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OFFICE OF THE STATE COMPTROLLER

August 29, 2003

Mr. Richard P. Mills  
Commissioner  
State Education Department  
Education Building  
Albany, New York 12234

Mr. Pierre L. Alric  
Acting President  
Higher Education Services Corporation  
99 Washington Avenue  
Albany, New York 12255

Re: John Jay College of Criminal Justice  
Report 2001-T-8

Dear Mr. Mills and Mr. Alric:

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 the John Jay College of Criminal Justice (John Jay) for the 1998-99 through 2000-01 academic years.

**Summary Conclusions**

In accordance with Section 665(3)(b) of the New York State Education Law (Law), we determined that John Jay was overpaid \$1,003,140, because college officials incorrectly certified some students as eligible for TAP awards. We tested the accuracy of the 25,027 TAP certifications John Jay awarded for the three-year period that ended on June 30, 2001, by reviewing a statistical sample of 200 randomly-selected awards. From our statistical sample, we disallowed 13 awards totaling \$14,775. A statistical projection of these disallowances to the entire population, using a 95 percent single-sided confidence level, results in an audit disallowance of \$988,289. We also disallowed 11 awards totaling \$14,851, based on our review of other awards from outside the statistical sample period. Therefore, we recommend that HESC recover a total of \$1,003,140, plus applicable interest, from John Jay.

## **Background**

John Jay, a senior college in the City University of New York (CUNY) system, is located in Manhattan, New York City. It offers undergraduate and graduate degrees in a variety of programs that are approved by the New York State Education Department (SED) for TAP eligibility. John Jay was founded in 1964 and has an enrollment of approximately 10,500 students.

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 eligible programs.

We provided draft copies of this report to SED, HESC, and John Jay officials for their review and comments. We have considered their comments in preparing this audit report.

## **Audit Scope, Objective, and Methodology**

The objective of our financial and compliance audit was to determine whether John Jay'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 reviews of the process HESC follows in determining the amount of such awards.

According to HESC records, John Jay officials certified 25,027 TAP awards totaling \$29,001,231 paid on behalf of 9,515 students during the three academic years that ended on June 30, 2001. We reviewed a statistical sample of 200 TAP awards totaling \$236,423 made to 200 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 John Jay that are included within our audit scope. These standards also require that we review and report on John Jay's internal control system and its compliance with those laws, rules, and regulations that are relevant to John Jay'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 John Jay, 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.

John Jay's management is responsible for complying with the Law and the Regulations. In connection with our audit, we performed tests of John Jay's compliance with certain

provisions of the Law and 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 John Jay's overall compliance with such provisions.

Our audit showed that, for the transactions and records tested, John Jay was generally in compliance with these provisions, except as noted in the following sections 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 Full-Time Attendance	6	\$ 6,398	
Students Not in Good Academic Standing	<u>7</u>	<u>8,377</u>	
Total Disallowances from the Statistical Sample	<u>13</u>	<u>\$14,775</u>	
Projected Amount			\$ 988,289
<b>Disallowances from Outside the Statistical Sample Period:</b>			
Students Not in Full-Time Attendance	9	\$12,071	
Students Not in Good Academic Standing	<u>2</u>	<u>2,780</u>	
Total Disallowances from Outside the Sample	<u>11</u>		<u>14,851</u>
Total Audit Disallowance			<u>\$1,003,140</u>

The disallowances are discussed below. Students' names and related information were provided separately to John Jay officials.

### **Students Not in Full-Time Attendance**

*Criteria* - Section 661 of the Law requires that students 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 semester hours per semester for a semester of not less than 15 weeks or its equivalent. SED's Chief Executive Officers' Memorandum No. 86-17 states that, "basic to the payment of State student aid is the requirement that courses that make up a student's minimum course load be creditable toward the degree, diploma or certificate program in which the student is enrolled." It further states that, "if a student repeats a course in which a passing grade acceptable to the institution has already been received, the course cannot be included as part of the student's minimum full-time course load for financial aid purposes."

*Audit Determination* - We disallowed 15 awards (6 awards from our statistical sample period and 9 from the outside the period) that had been paid on behalf of 14 students who had not been enrolled for a minimum of 12 hours creditable toward their degrees and therefore did not meet

the full-time requirement. Thirteen of these students had enrolled in courses that were not applicable to the major/program in which they were enrolled. The remaining student repeated a course she had previously passed.

School Officials' Position - John Jay officials disagreed with the disallowances relating to five students. Officials contended that these students were taking courses applicable to programs they intended to pursue. They added that four of the five students had applied for, but had failed to meet, the admission criteria for the Bachelor's Degree program. As a result, they were placed in specialized two-year programs that would allow them to demonstrate their competency for study at the baccalaureate level. Officials stated that success in these programs qualified the students academically to take courses required for the bachelor's program. Although officials did not record a transfer, they contended that these students were following a planned transition from a two-year program into their originally intended program of study. They added that the fifth student was taking courses needed for the major she changed to the semester after the semester term for the award being disallowed.

Auditors' Comments - These students did not take a minimum of 12 credits applicable to the major/program in which they were enrolled, as evidenced on their official transcripts, during the semesters for which the awards were disallowed. John Jay requires students wishing to change their major/program to submit an approved Declaration of Major form. Officials could not provide this, or similar evidence that the students had changed their major prior to the semester for which the awards were disallowed.

### **Students Not in Good Academic Standing**

Criteria - Section 665 of the Law requires that students be in good academic standing to be eligible 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, as required on the chart of satisfactory academic progress approved by the 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 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.

SED's Memorandum to Chief Executive Officers No. 81-12 states that the requirements for good academic standing may be waived for "exceptional or extraordinary cases" beyond a student's control. Moreover, it requires that "a complete case record should be maintained for students who receive the waiver. Failure on the part of an institution to ... maintain necessary documentation may result in an audit disallowance."

*Audit Determination* - We disallowed 9 awards (7 awards from our statistical sample period and 2 from outside the period) that had been paid on behalf of eight students who had not maintained good academic standing. Six of the students, who either withdrew from some courses or took courses not applicable to their designated programs, had not earned passing or failing grades in enough courses creditable to their degrees to meet the pursuit of program requirements. Another student did not earn the cumulative grade point average required on the school's chart of satisfactory academic progress to maintain TAP eligibility. The remaining student failed to meet the requirements relating to both satisfactory academic progress and program pursuit.

John Jay granted a TAP waiver to one of these students. When we reviewed the supporting documentation for the waiver, we found that the reason for the waiver was not "exceptional or extraordinary" or documented adequately, as required. The remaining seven students did not receive waivers, did not make up the deficiencies at their own expense, or did not remain out of school for one year.

*School Officials' Position* - School officials disagreed with five disallowances relating to four students. They contended that the students were following their educational goal as indicated on their admissions application, and the student's intent, with regard to his/her program, should be considered when determining whether the good academic standing requirement was met. Officials did not respond to the remaining four disallowances.

*Auditors' Comments* - While the four students had indeed applied for baccalaureate programs on their admissions applications, college officials had enrolled them in two-year associate degree programs because the students had not met the entrance requirements for the baccalaureate program. School officials could not provide Declaration of Major forms, or similar documentation, evidencing the transfer of the students to a major/program different than the one listed on their transcripts for the semesters in which they were found not to be in good academic standing. The four students were not pursuing courses applicable to the program in which they were enrolled. Therefore, they were not in good academic standing.

#### **Other Matter Needing Attention - Accuracy of Transcripts**

The following finding does not result in an audit disallowance. However, it pertains to a control issue that John Jay officials need to address.

*Criteria* - Section 52.2(e) of the Regulations requires institutions to "maintain for each student a permanent, complete, accurate, and up-to-date transcript of student achievement at the institution. This document will be the official cumulative record of the student's cumulative achievement."

SED's Chief Executive Officer's Memorandum No. 6 states that when a student repeats a course, the subsequent grade can either replace or be averaged with the prior grade in the cumulative grade point average from the term in which the course is repeated forward. The Memorandum further states the cumulative grade point average cannot be recalculated retroactively to the term when the student first took the course, as if the student had originally earned the subsequent grade.

*Audit Determination* - When a student repeats a course previously failed, or earns a higher grade after repeating a course, John Jay's policy is to exclude the original grade and recalculate the student's cumulative grade point average retroactively to the term in which the original grade was earned. As a result, the cumulative grade point average achieved before the student repeated the course was reported incorrectly on the transcripts of numerous students.

*School Officials' Position* - John Jay officials did not respond to this finding.

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

*Recover the \$1,003,140 plus applicable interest from the John Jay College of Criminal Justice for its incorrect TAP certifications.*

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

*Ensure that the John Jay College of Criminal Justice complies with the State Education Department requirements relating to full-time status, good academic standing, waivers, and accuracy of transcripts.*

Major contributors to this report were Cindi Frieder, Kenrick Sifontes, Harold Maher, Yelena Feldman, Mostafa Kamal, and Mikhail Melamud.

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

Very truly yours,

Frank J. Houston  
Audit Director

cc: Dr. Gerald W. Lynch  
Matthew Goldstein  
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