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STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

October 22, 2009

Dr. Nancy L. Zimpher
Chancellor
State University of New York
State University Plaza
Albany, New York 12246

Re: Report 2009-F-26

Dear Chancellor Zimpher:

Pursuant to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution; and Article II, Section 8 of the State Finance Law, we have followed up on the actions taken by officials of the State University of New York (SUNY) to implement the recommendations contained in our audit report, *Educational Opportunity Program* (Report 2007-S-99).

Background, Scope and Objective

The State University of New York (SUNY) consists of 64 autonomous campuses (including 29 State-operated campuses, 5 statutory colleges affiliated with private universities, and 30 community colleges) located throughout the State and a central administrative office located in Albany (System Administration). One of the programs SUNY administers is the Educational Opportunity Program (EOP or Program), which was created in 1967. EOP combines access, academic support and supplemental financial assistance to make higher education possible for students who might have had poor academic preparation and/or limited financial resources. Our audit of EOP pertained only to SUNY's 29 State-operated campuses.

The administration, management and development of EOP are shared between System Administration and the participating campuses. Within System Administration, the Office of Opportunity Programs (Office) is responsible for overseeing EOP. This includes: establishing EOP structure; conducting overall fiscal planning; distributing funds; reviewing and approving campus plans for services and expenditures; providing clear guidelines for student eligibility and enrollment; and providing oversight and monitoring of EOP to ensure compliance with University procedures, objectives and policies.

Campuses are responsible for: complying with EOP program requirements and guidelines; maintaining adequate documentation relating to the EOP; ensuring information reported to the Office is complete and accurate; and using funds in a manner consistent with EOP guidelines and the Education Law.

Our initial audit report, which was issued on July 3, 2008, determined whether SUNY campuses used EOP funding solely for prescribed purposes. We found that EOP funds were not used solely for prescribed purposes by certain campuses. Specifically, for the two years ending June 30, 2007, three campuses (the University Centers at Albany and Buffalo and the College at Oswego) spent \$636,117 for certain costs, pertaining to counseling and tutoring, which were not eligible for EOP funding. We also found one counselor (funded through the EOP at the University at Albany) purportedly worked on weekends and certain national holidays to meet with students. However, there was little documentation to support the actual work performed by this counselor. Further, a campus EOP Director inappropriately filled out the counselor's time sheets sometimes and signed the counselor's name to the timesheets on the counselor's behalf. In addition, at the College at Oswego, EOP funds were applied to student accounts at the campus bookstore, and the bookstore held balances for EOP students who no longer attended the college.

Our audit also sought to determine whether SUNY campuses accurately reported the number of students receiving EOP services and aid. We concluded that the campuses' reporting of the numbers of students receiving services and aid was generally accurate. However, we also concluded that SUNY officials needed to take steps to ensure that EOP roster data was updated and verified more timely.

The objective of our follow-up was to assess the extent of implementation, as of September 29, 2009, of the 12 recommendations included in our initial audit report.

Summary Conclusions and Status of Audit Recommendations

SUNY officials made extensive efforts to address the matters included in our initial report. We found that officials implemented each of the 12 recommendations included in the report.

Follow-up Observations

Recommendation 1

Follow-up on the ineligible EOP expenditures as detailed in this report and request the campuses to refund amounts, as appropriate, to the EOP for future allocation.

Status - Implemented

Agency Action - Office officials and campus officials from the College at Oswego, and the Universities at Buffalo and Albany have reviewed the activities of each counselor and tutor detailed in our audit report and determined the percentage of time each spent on non-EOP related activities. Based on their analysis, Office officials calculated a total of \$161,400 in ineligible EOP payments were made during our audit period. The University at Buffalo recovered \$5,500 of this money after the initial audit report was issued. Office officials are developing a repayment plan with the campuses to recover the remaining \$155,900. Repayment is expected to begin no later than November 15, 2009.

Recommendation 2

Remind campuses that funds designated for specific EOP purposes can only be used for said purposes (i.e., counseling funds must only be used for counselors, etc.).

Status - Implemented

Agency Action - Office officials advised that the observations made in our initial audit were discussed at a three-day training session for campus EOP Directors held in April 2008. At this session, copies of the SUNY Educational Opportunity Program Guidelines were distributed. The Guidelines were also sent to appropriate campus personnel in September 2008. A cover memo cited specific sections in the guidelines pertinent to our initial audit, including restrictions on counselors and tutors supported by EOP funding. In addition, in September 2008, Office officials visited the College at Oswego and University at Buffalo campuses to discuss the EOP standards with all EOP staff. At that time, the Office of the University Auditor also provided best practice guidance related to our audit observations and other sources of pertinent EOP-related information. The guidance instructed each campus to review the guidance for opportunities to improve their EOPs.

Recommendation 3

Determine if the recruitment counselor's position in New York City, currently funded through the EOP at the University at Albany, is genuinely needed. If so, determine if the counselor should be paid through allocations to the University at Albany or System Administration funding.

Status - Implemented

Agency Action - Office and University at Albany officials advised that they reviewed EOP enrollment patterns, and they concluded that the recruitment counselor's position was no longer essential to the effective operation of the University at Albany's EOP. Consequently, the counselor was terminated effective June 30, 2008.

Recommendation 4

Determine whether the counselor on University at Albany's payroll worked the hours reported by the EOP Director and take appropriate action. Take steps to recover any overpayments identified.

Status - Implemented

Agency Action - University at Albany officials have advised that they conducted an internal review of the counselor's performance and timesheets. Albany officials discussed the counselor's performance with his supervisor and with SUNY System Administration officials who were familiar with the counselor's performance at other SUNY campuses. SUNY System Administration officials also obtained statements from knowledgeable parties regarding the counselor's EOP work. Albany officials concluded that the counselor met his overall professional obligations, and consequently, it was not necessary to recover salary payments from him.

Recommendation 5

Conduct a formal and thorough investigation and assessment of the actions of the EOP Director at the University at Albany regarding the improper preparation and signature of time sheets for the New York City-based recruitment counselor, as detailed in this report. As appropriate, take actions with all personnel involved in this matter.

Status - Implemented

Agency Action - University at Albany officials advised that, as soon as this matter was brought to their attention, they investigated and assessed the actions of the EOP Director at Albany in relation to timesheets filed for the New York City-based recruitment counselor. Consistent with our audit findings, Albany officials concluded that some payroll forms were improperly endorsed to expedite administrative matters. The EOP Director was admonished for his actions and instructed about proper time sheet procedures and standards. Additionally, the campus instituted additional measures to guard against other possible breaches of internal controls pertaining to the preparation and approval of timesheets.

Recommendation 6

Recover direct aid funds to the 349 former students who had open accounts at the College at Oswego's bookstore. Distribute those funds, as appropriate, and/or ensure that they are used for EOP-intended purposes.

Status - Implemented

Agency Action - In our initial audit, we identified 349 open accounts (totaling \$38,801), in the names of former students, at the College at Oswego's bookstore. College officials sent letters to the 349 former students to help locate and distribute the aid to them. The College distributed \$22,638 to the students who were located. Funds totaling \$1,459 were sent to the Attorney General to be applied to balances certain students owed to the State. The remaining balance (of \$14,704) was returned to System Administration on July 23, 2009.

Recommendation 7

Work with officials at the College at Oswego to revise their system of distributing book aid to students.

Status - Implemented

Agency Action - Effective with the fall 2008 semester, the College of Oswego discontinued the practice of establishing bookstore accounts, with EOP book funding, for EOP students. EOP book funding continues to be incorporated into the financial aid package of these students. However, such funds are distributed to the students instead of directly to the bookstore.

Recommendation 8

Reiterate to campuses the need for prior approval from the Office to grant direct aid to students past the standard limit of ten semesters.

Status - Implemented

Agency Action - As mentioned previously, the results from our initial audit were addressed at a three-day training session for campus EOP Directors in April 2008. At this session, copies of the SUNY Educational Opportunity Program Guidelines were distributed. The Guidelines were also sent to other campus personnel in September 2008. A cover memo cited specific sections in the guidelines pertinent to our audit observations, including the need for prior approval from the Office to grant direct aid to students past the standard limit of ten semesters. In addition, in September 2008, staff from the Office visited the College at Oswego and University at Buffalo to discuss EOP standards with campus personnel. Also, the Office of the University Auditor provided the campuses with guidance pertaining to our audit observations and other sources of EOP information that addressed this issue as well as other matters included our initial report.

Recommendation 9

Remind campuses to maintain accurate and updated EOP rosters.

Status - Implemented

Agency Action - As noted previously, Office officials discussed our audit observations at a training session for EOP Directors in April 2008. At that time, campus officials were reminded to maintain accurate and updated EOP rosters. Further, in April 2009, Office officials established an information system code to identify EOP students as inactive, when they return to or transfer to a campus, but are not admitted to EOP. Officials believe that use of this code will increase the accuracy of data on EOP enrollment reports, final reports and student data files.

Recommendation 10

Advise campuses (including non-EOP personnel) of the requirements to retain all necessary EOP-related documentation (especially documents pertaining to student eligibility) for the files of active EOP students.

Status - Implemented

Agency Action - Office officials addressed this matter at the training session for EOP Directors in April 2008. At that time, campus EOP officials were reminded to maintain all necessary EOP-related documentation (especially documents pertaining to student eligibility) for the files of active EOP students. This matter was also addressed by Office officials when they visited the College at Oswego and University at Buffalo in September 2008. In addition, the

University Auditor provided campuses with guidance on this matter, in relation to our audit observations, in September 2008.

Recommendation 11

Formally monitor selected major transactions with EOP accounts at the campus level on a regular basis to help ensure that funds are being spent appropriately.

Status - Implemented

Agency Action - At the time of our initial audit, the Office did not have access to detailed EOP expenditure information at the campus level. Office officials advised that, as of September 2007, they could access detailed EOP expenditure information from SUNY's Management Resource Tool (SMRT) system. The SMRT system captures campus expenditures at the transaction level for cost management purposes. An Office official now monitors campus EOP expenditures and follows up with campus business office personnel whenever questions or concerns arise.

Recommendation 12

Based on risk and the availability of resources, conduct audits of EOP to help ensure compliance with pertinent financial and Program requirements.

Status - Implemented

Agency Action - As part of its annual risk assessment, the Office of the University Auditor evaluates risk factors related to the EOP program to determine whether the EOP should be scheduled for audit. For the 2009-10 year, the University Auditor determined that the risk rating for EOP was low to medium, and therefore, EOP was not included in the audit plan for 2009-10. In its evaluation, University Audit noted our initial audit of EOP and this follow-up review. University Audit officials added that EOP could be audited in the future, based on the results of subsequent risk assessments.

Major contributors to this report were Karen Bogucki and Donald Collins.

We thank the management and staff of the State University of New York for the courtesies and cooperation extended to our auditor during this review.

Very truly yours,

Brian E. Mason
Audit Manager

cc: Mr. Michael Abbott, SUNY
Mr. Thomas Lukacs, DOB