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STATE OF NEW YORK  
OFFICE OF THE STATE COMPTROLLER

August 2, 2006

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

Mr. James C. Ross  
President  
Higher Education Services Corporation  
99 Washington Avenue  
Albany, New York 12255

Re: City University of New York  
Queensborough Community College  
Report 2005-T-3

Dear Messrs. Mills and Ross:

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 Queensborough Community College (QCC) for the 2001 through 2004 academic years.

**Summary Conclusions**

In accordance with Article 14, Section 665(3)(b) of the New York State Education Law (Law), we determined that QCC was overpaid \$637,902, because school officials incorrectly certified numerous students as eligible for TAP awards. We tested the accuracy of the 16,118 TAP certifications the school awarded for the three-year period that ended on June 30, 2004, by reviewing a sample of 200 randomly-selected awards and evaluating the results using statistical random methods. From our random sample, we disallowed 15 awards totaling \$14,092. A projection of these audit disallowances to the entire population, using statistical sampling methods and a 95 percent single-sided confidence level, results in an audit disallowance of \$632,017. We also disallowed eight awards totaling \$5,885 based on our review of other awards from outside the random sample period. These were not projected to the population. Therefore, we recommend that HESC recover a total of \$637,902, (\$632,017 and \$5,885), plus applicable interest, from QCC.

## **Background**

QCC, a two-year degree granting institution, is one of six community colleges included in the City University of New York (CUNY) system. QCC offers Associate Degree programs in liberal arts and sciences and in career and pre-professional areas. The college also offers specialized certificate programs, as well as a number of online courses.

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 HESC, SED and QCC 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 audit was to determine whether QCC's management complied with the Law and the Commissioner of Education's Rules and Regulations, Title 8, NYCRR, (Regulations) for certifying students as eligible for TAP awards. The scope of our audit did not include a review of the process HESC follows in determining the amount of such awards.

According to HESC records, QCC officials certified 16,118 TAP awards totaling \$15.9 million that were paid on behalf of 8,275 students during the three academic years that ended on June 30, 2004. We reviewed a random sample of 200 TAP awards totaling \$197,171 that were made to 199 students during that period and evaluated the results using statistical sampling methodologies. We also reviewed other awards that came to our attention during the audit.

We conducted our audit in accordance with generally accepted government auditing standards. Such standards require that we plan and perform our audit to adequately assess those operations of QCC that are included within our audit scope. Further, these standards also require that we review and report on QCC's internal control system and its compliance with those laws, rules, and regulations that are relevant to QCC'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 QCC, 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 school's accounting system and other systems that would support the claims for student financial aid.

QCC's management is responsible for complying with the Law and the Regulations. In connection with our audit, we performed tests of QCC'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 QCC's overall compliance with such provisions.

Our audit found that, for the transactions and records tested, QCC was generally not in compliance with these provisions, as noted in the following sections of this report.

In addition to being the State Auditor, the Comptroller performs certain other constitutionally and statutorily mandated duties as the chief fiscal officer of New York State, several of which are performed by the Division of State Services. These include operating the State's accounting system; preparing the State's financial statements; and approving State contracts, refunds, and other payments. In addition, the Comptroller appoints members to certain boards, commissions, and public authorities, some of whom have minority voting rights. These duties may be considered management functions for purposes of evaluating organizational independence under generally accepted government auditing standards. In our opinion, these management functions do not affect our ability to conduct independent audits of program performance.

### **Audit Results**

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

| <b><u>Reasons for Disallowances</u></b>              | <b><u>Number of Awards</u></b> | <b><u>Amount</u></b> | <b><u>Total</u></b> |
|--|--------------------------------|----------------------|---------------------|
| <b>Disallowances from the Random Sample:</b>         |                                |                      |                     |
| Students Not in Full-Time Attendance                 | 8                              | \$8,270              |                     |
| Students Not in Good Academic Standing               | <u>8</u>                       | <u>6,474</u>         |                     |
| Total Disallowances from the Random Sample           | 16                             | 14,744               |                     |
| Less: Disallowance for More Than One Reason          | <u>1</u>                       | <u>652</u>           |                     |
| Net Disallowance from the Random Sample              | <u>15</u>                      | <u>\$14,092</u>      |                     |
| Projected Amount                                     |                                |                      | \$632,017           |
| <b>Disallowances from Outside the Random Sample:</b> |                                |                      |                     |
| Students Not in Full-Time Attendance                 | 5                              | \$ 3,729             |                     |
| Students Not in Good Academic Standing               | <u>3</u>                       | <u>2,156</u>         |                     |
| Disallowances from Outside the Random Sample Period  | <u>8</u>                       |                      | <u>\$ 5,885</u>     |
| Total Audit Disallowance                             |                                |                      | <u>\$637,902</u>    |

The disallowances are discussed in the following paragraphs. Students' names and related information were provided separately to QCC officials.

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

*Criteria* - Section 661(4)(b) of the Law requires in relevant part, that students be in full-time attendance, as defined by the Commissioner of Education, 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 during a semester of not less than 15 weeks. The State Education Department's (SED) Memorandum to Chief Executive Officers 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."

*Audit Determination* - We disallowed 13 awards (8 awards from our random sample and 5 from outside the period) that had been paid on behalf of 11 students who did not meet the full-time requirements. These students were enrolled in certain courses that were not applicable to their designated program. Therefore, the students were each not enrolled for a minimum of 12 semester hours creditable toward their degrees.

*School Officials' Position* - School officials disagree with the disallowance for one of the eleven students. They contend the student was given departmental permission to substitute an elective course for a required course during the Spring 2003 term. They further contend that this substitution was permissible because the student had previous experience related to the contents of the substituted course. School officials concur with the remaining disallowances.

*Auditors' Comment* - SED advised us that school officials must show that the student, either through coursework or related experience, had met the course's requirements and possessed the requisite skills before a substitution is made. School officials were unable to document that the student met these requirements.

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

*Criteria* - Section 665(6) of the Law requires that students be in good academic standing to be eligible to receive TAP awards. To maintain such 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 published by the school and approved by SED. A student is pursuing the approved program of study if, during each term for which an award is received, he or she 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. However, students can regain good academic standing by completing one or more terms of study without benefit of State awards, obtaining a one-time TAP waiver, being readmitted to school after an absence of one year or more, or transferring to another institution.

*Audit Determination* - We disallowed 11 awards (8 awards from our random sample and 3 from outside the period) that had been paid on behalf of 9 students who did not maintain good academic standing. Four of these students had not earned passing or failing grades in enough courses, applicable to their designated programs, to meet the pursuit of program requirements. Three other students had not earned the cumulative grade point average required on QCC's chart of satisfactory academic progress to maintain their TAP eligibility. The remaining two students failed to meet the requirements relating to both satisfactory academic progress and program pursuit.

*School Officials' Position* - School officials concur with this finding.

**Recommendation to the Higher Education Services Corporation**

*Recover the \$637,902 plus applicable interest, from Queensborough Community College for its incorrect TAP certifications.*

**Recommendation to the State Education Department**

*Ensure that Queensborough Community College officials comply with the State Education Department requirements relating to full-time attendance and good academic standing cited in this report.*

Major contributors to this report were Kenrick Sifontes, Karen Bogucki, Erica J. Zawrotniak, Orin Ninvalle, Rita Verma and Daniel Winicki.

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

Very truly yours,

Steven E. Sossei  
Audit Director

cc: Eduardo J. Marti, Ph. D., CUNY/Queensborough Community College  
Lisa Ng, Division of the Budget