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STATE COMPTROLLER



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STATE OF NEW YORK  
OFFICE OF THE STATE COMPTROLLER

July 19, 2000

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

Mr. Peter J. Keitel  
President  
Higher Education Services Corporation  
99 Washington Avenue  
Albany, NY 12255

Re: Concordia College  
Report 99-T-6

Dear Mr. Mills and Mr. Keitel:

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 Concordia College (Concordia) for the 1996-97 through 1998-99 academic years.

**Summary Conclusions**

In accordance with Section 665(3)(b) of the Education Law (Law), we determined that Concordia was overpaid \$122,786 because school officials incorrectly certified students as eligible for TAP awards. We tested the accuracy of Concordia's TAP certifications for the three years ended June 30, 1999 using a statistical sample of 200 randomly selected awards of the 997 awards the school certified. From our statistical sample, we disallowed 25 awards totaling \$33,452. A statistical projection of these audit disallowances to the entire population, using a 95 percent single-sided confidence level, results in a disallowance of \$115,518. We also disallowed six awards totaling \$7,268 based on our review of other awards from outside the sample period. Therefore, we recommend that HESC recover a total of \$122,786 plus applicable interest from Concordia.

## **Background**

Concordia College is a four-year, liberal arts institution in Westchester County, New York. Founded in 1881, Concordia offers Associate, Bachelor of Arts, Bachelor of Science and Bachelor of Music degrees which include majors in Behavioral Studies, Education, Business Administration and Social Work. The College also offers programs in Physical Therapy, Pre-Law, Pre-Medicine, Pre-Seminary and Nursing. Most of the programs offered at Concordia are approved by the State Education Department (SED) as TAP eligible.

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.

We provided draft copies of the matters included in this report to SED, HESC and Concordia officials for their review and comment. We have considered their comments in preparing this report.

## **Audit Scope**

The objective of our financial and compliance audit was to determine whether Concordia 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, Concordia officials certified 997 TAP awards totaling \$1,282,336 paid on behalf of 342 students during the three academic years ended June 30, 1999. We reviewed a statistical sample of 200 randomly selected awards totaling \$260,054 paid during that period. 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 Concordia which are included within our audit scope. These standards also require that we review and report on Concordia's internal control system and its compliance with those laws, rules and regulations that are relevant to Concordia'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 doing our audit of Concordia, 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.

Concordia's management is responsible for complying with the Law and the Regulations. In connection with our audit, we performed tests of Concordia'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 Concordia received were for eligible students. Our objective was not to provide an opinion on Concordia's overall compliance with the Law and Regulations.

The results of our tests indicate that, with respect to the items tested, Concordia was generally in compliance with the provisions of the Law and Regulations relating to students' TAP eligibility, except as noted in the following section 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 Good Academic Standing	24	\$32,439	
Student Not Full-Time	<u>1</u>	<u>1,013</u>	
Total Sample Disallowances	<u>25</u>	<u>\$33,452</u>	
Projected Amount			\$115,518
<b>Disallowances from Outside the Statistical Sample Period:</b>			
Students Not in Good Academic Standing	<u>6</u>		<u>7,268</u>
Total Audit Disallowance			<u>\$122,786</u>

The various types of disallowances are discussed in the following sections of this report. The students' names and related information were provided to Concordia officials separately.

### **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 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, remaining out of school for at least one calendar year, transferring to another institution, or obtaining a TAP waiver.

SED's Memorandum to Chief Executive Officers No. 81-12 provides that the granting of a TAP waiver is intended to accommodate only extraordinary or unusual circumstances beyond the control of the otherwise serious and successful student who may have had only one "bad term." The school is to grant a waiver only when there is a reasonable expectation that the student will meet future TAP eligibility requirements. The institution is required to maintain a complete record for each waiver granted with a written record of the findings and determinations of each case. The guideline states that it may not be assumed that staying in school is always in the student's best interest.

Concordia established a TAP waiver policy authorizing the granting of waivers in the following six circumstances: health problems, family problems, language difficulty, learning disability, personal difficulties in adjusting to college life, or traumatic family experience. The school's policy further states that waivers will be permitted if it is determined that the waiver is in the best interest of the student.

Audit Determination - We identified a total of 30 awards paid on behalf of 22 students who failed to maintain good academic standing and therefore were not eligible to receive these awards. These students did not maintain satisfactory academic progress, because they did not meet the requirements set forth on Concordia's satisfactory academic progress chart. In addition, one of these students (who received one award) did not meet the pursuit of program requirement because the student did not pass or fail the required number of credits during a semester.

Concordia granted eight of these students a TAP waiver. However, when we reviewed the supporting documentation for each waiver, we found that none of the waivers were granted in accordance with SED' Memorandum to Chief Executive Officers. Rather, the waivers were

granted because the students stated that they had trouble adjusting to college life, did not take enough credits, or needed remedial help.

*School Officials' Position* - School officials stated that every remedial course and waiver granted were done with the best interest of the students' higher education in mind. In general, Concordia's requirements for satisfactory academic progress are higher than the requirements at many other colleges located in New York State. The officials disagree with our disallowances, as follows:

- ! For 11 students, school officials believe certain remedial courses should count when evaluating their academic progress. If these remedial courses are counted, the 11 students would have met Concordia's standards for satisfactory academic progress.
- ! For four of the eight students who received waivers, school officials believe the waivers were granted in accordance with the school's TAP waiver policy. The officials stated that four of the students were granted waivers due to personal difficulties in adjusting to college life.
- ! According to school officials, one student who transferred to Concordia, and another student who transferred from one program at Concordia to another program were making satisfactory academic progress, if the criteria relevant to transfer students is used in evaluating their academic progress.
- ! According to school officials, one student repeated a course that she previously passed to earn a higher grade, and as a result of this higher grade, met the criteria for satisfactory academic progress.

School officials concurred with the audit determination for the other four students.

*Auditors' Comments* - We believe our disallowances are appropriate for the following reasons:

- ! According to the Regulations, credits earned in remedial courses cannot be counted when evaluating a students academic progress.
- ! According to the guidelines, TAP waivers should be granted only in extraordinary or unusual circumstances. We believe the need to adjust to college life is neither extraordinary nor unusual.
- ! According to the criteria relevant to transfer students, the student who transferred to Concordia and the student who changed programs were not making satisfactory academic progress. The student who repeated a course still was not making satisfactory academic progress, even after the higher grade in the repeated course is taken into account.

### **Student Not Full-Time**

Criteria - Section 661 of the Law requires that students must be in full-time attendance to be eligible for their TAP awards. Section 145-2.1 of the Regulations states, in part, that for a degree-granting school, full-time study is defined as enrollment for at least twelve hours a semester for a semester of fifteen weeks or its equivalent. SED's Memorandum of Chief Executive Officers No.86-17 states "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 identified one award that was paid to one student while the student was not in full-time attendance. This student was not in full-time attendance, because the student was repeating two courses that had previously been passed and therefore could not be included as part of the student's minimum full-time course load for financial aid purposes.

School Officials' Position - School officials disagree with this disallowance saying that the student repeated two courses to earn a required grade point average for his major.

Auditors' Comments - If the student initially earned grades that are considered passing at the institution and later repeats the courses in order to raise his grade point average, the repeated courses cannot count as part of the student's minimum full-time course load. When a grade earned for a course is considered a failing grade, then the course can be repeated and counted toward the full-time status. In this student's case, the courses were considered passing at the time the student took the courses and the courses were counted toward the student's program.

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

*Recover the \$122,786 plus interest from Concordia for its incorrect TAP certifications.*

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

*Ensure that Concordia complies with SED regulations as they pertain to the good academic standing and full-time attendance issues discussed in this report.*

Major contributors to this report were Kenneth I. Shulman, Salvatore D'Amato, and Bebe Belkin.

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

Yours truly,

Jerry Barber  
Audit Director

cc: Viji George, Ph.D.  
Charles Conaway