

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 24, 2000

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

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

Re: St. John's University  
Report 99-T-7

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 St. John's University (St. John's or University) 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 St. John's was overpaid \$86,057 because University officials incorrectly certified students as eligible for TAP awards. We tested the accuracy of the 29,932 TAP certifications St. John's awarded for the three-year period that ended on June 30, 1999, by reviewing a statistical sample of 200 randomly-selected awards. From our statistical sample, we disallowed two awards totaling \$3,258. We also disallowed 53 awards totaling \$82,799 based on our review of other awards from outside the statistical sample period. Therefore, we recommend that HESC recover a total of \$86,057 plus applicable interest from St. John's.

## **Background**

St. John's University, located in Jamaica, New York, is the largest Catholic university in the United States. Founded in 1870, the University offers undergraduate and graduate degrees in a variety of programs. Many of these programs have been 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 this report to SED, HESC and St. John's 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 St. John'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 the 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, St. John's officials certified 29,932 TAP awards totaling \$41,425,628 paid on behalf of 10,520 students during the three academic years that ended on June 30, 1999. We reviewed a statistical sample of 200 randomly-selected awards totaling \$265,755 that were made to 199 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 St. John's that are included within our audit scope. These standards also require that we review and report on St. John's internal control system and its compliance with those laws, rules, and regulations that are relevant to the University'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 St. John's, 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 both the accounting system and other systems that would support claims for student financial aid.

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

The results of our audit indicate that, with respect to the items tested, St. John's was generally in compliance with the provisions of the Law and Regulations relating to students' TAP eligibility, except as noted in the following sections of the 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>
Students Not in Good Academic Standing	49	\$83,060
Students Not in Full-Time Attendance	3	2,027
TAP Not Posted to Students' Accounts	<u>4</u>	<u>1,864</u>
Audit Disallowance	56	86,951
Less: Disallowance for More Than One Reason	<u>1</u>	<u>894</u>
Total Audit Disallowance	<u>55</u>	<u>\$86,057</u>

The various types of disallowances are discussed in the remaining sections of this report. The students' names and related information were provided to St. John's 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 to 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 University'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 TAP waiver, remaining out of school for at least one calendar year, or transferring to another institution.

SED's Memorandum to Chief Executive Officers No. 81-12 states that the requirements for good academic standing may be waived for "exceptional or extraordinary cases" beyond a student's control. Moreover, it requires that, "A complete case record should be maintained for students who receive the waiver. Failure on the part of an institution to . . . maintain necessary documentation may result in an audit disallowance."

*Audit Determination* - We disallowed 49 TAP awards paid on behalf of 30 students who had not maintained good academic standing. Twenty-six of these students had not earned passing or failing grades in enough courses to meet the pursuit of program requirements; therefore, they were not eligible to receive TAP awards for one calendar year. Two students did not earn enough credits as required on the University's chart of satisfactory academic progress to maintain TAP eligibility. Two other students failed to meet the requirements relating to both satisfactory academic progress and program pursuit.

*School Officials' Position* - St. John's officials concur with these findings.

### **Students Not in Full-Time Attendance**

*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 full-time study at a degree-granting school is defined as enrollment for at least 12 hours per semester for a semester of 15 weeks or its equivalent. Chief Executive Officers Memorandum No. 86-17 states that, "Basic to the payment of State student aid is the requirement that courses that make up a student's minimum course load be creditable toward the degree, diploma or certificate program in which the student is enrolled."

*Audit Determination* - We disallowed three TAP awards paid on behalf of three students who did not meet the full-time requirement. Two students received TAP awards for a semester during which they did not maintain full-time attendance. The third student's TAP award was disallowed because St. John's did not credit any of the courses the student had taken that semester toward the student's degree in pharmacy.

*School Officials' Position* - St. John's officials concur with these findings.

### **TAP Not Posted to Students' Accounts**

*Criteria* - Section 2205.3(e) of the Regulations requires that each student's account be credited within seven days after the receipt of a TAP award.

Audit Determination - We identified four students whose TAP awards were not fully credited to the students' accounts. Since St. John's officials did not distribute the funds properly so the students could benefit from the TAP award, we are disallowing these awards.

School Officials' Position - St. John's officials concur with these findings.

**Recommendations to the Higher Education Services Corporation**

1. *Recover the \$86,057 plus applicable interest from St. John's University for its incorrect TAP certifications.*
2. *Ensure that St. John's University posts TAP awards to students' accounts in a timely manner.*

**Recommendation to the State Education Department**

*Ensure that St. John's University complies with State Education Department requirements relating to good academic standing, waivers, and full-time status.*

Major contributors to this report were Kenneth I. Shulman, Kenrick Sifontes, Gene Brenenson, Bebe Belkin, Erica Mezich, and Marticia Madory.

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

Very truly yours,

Jerry Barber  
Audit Director

cc: Reverend Donald J. Harrington, C.M.  
Charles Conaway