquent Balance Categories

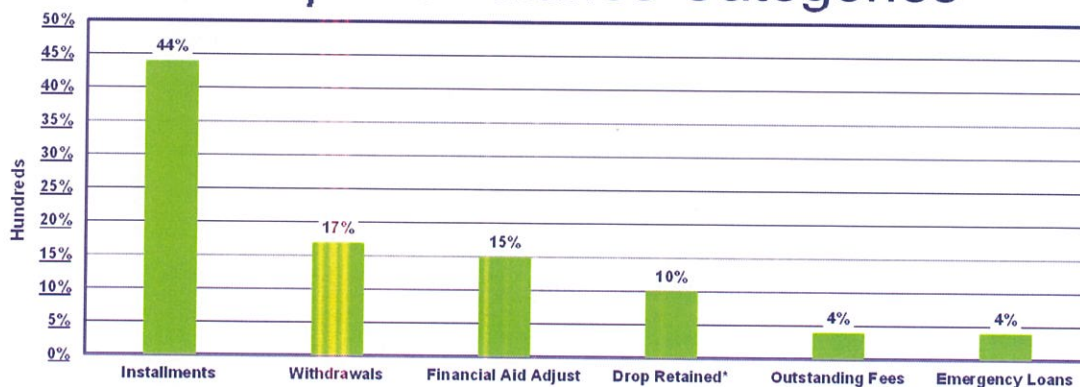
Outstanding balances at the end of each semester are considered delinquent and fall under the following categories:

- Installment Agreements
- Insufficient Funds
- Continuing Education/Industry Training and Economic Development
- Reinstated
- Withdrawn
- Payment Arrangements
- Drop retained
- Financial Aid Saved
- Financial Aid Adjustments
- Fees
- Third Party adjustments

D. Delinquent Balances

27

FY 2020 Primary Delinquent Balance Categories



Note:

- 18% of the balance may have existed before the census.
- 82% of the balance occurred after census (Withdrawals and Financial Aid Adjustments)

D. Delinquent Balances

28

Delinquent Balance Internal Collection Efforts

1-29 Days

1st Email is sent to Student



30-59 Days

2nd Email and 1st mail out notices are sent to Student



60-89 Days

Final Email is sent to Student



90+ Days

All collection notices are generated and recorded in Campus Receivables Collector (CRC)



Accounts with remaining balances after 90 days are selected for external collection efforts.

D. Delinquent Balances

29

Delinquent Account Payment Options



JAGNET – CWA
(Customer Web Access)



Cashier Department:

- In-Person – Cash, Check, Credit card, Debit card
- In-Person Payment Lab – Credit card, Debit card
- Pay by phone – Credit card, Debit card



Mail:

Attention Cashiers:
P.O. Box 9701
McAllen, TX
78502-9701

D. Delinquent Balances

30

Contracted External Collection Agencies

S&S Recovery

**13 Years
(2008-2021)**

ICR

**10 Years
(2011-2021)**

Key 2 Recovery

**1 year
(2020-2021)**

D. Delinquent Balances

31

Delinquent Balance External Collection Preparation, Selection, and Submission Process

President approves
Collection Agency
Referral memorandum



Distribute Accounts to
Agencies (by last name)

- ICR: (A-F) & (W-Z)
- S&S: (G-M)
- Key 2 Recovery (N-V)



South Texas College
submits encrypted
batch file through
secure client portal



Collection Agencies
send college receipt
acknowledgment



D. Delinquent Balances

32

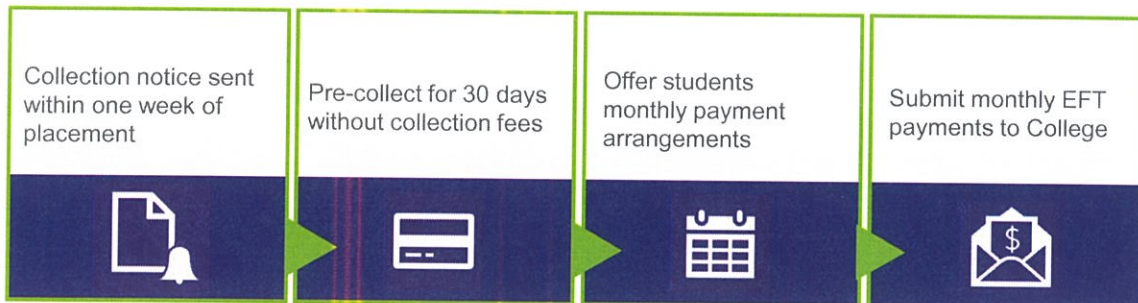
External Collection Agency Collection Fee Rates

Collection Agency/Referral Type	Collection Fee Rate
S&S	
• 1 st Referral	25%
• 2 nd & 3 rd Referrals	25%
• Litigation (4-yr statute of limitation)	30%
ICR	
• 1 st Referral	20%
• 2 nd & 3 rd Referrals	25%
• Litigation(4-yr statute of limitation)	28%
Key 2 Recovery	
• 1 st Referral	18%
• 2 nd Referral	22%

D. Delinquent Balances

33

External Collection Agency Collection Effort Activity



D. Delinquent Balances

34

S&S, Inc Collection Performance 2021 (Cumulative 2008-2021)

SOUTH TEXAS COLLEGE COLLECTION AGENCY PERFORMANCE MONTH ENDING JULY 31, 2021

AGENCY	TYPE	ORIGINAL DEBT	BALANCE	COLLECTED	COLL %
S&S	AR - Tuition, Fees, Title IV	4,648,819.25	3,917,967.87	730,851.38	16%
	CE - Continuing Education and ITED	7,086.24	6,275.19	811.05	11%
	EML - Emergency Loans	568,792.77	400,040.28	168,752.49	30%
	INSTALL - Installment Agreements	1,947,347.50	1,567,399.76	379,947.74	20%
	NAHL - Nursing Allied Health Loans	1,700.00	130.00	1,570.00	92%
	NSF - Insufficient Check Payments	7,201.66	5,995.76	1,205.90	17%
S&S Total		7,180,947.42	5,897,808.86	1,283,138.56	18%

D. Delinquent Balances

35

ICR, Inc Collection Performance 2021 (Cumulative 2011-2021)

SOUTH TEXAS COLLEGE COLLECTION AGENCY PERFORMANCE MONTH ENDING JULY 31, 2021

AGENCY	TYPE	ORIGINAL DEBT	BALANCE	COLLECTED	COLL %
ICR	AR - Tuition, Fees, Title IV	1,072,816.61	872,478.88	200,337.73	19%
	CE - Continuing Education and ITED	1,082.60	1,001.30	81.30	8%
	EML - Emergency Loans	137,573.68	82,848.27	54,725.41	40%
	INSTALL - Installment Agreements	602,846.50	428,838.59	174,007.91	29%
	NSF - Insufficient Check Payments	6,294.20	6,294.20	0.00	0%
	X - Former Employees	1,646.49	722.85	923.64	56%
ICR Total		1,822,260.08	1,392,184.09	430,075.99	24%

D. Delinquent Balances

36

Key 2 Recovery, Inc Collection Performance 2021 (Cumulative 2020-2021)

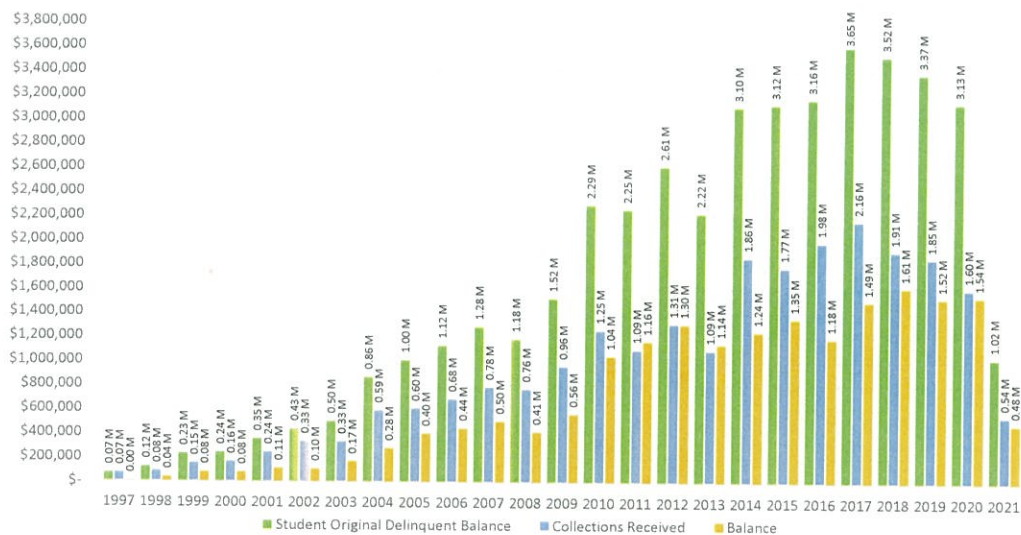
SOUTH TEXAS COLLEGE COLLECTION AGENCY PERFORMANCE MONTH ENDING JULY 31, 2021					
AGENCY	TYPE	ORIGINAL DEBT	BALANCE	COLLECTED	COLL %
Key 2 Recovery	AR - Tuition, Fees, Title IV	1,909,330.60	1,628,721.47	280,609.13	15%
	CE - Continuing Education and ITED	1,471.08	970.84	500.24	34%
	EML - Emergency Loans	275,247.39	184,777.54	90,469.85	33%
	INSTALL - Installment Agreements	873,907.64	663,044.88	210,862.76	24%
	NAHL - Nursing Allied Health Loans	500.00	98.00	402.00	80%
	NSF - Insufficient Check Payments	2,561.19	2,259.69	301.50	12%
	X - Former Employees	3,962.36	3,962.36	0.00	0%
Key 2 Recovery Total		3,066,980.26	2,483,834.78	583,145.48	19%

Note: Key 2 Recovery was contracted on September 2020. Delinquent balances were referred late October.

D. Delinquent Balances

37

Historical Summary of Student Delinquent Balances FY1997 to FY2021

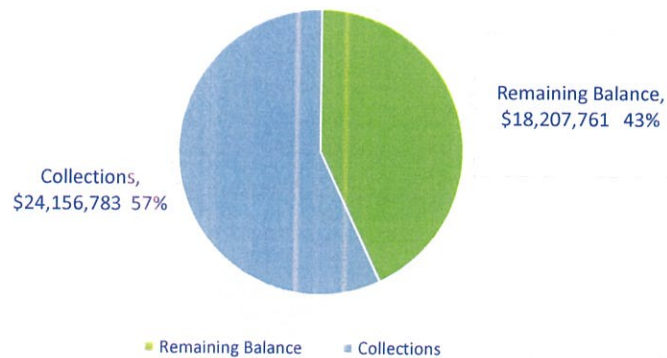


D. Delinquent Balances

38

Historical Summary of Student Delinquent Balances FY1997 to FY2021

Student Delinquent Balances
Total \$42,364,544



D. Delinquent Balances

39

Annual Direct Write Off and Allowance Process (Audited Annually by External Financial Auditors)

Annual Direct Write Off – Student and Non-Student

- The College uses the direct write off method for Emergency Loans, NSF (over one year old), forgiveness of debt and other non-student uncollectible accounts.

Current Year Allowance for Doubtful Accounts

- The College uses the allowance method for student receivables.

Accounts Receivable and Allowance for Doubtful Accounts

- The allowance method results in accounts receivable, allowance and net accounts receivable on the Statement of Net Assets.

E. Write-Off and Allowance Process

40

Annual Direct Write Off and Allowance Process (Audited Annually by External Financial Auditors)

Expense

- The allowance entry results in an expense in the Statement of Revenues, Expenses and Changes in Net Assets (SRECNA).

3rd Year Write Off of Student Delinquent Accounts Receivable

- The write-off for delinquent student balances will occur on the third year.

Fiscal Year	Write Off Expense
2015-2016	\$1,199,127
2016-2017	\$1,368,451
2017-2018	\$1,305,232
2018-2019	\$1,107,266
2019-2020	\$833,499

E. Write-Off and Allowance Process

41

Questions?