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STATE COMPTROLLER



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STATE OF NEW YORK  
OFFICE OF THE STATE COMPTROLLER

April 16, 2001

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: Iona College  
Report 2000-T-6

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 Iona College (Iona), for the 1997-1998 through 1999-2000 academic years.

**Summary Conclusions**

In accordance with Section 665(3)(b) of the Education Law (Law), we determined that Iona was overpaid \$62,594 because school officials incorrectly certified students as eligible for TAP awards. We tested the accuracy of the 6,750 TAP certifications Iona awarded for the three-year period that ended June 30, 2000, by reviewing a statistical sample of 200 randomly-selected awards. From our statistical sample, we disallowed six awards totaling \$6,698. A statistical projection of these audit disallowances to the entire population, using a 95 percent single-sided confidence level, results in an audit disallowance of \$60,644. We also disallowed one award totaling \$1,950 based on our review of other awards from outside the statistical sample period. Therefore, we recommend that HESC recover a total of \$62,594 plus applicable interest from Iona.

## **Background**

Iona, with its main campus in New Rochelle, New York, and branch campuses in Manhattan and Rockland County, New York, is an independent senior institution of higher learning. Iona offers undergraduate and graduate degrees in a variety of programs, most of which are approved by the New York State Education Department (SED) as TAP eligible.

TAP is the largest of the various student grant 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.

We provided draft copies of this report to SED, HESC and Iona 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 Iona'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 for determining the amount of the awards.

According to HESC records, Iona officials certified 6,750 TAP awards totaling \$8,706,516 paid on behalf of 2,245 students during the three academic years that ended on June 30, 2000. We reviewed a statistical sample of 200 randomly-selected awards totaling \$272,967 that were made to 192 students during that period. We also reviewed other awards that came to our attention during the audit.

We conducted our audit according to generally accepted government auditing standards. Such standards require us to plan and perform our audit to adequately assess those operations of Iona that are included within our audit scope. These standards also require that we review and report on Iona's internal control system and its compliance with those laws, rules and regulations that are relevant to Iona's operations and 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 performing our audit of Iona, we reviewed management's internal control system. Our audit was limited to a preliminary review of this system to obtain an understanding of the environment and the flow of transactions through the accounting system and other systems that would support claims for student financial aid.

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

The results of our tests indicate that, with respect to the items tested, Iona 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.

<b><u>Reason for Disallowance</u></b>	<b><u>Number of Awards</u></b>	<b><u>Amount</u></b>	<b><u>Total</u></b>
<b>Disallowances From the Statistical Sample:</b>			
Students Not in Good Academic Standing	3	\$4,549	
Student Not in Full-Time Attendance	1	1,090	
Student Not Matriculated	1	921	
TAP Not Posted to a Student's Account	<u>1</u>	<u>138</u>	
Total Disallowances from the Statistical Sample	<u>6</u>	<u>\$6,698</u>	
Projected Amount			\$60,644
<b>Disallowance From Outside the Statistical Sample Period:</b>			
Student Not in Full-Time Attendance	<u>1</u>		<u>1,950</u>
Total Audit Disallowance			<u>\$62,594</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 Iona officials separately.

**Students Not in Good Academic Standing**

*Criteria* - Section 665 of the Law requires that students must be in good academic standing to qualify for TAP awards. To maintain good academic standing, a student is required by Section 145-2.2 of the Regulations to maintain satisfactory academic progress toward completion of a program and to pursue the program of study in which he or she is enrolled. To maintain satisfactory academic progress, a student must accrue a certain minimum number of credits and earn a specified minimum cumulative grade point average (GPA), as required on the chart of satisfactory academic progress published by the college and 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 required to qualify for the appropriate level of TAP payment.

A student who fails to maintain good academic standing loses TAP eligibility. Students can regain such 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 disallowed three awards paid on behalf of three students who did not maintain good academic standing. These students did not earn passing or failing grades in enough courses to meet the pursuit of program requirements; therefore, they were not eligible to receive TAP awards. Two of the students earned passing or failing grades for 9 hours when they should have earned passing or failing grades for 12 hours. The remaining student earned passing or failing grades for 10 hours when she should have earned passing or failing grades for 12 hours.

School Officials' Position - Iona officials did not dispute our findings in this area.

### **Students 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 full-time study for a semester-based program at a degree-granting school is defined as enrollment for at least 12 hours per semester for a semester of 15 weeks or its equivalent. Full-time study for a trimester-based program is defined as enrollment for at least eight semester hours of credit for a term of at least ten weeks.

Audit Determination - We disallowed two awards paid on behalf of two students who did not maintain full-time status. One award was paid to a student who attended Iona on a trimester basis for a term in which she enrolled for only seven semester hours. The other award was paid to a student who attended Iona on a semester basis for a term in which she enrolled for only 11 hours.

School Officials' Position - Iona officials did not dispute these findings.

### **Student Not Matriculated**

Criteria - Section 661 of the Law requires that students be matriculated in an approved program for financial aid eligibility. Section 145-2.4 of the Regulations states that a student is considered matriculated if the student has filed a written application for enrollment, and the college has taken into consideration the capacity of the student to complete the program and the college's own capacity to provide instructional and other support the student needs to complete the program, as required by Section 52.2 of the Regulations. 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." This requirement is met if students meet the school's admission criteria as published in its catalog. For admission to its undergraduate day program, Iona requires a completed application, an official transcript of high school grades or a GED, a recommendation from a high school official, results of the Scholastic Aptitude Test (SAT) or American College Test (ACT), and an application fee. For admission to its returning adult school, Iona requires a high school diploma or a college transcript indicating academic achievement, and an admissions interview.

Audit Determination - We disallowed one award paid on behalf of a student who was not properly matriculated. This student did not meet the school's published entrance requirements, as her admission's file did not contain a final high school transcript.

School Officials' Position - Iona officials disputed this finding, and reiterated the student was a high school graduate.

*Auditors' Response* - School officials did not provide documentation to support the student's graduation from high school.

### **TAP Not Posted to a Student's Account**

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

*Audit Determination* - We identified one student whose TAP award had not been credited to her account. Since Iona officials did not distribute the funds properly so the student could benefit from the TAP award, we are disallowing this award.

*School Officials' Position* - Iona officials did not dispute this finding.

### **Recommendations to the Higher Education Services Corporation**

1. *Recover the \$62,594 plus applicable interest from Iona College for its incorrect TAP certifications.*
2. *Ensure that Iona officials post students' TAP awards.*

### **Recommendation to the State Education Department**

*Ensure that Iona College complies with the SED requirements relating to good academic standing, full time attendance, and matriculation cited in this report.*

Major contributors to this report were Kenneth I. Shulman, Kenrick Sifontes, Maureen Costello, Brittany Hayes and Lynn Schoonbeek.

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

Yours truly,

Jerry Barber  
Audit Director

cc: Brother James Liguori  
Charles Conaway