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STATE OF NEW YORK
OFFICE OF THE STATE
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November 5, 1999

Mr. Richard Mills
Commissioner
State Education Department
Education Building
Albany, NY 12234

Mr. Peter J. Keitel
President
Higher Education Services Corporation
99 Washington Avenue
Albany, NY 12255

Re: Adelphi University
Report 99-T-1

Dear Mr. Mills and Mr. Keitel:

According to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution, Article II, Section 8 of the State Finance Law and a Memorandum of Agreement dated December 1, 1989 involving the State Comptroller, the Commissioner of Education, the President of the Higher Education Services Corporation (HESC), and the Director of the Budget, we audited the records and procedures used in administering the Tuition Assistance Program (TAP) at Adelphi University (Adelphi) for the 1995-96 through 1997-98 academic years.

Summary Conclusions

In accordance with Section 665(3)(b) of the Education Law (Law), we determined that Adelphi University was overpaid \$25,383 because school officials incorrectly certified students as eligible for TAP awards. We tested the accuracy of Adelphi's TAP certification for the three years ended June 30, 1998 using a statistical sample of 200 randomly selected awards of the 4,889 awards that Adelphi certified. From our statistical sample, we disallowed four awards totaling \$4,379. A statistical projection of these audit disallowances to the entire population results in an audit disallowance of \$11,329. We also disallowed nine awards totaling \$14,054 based on our

review of other awards from outside the statistical sample population. Therefore, we recommend that HESC recover the total \$25,383 plus applicable interest from Adelphi.

Background

Adelphi University, a private four-year university located in Garden City, offers a wide variety of programs leading to undergraduate and graduate degrees that are approved by the State Education Department (SED) for State financial aid. Adelphi grants Bachelor of Arts, Bachelor of Science, Bachelor of Business Administration, Bachelor of Fine Arts and Bachelor of Science in Education degrees in its seven undergraduate schools.

TAP is the largest of the various student grants and scholarship programs administered by HESC. It is an entitlement program designed to provide tuition aid to eligible full-time students who are enrolled in a variety of programs.

Draft copies of this report were provided to SED, HESC and Adelphi officials for their review and comment. We have considered their comments in preparing this audit report.

Audit Scope

The objective of our financial and compliance audit was to determine whether Adelphi's management complied with the Law and the Commissioner of Education's Rules and Regulations (Regulations) for certifying students as eligible for TAP awards. The scope of our audit did not include reviewing the records and procedures of HESC as they relate to determining the amount of the awards.

According to HESC's records, Adelphi certified 1,717 students for 4,889 TAP awards totaling \$6,230,908 during the 1995-96 through 1997-98 academic years. We selected and reviewed a statistical sample of 200 awards totaling \$239,976 paid on behalf of 192 students for the three-year period ended June 30, 1998. We also reviewed other awards that came to our attention during the audit.

We did our audit according to generally accepted government auditing standards. Such standards require that we plan and do our audit to adequately assess those operations of Adelphi which are included within our audit scope. These standards also require that we review and report on Adelphi's internal control system and its compliance with those laws, rules and regulations that are relevant to Adelphi's operations which are included in our audit scope. An audit includes examining, on a test basis, evidence supporting transactions recorded in the accounting and operating records and applying such other auditing procedures as we consider necessary. An audit also includes assessing the estimates, judgments and decisions made by management. We believe that our audit provides a reasonable basis for our findings, conclusions and recommendations.

In planning and doing our audit of Adelphi, we reviewed management’s internal control system. Our audit was limited to a preliminary review of the internal control system to obtain an understanding of the environment and the flow of transactions through the accounting system and other systems supporting the claims for student financial aid.

Adelphi’s management is responsible for complying with the Law and the Regulations. In connection with our audit, we performed tests of Adelphi’s compliance with certain provisions of the Law and Regulations. Our objective in performing these tests was to obtain reasonable assurance that the TAP awards Adelphi received were for eligible students. Our objective was not to provide an opinion on Adelphi’s overall compliance with the Law and Regulations.

The results of our tests indicate that, with respect to the items tested, Adelphi was generally in compliance with the provisions referred to in the preceding paragraph, except as noted in the following section of this report.

Audit Disallowances

The following table summarizes the disallowances that resulted from our audit.

<u>Reason for Disallowance</u>	<u>Number of Awards</u>	<u>Amount</u>	<u>Total</u>
Disallowances from Statistical Sample:			
Students Not Matriculated	2	\$3,194	
TAP Not Posted to Student’s Account	1	818	
Student Not in Good Academic Standing	<u>1</u>	<u>367</u>	
Total Sample Disallowances	<u>4</u>	<u>\$4,379</u>	
Projected Amount			\$11,329
Disallowances from Outside the Statistical Sample Period:			
Students Not Matriculated	4	\$7,152	
Student Not in Full-Time Attendance	1	1,381	
Students Not in Good Academic Standing	<u>4</u>	<u>5,521</u>	
Total Disallowances from Outside the Sample	<u>9</u>		<u>14,054</u>
Total Audit Disallowance			<u>\$25,383</u>

The various types of disallowances are discussed in the following sections of this report. Details of the statistical projection, students' names and related information were provided to Adelphi officials separately.

Students Not Matriculated

Criteria - Section 661.4(a) of the Law requires students to be matriculated in an approved program to be eligible for TAP. Section 145-2.4 of the Regulations states: "A student shall be considered in matriculated status if the student has filed a written application for enrollment at the institution for the purpose of earning a degree, diploma or certificate," and . . . "the institution has recognized the student as a candidate for that degree, diploma or certificate."

Also, Section 52.2 of the Regulations states, "the admission of a student shall be determined through an orderly process using published criteria which shall be uniformly applied." In part, Adelphi's published admission criteria requires students to submit the following: a completed application for admission; an essay; an official secondary school record; and their results from either the SAT or ACT exam. This information is maintained for each student in the student's academic folder.

Audit Determination - We identified six awards that were paid to two students who were not matriculated. Since the students' academic folders were missing, we could not ensure the students completed an admission application, submitted an essay and submitted a high school transcript as required by Adelphi's admission requirements.

School Officials' Position - Adelphi officials contend that their ability to provide information about these students from their computer system demonstrates the students were matriculated.

Auditors' Comments - The information maintained on the computer system does not include all components of the admission criteria. Information contained in the academic folders for these two students is necessary to demonstrate that the students were matriculated.

Student Not in Full-Time Attendance

Criteria - Section 661 of the Law requires that students must be in full-time attendance to be eligible for their TAP awards. Section 145-2.1 of the Regulations states, in part, that for a degree-granting school, full-time study is defined as enrollment for at least twelve hours a semester for a semester of fifteen weeks or its equivalent. Section 145-2.9 of the Regulations allows students who take between six and 11 credit hours in a summer term to receive half-time summer TAP awards if they have been enrolled full-time in the preceding semester or will be enrolled full-time in the subsequent semester.

Audit Determination - We identified an award paid to a student who did not maintain full-time status. This student was enrolled in seven credit hours in a summer term, but was certified for a full TAP award.

School Officials' Position - Adelphi officials stated that, according to their records, they correctly certified the student who took seven credit hours for a half-time summer award. Officials said HESC made an error while processing the award.

Auditors' Comments - The information Adelphi provided was dated October 1994. However HESC's records indicate that Adelphi officials submitted a subsequent change in April 1995 that adjusted the award from a half-time to a full-time award.

TAP Not Posted to Student's Account

Criteria - Section 2205.3(e) of the Regulations requires that each student's account be credited within seven days of the receipt of a finalized award.

Audit Determination - We identified one student's award that was paid to Adelphi but was not posted to the student's account. Since school officials did not properly distribute the funds so the student could benefit from the TAP award, we are disallowing the award.

School Officials' Position - Adelphi officials state that the award was mistakenly removed from the student's account, and that they recently posted the award to correct the student's account balance.

Auditors' Comments - The student was eligible for the award and should have received it. Adelphi officials removed the award from her account and only re-posted it after we brought the problem to their attention.

Students Not in Good Academic Standing

Criteria - Section 665 of the Law requires that students be in good academic standing to be eligible to receive TAP awards. Section 145-2.2 of the Regulations states that, to maintain good academic standing, a student must maintain satisfactory academic progress toward completion of a program and pursue the program of study in which he or she is enrolled.

To maintain satisfactory academic progress, a student must accrue at least a certain number of credits and earn at least a certain cumulative grade point average as required in the college's published satisfactory academic progress chart approved by SED. A student is pursuing the approved program of study if, during each term of study for which an award is received, the student receives a passing or failing grade in a predetermined percentage of the minimum full-time course load based on the student's TAP payment level.

When a student fails to maintain good academic standing, the student loses prospective TAP eligibility. Students can regain good academic standing by making up the deficiencies at their own expense, obtaining a TAP waiver, remaining out of school for at least one calendar year or transferring to another institution.

Audit Determination - We identified five awards paid to three students who failed to maintain good academic standing. Two students did not earn the required grade point average to maintain the satisfactory academic progress requirement for the awards they received. The other student did not earn passing or failing grades in enough courses to meet the pursuit of program requirement.

School Officials' Position - Adelphi officials did not respond to these findings.

Recommendations to the Higher Education Services Corporation

1. *Recover the \$25,383 plus applicable interest from Adelphi for its incorrect TAP certifications.*
2. *Ensure that Adelphi posts TAP awards to students' accounts.*

Recommendation to the State Education Department

Ensure that Adelphi complies with SED regulations that pertain to matriculation, good academic standing, and other issues in this report.

Major contributors to this report were Kenneth I. Shulman, David Louie, Sal D'Amato, Yelena Feldman and Donald Collins.

We wish to express our appreciation to the management and staff of Adelphi University for the courtesies and cooperation extended to our auditors during this audit.

Very truly yours,

Jerry Barber
Audit Director

cc: Steven L. Isenberg
Charles Conaway