

H. CARL McCALL  
STATE COMPTROLLER



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

STATE OF NEW YORK  
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August 7, 1998

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:     Syracuse University  
Report 97-T-7

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 Syracuse University (Syracuse) for the 1994-95 through 1996-97 academic years.

**Summary Conclusions**

In accordance with Section 665(3)(b) of the Education Law (Law), we determined that Syracuse was overpaid \$15,393 because school officials incorrectly certified students as eligible for TAP awards. From our statistical sample, we found that two awards totaling \$940 were certified for ineligible students. Additionally, we disallowed nine awards totaling \$14,453 for terms outside of our statistical sample. Syracuse officials have already submitted payment for these disallowed awards.

## **Background**

Syracuse is a private University offering many programs leading to bachelors, masters and doctoral degrees. Syracuse is made up of 16 Schools and Colleges which offer programs in fields including communications, fine arts, management, social work, law, architecture, medicine, and arts and science. Most of Syracuse's programs are approved by the State Education Department (SED) for TAP eligibility.

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.

Draft copies of this report were sent to SED, HESC and Syracuse officials for their review and comment. SED and HESC officials agree with our findings. Syracuse officials also agree with our findings and have already repaid the disallowed awards to HESC.

## **Audit Scope**

The objective of our financial and compliance audit was to determine whether Syracuse'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 as they relate to determining the amount of the awards.

According to HESC's records, Syracuse certified 4,106 undergraduate students for 13,269 TAP awards totaling \$17,067,201 during the 1994-95 through 1996-97 academic years. We reviewed a statistical sample of 200 randomly selected awards totaling \$263,018 paid on behalf of 193 students for the three-year period ended June 30, 1997. 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 Syracuse University which are included within our audit scope. These standards also require that we review and report on Syracuse's internal control system and its compliance with those laws, rules and regulations that are relevant to Syracuse'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 recommendation.

In planning and doing our audit of Syracuse, we reviewed management's internal control system. Our audit was limited to a preliminary 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.

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

The results of our tests indicate that, with respect to the items tested, Syracuse was generally in compliance with the provisions referred to in the preceding paragraph, except as noted in the following section of this report. Syracuse management had a strong internal control system and were committed to ensuring that only eligible students were certified for their TAP awards.

### **Audit Disallowances**

We identified eleven awards that were certified for six students who did not maintain good academic standing and were therefore ineligible for the awards. The total disallowance recommended is \$15,393. The students' names and related details were provided to Syracuse officials separately. Syracuse officials have already repaid this disallowance to HESC.

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

Criteria Section 665 of the Law requires that students be in good academic standing to be eligible to receive TAP awards. Section 145-2.2 of the Regulations states that to maintain good academic standing a student must maintain satisfactory academic progress toward completion of a program and pursue the program of study in which he or she is enrolled.

To maintain satisfactory academic progress, a student must accrue at least a certain number of credits and earn at least a certain cumulative grade point average (GPA) as required in the college's published satisfactory academic progress chart 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 based on the student's TAP payment level.

When a student fails to maintain good academic standing, the student loses prospective TAP eligibility. Students can regain good academic standing by making up the deficiencies at their own expense, obtaining a one-time TAP waiver, remaining out of school for at least one calendar year or transferring to another institution.

Audit Determination We identified 11 awards paid on behalf of six students who failed to maintain good academic standing and therefore were not eligible for the awards they received. These six students had previously attended other institutions and received TAP awards at those other institutions. However, Syracuse's computer program did not consider the students' prior TAP awards in determining whether these students' met the pursuit of program requirements for their TAP awards. These students did not pass or fail the required number of credits to maintain eligibility for the awards they received. As a result, 11 awards were paid to students who did not meet pursuit of program requirements. After discussing this issue with Syracuse officials, they stated that the computer program had been incorrectly calculating academic eligibility for TAP for transfer students who had received TAP previously. However, they stated that the programming was corrected in the beginning of 1996.

School Officials' Position Syracuse officials agreed with our disallowances and have already returned the disallowed awards to HESC.

Major contributors to this report were Frank Russo, Kenneth I. Shulman, Mary Eileen Barret, Laura Smith and Donald Collins.

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

Very truly yours,

Jerry Barber  
Audit Director

cc: Robert L. King  
Kenneth A. Shaw, Ph.D.