

H. CARL McCall  
STATE COMPTROLLER



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

STATE OF NEW YORK  
OFFICE OF THE STATE COMPTROLLER

May 15, 2001

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: Monroe College  
Report 2000-T-1

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 Monroe College (Monroe) for the 1997-98 through 1999-2000 academic years.

**Summary Conclusions**

In accordance with Section 665(3)(b) of the Education Law (Law), we determined that Monroe was overpaid \$1,413 during the three academic years that ended June 30, 2000, because school officials incorrectly certified a student as eligible for a TAP award. Therefore, we recommend that HESC recover the \$1,413 plus applicable interest from Monroe.

**Background**

Monroe, located in the Bronx, New York, with an approved branch campus in New Rochelle, New York, is an independent senior institution of higher learning. Monroe offers undergraduate

degrees in a variety of business-related programs, most of which are approved by the New York 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 eligible programs.

We provided a draft copy of this report to SED, HESC and Monroe officials for their review and comment. We have considered their comments in preparing this audit report.

### **Audit Scope**

The objective of our financial and compliance audit was to determine whether Monroe'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 for determining the amount of the awards.

According to HESC records, Monroe officials certified 21,128 TAP awards totaling \$36.7 million paid on behalf of 8,665 students during the three academic years that ended on June 30, 2000. We reviewed a statistical sample of 50 randomly-selected awards totaling \$86,098 that were made to 50 students during that period. We also reviewed other awards that came to our attention during the audit.

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

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

The results of our tests indicate that, for the transactions and records tested, Monroe complied, in most material respects, with the provisions referred to in the preceding paragraph, except as noted in the following section of the report.

In addition, we found that Monroe officials have good controls in place to ensure that, generally, only those students eligible to receive TAP awards were certified for the awards. We determined that Monroe maintains a strong control environment. This environment is an element of Monroe's internal control structure and 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 Law and Regulations governing the TAP program.

### **Audit Results**

For the following exception, we disallowed one award for a student who was ineligible for the award he received. Details of the student's name and related information were provided to Monroe officials separately.

#### **Student Not in Good Academic Standing**

*Criteria* - Section 665 of the Law requires that students be in good academic standing to qualify for TAP awards. To maintain good academic 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 college and 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 to qualify for the appropriate level of TAP payment

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

*Audit Determination* - We disallowed one award for \$1,413, paid on behalf of a student who did not maintain good academic standing. This student did not earn enough credits, as required on the school's chart of satisfactory academic progress, to maintain TAP eligibility.

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

### **Other Matter Needing Attention**

The following finding does not result in an audit disallowance. It pertains to controls that Monroe officials need to address.

## **Accuracy of Transcripts**

Criteria - Section 52.2(e) of the Regulations requires Monroe to “maintain for each student a permanent, complete, accurate, and up-to-date transcript of student achievement at the institution. This document will be the official cumulative record of the student’s cumulative achievement.”

Also, SED officials state that all F grades must be included in both the transcript grade point average for the term in which they are earned and the cumulative grade point average. The term grade point average must include the F forever. When the student later passes the course, the school may from that point forward, either average both the F and passing grades or drop the F grade when calculating the student’s cumulative grade point average.

Audit Determination - We identified four students each of whom received subsequent F grades in courses they had previously failed. However, for each student, Monroe officials included F grades from only the first semester when the course was failed, rather than from all semesters, when calculating each student’s cumulative grade point average. As a result, the students’ transcripts show incorrect cumulative grade point averages for several semesters.

We also identified one student whose transcript reported incorrect cumulative credits, quality points and grade point averages for four semesters. The student took a three-credit course at another post-secondary institution during the fall 1997 semester. However, Monroe officials included these credits and quality points when calculating the student’s cumulative averages for the fall 1995, winter 1996, spring 1996 and fall 1996 semesters.

School Officials’ Position - Monroe officials agree with this finding. They told us that this matter will be resolved and corrective procedures implemented.

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

*Recover the \$1,413 plus applicable interest from Monroe College for its incorrect TAP certification.*

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

*Ensure that Monroe College complies with State Education Department regulations as they pertain to good academic standing and accuracy of students’ transcripts.*

Major contributors to this report were Kenneth I. Shulman, Kenrick Sifontes, Gene Brenenson, Kezia Chacko and Bebe Belkin.

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

Very truly yours,

Jerry Barber  
Audit Director

cc: Stephen J. Jerome  
Charles Conaway