

H. CARL McCALL
STATE COMPTROLLER



110 STATE STREET
ALBANY, NEW YORK 12236

STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

February 19, 2002

Mr. Richard P. 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: College of Staten Island
Report 2000-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 the College of Staten Island (CSI) 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 CSI was overpaid \$238,915 because school officials incorrectly certified some students as eligible for TAP awards. We tested the accuracy of the 17,889 TAP certifications CSI awarded for the three-year period that ended on June 30, 2000, by reviewing a statistical sample of 200 randomly-selected awards. From our statistical sample, we disallowed 9 awards totaling \$7,150. A statistical projection of these disallowances to the entire population, using a 95 percent single-sided confidence level, results in an audit disallowance of \$225,019. We also disallowed 11 awards totaling \$13,896 based on our review of other awards from outside the statistical sample period. Therefore, we recommend that HESC recover a total of \$238,915 plus applicable interest from CSI.

Background

The College of Staten Island (CSI), located in Richmond County, New York City, is a four-year degree-granting senior college of the City University of New York (CUNY) system. CSI, founded in 1976 through the merger of two existing colleges – Staten Island Community College and Richmond College – offers various programs leading to a wide variety of undergraduate and graduate degrees. In the 1998 academic year, CSI granted 954 bachelor degrees. During that same year, it had approximately 12,000 students. About 54 percent of CSI's students received TAP during the 1998 academic year.

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 CSI officials for their review and comment. We have considered their comments in preparing this audit report.

Audit Scope and Objective

The objective of our financial and compliance audit was to determine whether CSI'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's records, CSI officials certified 17,889 TAP awards totaling \$18,811,778 paid on behalf of 7,263 students during the three academic years that ended on June 30, 2000. We reviewed a statistical sample of 200 randomly-selected awards totaling \$200,983 that were made to 198 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 CSI that are included within our audit scope. These standards also require that we review and report on CSI's internal control system and its compliance with those laws, rules, and regulations that are relevant to CSI'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 CSI, 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 supporting the claims for student financial aid.

CSI's management is responsible for complying with the Law and the Regulations. In connection with our audit, we performed tests of CSI'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 TAP awards were eligible for them. Our objective was not to provide an opinion on CSI’s overall compliance with such provisions.

Our audit showed that, for the transactions and records tested, CSI was generally in compliance with these provisions, except as noted in the following sections of this report.

Audit Disallowances

The following table summarizes the disallowances that resulted from our audit:

<u>Reason for Disallowance</u>	<u>Number of Awards</u>	<u>Amount</u>	<u>Total</u>
Disallowances from the Statistical Sample:			
Students Not in Full-Time Attendance	4	\$1,713	
Students Not in Good Academic Standing	<u>7</u>	<u>6,781</u>	
Total Sample Disallowance	11	\$ 8,494	
Less Disallowance for More Than One Reason	<u>2</u>	<u>1,344</u>	
Net Disallowance from Statistical Sample	<u>9</u>	<u>\$ 7,150</u>	
Projected Amount			\$225,019
Disallowances from Outside the Statistical Sample Period:			
Students Not in Full-Time Attendance	6	\$ 7,347	
Students Not in Good Academic Standing	<u>6</u>	<u>7,889</u>	
Total Disallowance From Outside the Sample	12	\$15,236	
Less Disallowance for More Than One Reason	<u>1</u>	<u>1,340</u>	
Net Disallowance from Outside the Sample	<u>11</u>		<u>13,896</u>
Total Audit Disallowance			<u>\$238,915</u>

The various types of disallowances are discussed in the remaining sections of this report. Details of the statistical projection, students’ names and related information were provided separately to CSI officials.

Students Not in Full-Time Attendance

Criteria – Section 661 of the Law requires that students 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 “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.” It further 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 10 awards paid on behalf of 6 students who did not meet the full-time requirement. Two of the six students had each enrolled in a course for which they had previously received transfer credit. The remaining four students enrolled in courses that were not applicable to the program in which they were registered.

School Officials' Position - College officials disagree with these disallowances. They assert that the students were in fact full-time and the credits they carried, although not directly related to their major, were an important part of their educational pursuit and academic experience. They also assert that SED's Memorandum No. 86-17, and the auditors' application of it to this audit, misinterpret the regulation.

Despite their disagreement, college officials indicate they have implemented a number of initiatives to inform students and their advisors of the need to carry 12 equated credits attributable to a specific degree, as well as to verify compliance with this requirement. They also state that the University's computer program has been modified and students no longer can register for courses they have already completed and have those courses count towards the full-time TAP definition.

Auditors' Comments – The auditors rely on SED for interpretation of the Law and Regulations. 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” is stated in SED Memorandum No. 86-17.

Students 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 at least 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 school 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 required to qualify for the appropriate level of TAP payment.

A student who fails to maintain good academic standing loses 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. However, students who lose TAP eligibility because their cumulative grade point average is less than 2.0 after their fourth TAP payment cannot regain eligibility by remaining out of school for a period.

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 13 awards paid on behalf of 12 students who did not maintain good academic standing. Seven of these students did not earn passing or failing grades in enough courses, applicable to their designated programs, to meet the pursuit of program requirements. Four other students did not earn enough cumulative credits and/or earn the cumulative grade point average required on the school’s chart of satisfactory academic progress to maintain their TAP eligibility. One other student failed to meet the requirements relating to both satisfactory academic progress and program pursuit.

CSI granted waivers to six of these students. We reviewed the supporting documentation for these waivers and found that the reasons for the waivers were either not “exceptional or extraordinary” or were not adequately documented, as required. For example, students were granted waivers because they did not want to earn bad grades and/or did not want their GPAs to go down. In one instance, a student indicated on the waiver application that he was sick and could not attend a specific course; however, this student’s transcript indicated he had attended three other courses that semester.

The remaining six students had not received waivers, did not make up the deficiencies at their own expense, or did not remain out of school for one year; therefore, they were not eligible to receive TAP awards for one calendar year.

School Officials’ Position – College officials explain that several of the disallowances relate to students that did not meet Satisfactory Academic Progress guidelines because the students carried courses that this audit disallowed because the course(s) did not count towards the student’s curriculum.

Further, College officials disagree with the auditor’s interpretations regarding the “extraordinary or extenuating” nature of the circumstances related to the waivers disallowed. They said that HESC’s Program, Policy and Procedures Manual has expanded the use of the waiver from extraordinary or exceptional cases beyond a student’s control, and now allows colleges to grant the waiver for highly-unusual situations. In specific, College officials dispute the disallowance for one waiver. They said this student, who dropped a 9-credit class because she was afraid she would fail the class and thus would not be able to continue in the nursing program, constitutes a highly “unusual” circumstance when considering the unusual academic situation and specific educational environment faced. College officials assert that this waiver meets all state-issued requirements.

Despite their disagreement, college officials indicated that they have taken several steps to ensure that future waivers will be granted in compliance with SED guidelines.

Auditors’ Comments - SED officials advised us that the basis for the waiver granted to this student is not consistent with their guidelines.

Other Matter Needing Attention - Accuracy of Transcripts

The following finding does not result in an audit disallowance. It pertains to a control issue that CSI officials need to address.

Criteria – Section 52.2(e) of the Regulations requires institutions 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.”

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

Audit Determination – We determined that CSI includes neither the passing nor failing grades on transcripts when calculating the cumulative GPAs for students who pass courses they had previously failed. When we calculated the GPA for several students who passed courses they had previously failed, we found that three of these students would have earned higher cumulative GPAs than were reported on their transcripts. One of these students was placed on academic probation and another was considered to be ineligible for a TAP award the next semester.

School Officials’ Response – College officials said they would review their grading policy and ensure that it is in compliance with SED requirements.

Recommendation to the Higher Education Services Corporation

Recover the \$238,915 plus applicable interest from the College of Staten Island for its incorrect TAP certifications.

Recommendation to the State Education Department

Ensure that the College of Staten Island complies with State Education Department Regulations as they pertain to full-time status, good academic standing, waivers and accuracy of transcripts.

Major contributors to this report were Cindi Frieder, Kenneth I. Shulman, Kenrick Sifontes, Harold Maher, Bebe Belkin, Kezia Chacko, Khondaker Haque, and Erica Mezich.

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

Very truly yours,

Frank J. Houston
Audit Director

cc: Marlene Springer
Louis Chiacchere



THE STATE EDUCATION DEPARTMENT / THE UNIVERSITY OF THE STATE OF NEW YORK / ALBANY, NY 12234

CHIEF OPERATING OFFICER
Tel. (518) 474-2547
Fax (518) 473-2827
E-mail: rcate@mail.nysed.gov

December 12, 2001

Frank J. Houston
Audit Director
Office of the State Comptroller
A. E. Smith Office Building
Albany, New York 12236

Dear Mr. Houston:

In reference to the draft audit report (No. 2000-T-7) on the administration of the Tuition Assistance Program (TAP) at the College of Staten Island of the City University of New York, the following comments are provided regarding the audit findings related to the educational eligibility criteria of full-time attendance and good academic standing cited in the report.

With respect to the findings concerning students not in full-time attendance, the draft report indicates that College officials disagree with disallowances for two of seven students, indicating that these students were pursuing double majors. Therefore, the courses the students took were applicable to one or the other major so the students were full time. However, the report indicates that the College could not provide evidence of a double major which, according to the catalog, would be recorded on the student's final transcript. Unless the College can provide additional documentation to support the double major that the State Comptroller finds acceptable, the audit determination appropriately reflects the requirements in law and regulation.

With respect to students who were not in good academic standing, College officials objected to disallowances proposed for two of 13 students. One student dropped a nursing course, fearing a failing grade, and was granted a waiver. The student needed to achieve a grade of C or face possible dismissal from the nursing program. State Education Department guidelines specify that waivers should be granted only for reasons that are extraordinary or unusual and beyond the student's control. The basis for the waiver in this case is not consistent with these guidelines. The other student failed to take sufficient credits applicable to the student's program to satisfy the pursuit of program requirement. The College claimed the student was pursuing a double major so the credits did apply but, as in the cases noted above, did not provide satisfactory documentation. In the absence of additional documentation, the Department concurs in this finding.

In the section entitled "Other Matter Needing Attention—Accuracy of Transcripts," the draft audit report discusses a problem involving City University grading policy guidelines as reflected in academic transcripts at the College of Staten Island. The policy appears to be inconsistent with section 52.2(e)(6) of Commissioner's Regulations which requires that institutions "maintain for each student a permanent, complete, accurate, and up-to-date

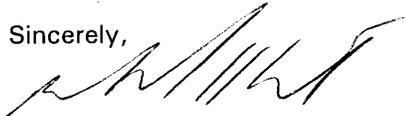
Appendix A

transcript of student achievement at the institution.” According to audit findings, if a student repeats a course that was previously failed and receives a grade of C or better, neither the original failing grade nor the subsequent passing grade is computed in the grade point average. As a result, the academic record would be neither complete nor accurate.

Recommendation - Ensure that the College of Staten Island complies with the State Education Department regulations as they pertain to full-time status, good academic standing, waivers and accuracy of transcripts.

We agree with this recommendation. The State Education Department will pursue with the City University and the College the issue concerning academic transcripts and will provide whatever guidance or explanation the College requires to comply with requirements for the proper administration of State student financial aid.

Sincerely,

A handwritten signature in black ink, appearing to read 'Richard H. Cate', written in a cursive style.

Richard H. Cate