

H. CARL McCALL  
STATE COMPTROLLER



A.E. SMITH STATE OFFICE BUILDING  
ALBANY, NEW YORK 12236

STATE OF NEW YORK  
OFFICE OF THE STATE COMPTROLLER

October 28, 1997

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

Mr. Robert J. Maurer  
President  
Higher Education Services Corporation  
99 Washington Avenue  
Albany, NY 12255

Re: State University of New York at  
Binghamton  
Report 97-T-3

Dear Mr. Mills and Mr. Maurer:

According to the State Comptroller's authority as set forth in Section 1, Article V of the State Constitution, Section 8, Article 2 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 State University of New York at Binghamton (Binghamton) for the 1993-94 through 1995-96 academic years.

**Summary Conclusions**

In accordance with Section 665(3)(b) of the Education Law, we audited TAP awards certified during the three academic years ended June 30, 1996. Based on the results of our audit, we determined that Binghamton officials have effective procedures and practices for certifying students as eligible for TAP awards.

## **Background**

Binghamton is one of the four University centers that are part of the State University of New York. Binghamton is a four-year University which offers many bachelors degrees in a wide variety of programs. Binghamton also has a graduate school which offers 23 graduate programs. Most of the programs offered at Binghamton qualify eligible students for State TAP awards.

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.

## **Audit Scope**

The objective of our financial and compliance audit was to determine whether Binghamton's management complied with appropriate laws and 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's records, Binghamton certified 18,937 TAP awards totaling \$17.6 million on behalf of 6,109 students during the 1993-94 through 1995-96 academic years. We selected and reviewed a statistical sample of 50 awards totaling \$48,252 paid on behalf of 50 students during that period. In addition, we did a limited review of HESC's records for the 1991-92 and 1992-93 academic years to detect certain errors or inconsistencies in Binghamton's certifications of student eligibility for TAP. 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 Binghamton which are included within our audit scope. These standards also require that we review and report on Binghamton's internal control system and its compliance with those laws, rules and regulations that are relevant to Binghamton's operations that 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 and conclusions.

In planning and doing our audit of Binghamton, we reviewed management's internal control system. Our audit included a 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.

Binghamton's management is responsible for complying with the Education Law and the Commissioner of Education's Rules and Regulations. In connection with our audit, we tested Binghamton's compliance with certain provisions of this Law and these Regulations. Our objective in doing these tests was to obtain reasonable assurance that the TAP awards Binghamton received were for eligible students.

### **Audit Results**

The results of our audit show that for the transactions and records tested, Binghamton complied in all material respects with the provisions referred to in the preceding paragraph. We found that Binghamton officials have good controls in place to ensure that only those students eligible to receive TAP awards were certified for the awards.

We determined that Binghamton maintains a strong control environment. The control environment is the element of an organization's internal control structure that includes, among other factors, the philosophy and operating style of its management and the competence and integrity of its staff. The management and staff in the functional areas we reviewed appear to have a good understanding of, and a strong commitment to follow, the Education Law, and the rules and regulations governing the TAP program.

Major contributors to this report were David R. Hancox, William Challice, Frank Russo, Ken Shulman, Mary Eileen Barret, Laura Smith and Don Collins.

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

Yours truly,

Carmen Maldonado  
Audit Director

cc: Lois B. DeFleur, Ph.D.  
Mark Hall  
John Murphy  
Patricia A. Woodworth