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STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

July 21, 2004

Mr. Robert L. King
Chancellor
State University of New York
State University Plaza
Albany, New York 12246

Re: Determination of Student
Residency Status for Assessing
Tuition Charges
Report 2003-S-28

Dear Mr. King:

Pursuant to the State Comptroller's authority as set forth in Article V, Section 1, of the State Constitution and Article II, Section 8, of the State Finance Law, we have audited the State University of New York's controls over the determination of student residency status for assessing proper tuition charges. Our audit covered the period of September 1, 1999 through June 30, 2003.

A. Background

The State University of New York (SUNY) operates 64 campuses (including State-operated campuses and community colleges) throughout the State. For the 2002-03 academic year, SUNY had a total enrollment of approximately 403,000 students. About 204,000 students attended the State-operated campuses and about 199,000 attended the community colleges. Although most SUNY students are New York State residents, SUNY enrollment also includes students from all of the other states within the U.S. as well as students from 171 foreign countries. According to SUNY reports, there are about 19,500 non-State residents attending State-operated campuses. Students are generally considered New York State residents if they have established their domicile in New York State for at least 12 months before the last day of the registration period of a particular term. SUNY also prescribes specific criteria for emancipated (financially independent) students, military personnel, as well as immigrant and non-immigrant students to attend SUNY at the resident rates. Each individual SUNY campus is responsible for determining a student's residency status and deciding what specific documentation it will require to do so. Campus administrative staff data enter student's residency status onto a computer system to facilitate student billing (among other administrative functions). According to SUNY officials, an electronic audit record (including the identity of the SUNY staff making the entry and the entry's date and time) validates that appropriate documentation has been reviewed.

A number of SUNY campuses are located within reasonable commuting distances of students from states adjacent to New York and Canada, thus making them attractive to non-residents. For the 2002-03 school year, annual tuition at SUNY's four-year colleges was \$3,400 for New York State residents and \$8,300 for non-residents. Consequently, there is considerable financial incentive for students to claim in-State resident status. Therefore, if SUNY does not correctly determine the residency status of students, non-resident students could be paying the lower tuition rates established for resident students. Additionally, in September 1992, we issued Report 91-S-97 (SUNY – Some Non-Resident Students Aren't Being Charged the Correct Tuition Rate) which concluded that about 2,100 full-time undergraduate students were charged resident tuition rates for the Fall 1989 semester although information on the students' applications indicated that they were non-residents. Auditors noted, for example, that some students had spent less than 12 months in New York State and had attended either an out-of-state high school or college in the 12-month period before registration at SUNY.

B. Audit Scope, Objective and Methodology

We audited SUNY's controls over the determination of student residency status for assessing proper tuition charges for the period September 1, 1999 through June 30, 2003. Our objective was to determine whether SUNY has adequate assurance that campuses are making accurate residency determinations for incoming students and thus charging the correct tuition rate. To accomplish our objective, we reviewed applicable policies, procedures, rules and regulations, interviewed SUNY System Administration and campus officials, and reviewed a random sample of 838 student files, in total, at three campuses: Stony Brook, Buffalo State, and the University at Buffalo.

We conducted our audit in accordance with generally accepted government auditing standards. Such standards require that we plan and perform our audit to adequately assess SUNY's operations included in our audit scope. Further, these standards require that we understand SUNY's internal control structure and compliance with those laws, rules, and regulations that are relevant to the operations included in our audit scope. An audit includes examining, on test basis, evidence supporting transactions recorded in the accounting and operating records and applying such other auditing procedures as we consider necessary in the circumstances. 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.

We use a risk-based approach when selecting audit activities. This approach focuses our audit efforts on those operations we identified through a preliminary survey as having the greatest probability for needing improvement. Consequently, by design, we use finite audit resources to identify where and how the auditee can make improvements. Thus, little audit effort is devoted to reviewing operations that may be relatively efficient or effective. As a result, our audit reports are prepared on an "exception basis." This report, therefore, highlights those areas needing improvement and does not address activities that may be functioning properly.

In addition to being the State Auditor, the Comptroller performs certain other constitutionally and statutorily mandated duties as the chief fiscal officer of New York State, several of which are performed by the Division of State Services. These include operating the State's accounting system; preparing the State's financial statements; and approving State contracts, refunds, and other payments. In addition, the Comptroller appoints members to certain boards, commissions and public authorities, some of whom have minority voting rights. These duties may be considered

management functions for purposes of evaluating organizational independence under Generally Accepted Government Auditing Standards. In our opinion, these management functions do not affect our ability to conduct independent audits of program performance.

C. Results of Audit

We conclude that SUNY does not have adequate assurance that campuses are making accurate residency determinations for incoming students in order to charge the correct tuition rate. Based on our sample review, SUNY may have undercharged 275 students, resulting in potential unrealized revenues of \$673,750 from the fall of 1999 through the spring of 2003. Our estimate of unrealized revenue only takes into account one semester (generally the first semester) of tuition for each of the students we sampled. Therefore, the potential for greater revenue losses exists if these students attended their respective campuses for more than one semester and paid in-State tuition when the non-resident rate should have been charged. About \$316,000 of this total pertains to 129 students who transferred into SUNY from out-of-state colleges.

(In responding to our draft audit report, SUNY officials point out that residency of transfer students who have New York State home addresses, have graduated from a New York State high school and have indicated New York State residency on the admissions applications are no more suspect than freshman with these same indicators. Accordingly, SUNY officials stated that there is nothing in SUNY policy, based solely on having attended a non-New York college, which creates an expectation that a college should verify residency. Therefore, SUNY officials do not agree that we should have taken exception to the lack of documented residency determinations by campuses for these 129 students.)

Auditors' Comments: We acknowledge SUNY's policy. However, while the admission records for these 129 students did indicate residency in New York, the records also indicated that either they graduated from an out-of-state high school or the location of the high school they graduated from could not be determined. As a result, and consistent with SUNY policy that residency determinations be made when graduation from New York State high school is not apparent, we concluded that the residency of these 129 students may have been suspect and warranted documented follow up by the campuses.

SUNY's Guide to Resident Tuition Policy (Policy) states that students attending State-operated campuses (University Centers, University Colleges, and Technology Colleges) are generally considered New York State residents if they have established their domicile in the State for at least 12 months prior to the last day of the registration period of a particular term. Individuals who are financially dependent and whose custodial parent(s) lives in a state other than New York are generally not eligible for the resident tuition rate. The Policy further states that each individual SUNY campus is responsible for determining a student's residency status/tuition charges and in doing so campuses rely on documents and circumstances to determine if an individual's domicile is in the State. These may include: duration of physical presence in the State, state of residency of student's family, voter registration, driver's license, motor vehicle registration, real property ownership, residential rental lease, and income tax returns. For financially dependent students, campuses rely on documents relating to parents or legal guardian. Additionally, SUNY System Administration officials indicated that campuses are allowed to use their own discretion for deciding what documentation they will require to substantiate residency. The designation of a student as an in-State resident or as an out-of-state resident determines the amount of tuition the student is

assessed. For our audit scope period, in-State tuition was \$1,700 per semester and out-of-state tuition was \$4,150 per semester.

The SUNY Application Processing Center (APC) receives the vast majority of prospective student applications. (A small number of applications are submitted by students directly to campuses for local processing where the standard policy guidance on residency determination would apply.) Application information is data entered into an application processing system that checks for inconsistencies regarding residency. The system checks applicant address, time lived in-State, and high school location code. If the system identifies inconsistencies, it notes them on hardcopy file folders that are sent to the appropriate campuses. It is the responsibility of each campus to resolve any inconsistencies noted by the APC. SUNY System Administration officials noted that subsequent to the initial APC handling of student applications, their personnel do not perform tests to monitor the accuracy of campus residency determinations.

To determine the extent to which SUNY campuses accurately determine a student's residency status, we asked SUNY officials for a data download of all full-time undergraduate students enrolled at State-operated campuses from the fall of 1999 through the spring of 2003. Using the download, we extracted the records for students classified as in-State residents that either transferred from an out-of-state institution or graduated from an out-of-state high school, and those labeled as permanent residence unknown. SUNY System Administration personnel explained that students with permanent residence unknown are those whose residency has most likely not yet been determined for billing purposes. The student data file that we extracted contained 6,883 records; 3,264 were classified as in-State resident students who transferred from an out-of-state institution; 3,147 were classified as in-State resident students who graduated from an out-of-state high school; and 472 were students classified as permanent residence unknown. From this population, we selected a random sample of students from the three colleges with the greatest number of transfers from out-of-state colleges and high schools. These colleges are Stony Brook, Buffalo State, and the University at Buffalo. The sample consisted of half the population of student records that met the criteria at each of the three schools.

We reviewed 310 student files at Stony Brook, 284 at Buffalo State, and 136 at the University at Buffalo (all were students that graduated from out-of-state high schools or transferred from out-of-state colleges). Using SUNY's criteria for determining residency, we reviewed each of the 730 student admission files for appropriate documentation to substantiate residency status. During these reviews, we looked for documentation identified in the Policy to substantiate each student's residency status. We found that many of the files did not contain any of the documents suggested by the Policy. Specifically, we found 70 (23 percent), 98 (35 percent), and 97 (71 percent) student files at Stony Brook, Buffalo State, and the University at Buffalo, respectively, that did not contain documentation to substantiate in-State residency. Additionally, we selected and reviewed a random sample of half of the population of students coded as permanent residence unknown at the University at Buffalo and Buffalo State. Three of 39 (8 percent) student files at Buffalo State and 7 of 69 (10 percent) student files at the University at Buffalo did not contain documentation to substantiate residency even though the students were charged in-State tuition.

In addition, one of our recommendations from our prior audit report (Report 91-S-97) was that the campuses should charge non-resident rates to students with out-of-state indicators until they proved resident status. Even though SUNY agreed to implement our prior recommendation, it appears that the campuses have yet to do so. The following examples denote information contained

in student admission files we reviewed where campuses charged in-State tuition even though the file did not contain documentation to support the in-State rate.

- Graduate of a non-U.S. high school, did not have a New York State address, was not a resident, and the student's family resided in Canada.
- Graduate of an out-of-state high school, did not have a New York State address, was not a resident, and the student's family resided in New Jersey.
- New York State resident for four months, California high school transcript, and parents reside in Puerto Rico.
- Canadian college transcript, did not have a New York State address, was not a resident, and the student's family resided in Canada.
- Graduate of an out-of-state high school, did not have a New York State address, and the student's family resided in Austria.

A significant number (275 or 33 percent) of the 838 sampled student files that we reviewed at the campuses did not contain documentation to substantiate in-State residency determinations. SUNY policy does not set forth what minimum steps a campus must take to verify the residency of students applying for admission. SUNY's APC accepts a student's claim of residency status at face value (i.e., without supporting documentation) when processing applications for admissions. Although the APC flags inconsistencies in residency data on the applications for further review by the campuses, we found that the three colleges we visited perform varying levels of review.

- At Stony Brook, campus officials told us that if there are inconsistencies in application data (e.g., State resident but out-of-state address), then they may request additional documentation such as a driver's license, lease agreement, etc.
- At Buffalo State, campus officials indicated that they only request documentation when there is a change in a student's residency status.
- At the University at Buffalo, campus officials stated that they only request documentation for files that the APC has identified for residence inconsistencies.

SUNY System Administration personnel do not perform periodic testing of residency determinations, and the campuses have inconsistent practices for their residency determinations. Therefore, we conclude that SUNY does not have adequate assurance that campuses are making accurate residency determinations for incoming students in order to charge the correct tuition rate. Based on our review, SUNY may have undercharged 275 students, resulting in potential unrealized revenues of \$673,750 from the fall of 1999 through the spring of 2003. Our estimate of unrealized revenue only takes into account one semester of tuition for each of the students we sampled. Therefore, the potential for greater revenue losses exists if these students attended their respective campuses for more than one semester and paid in-State tuition when the non-resident rate should have been charged.

(In response to our draft audit report, SUNY officials noted that transfer students, with 24 or more transfer credits hours, are not required to provide a high school transcript [which could be used as evidence of New York State residency] for admission. SUNY further asserted that the residencies of transfer students [from out-of-state institutions] who have New York State home addresses, have graduated from New York State high schools, and have indicated New York State residency on admissions applications are no more suspect than the residencies of freshmen with the same indicators. [Note: Out-of-state transfer students represented 165 of the 311 instances we identified, in our draft audit report, as lacking documentation of New York State residence.] Moreover, SUNY officials concluded that SUNY is charging appropriate tuition for virtually every student served.)

Auditors' Comments: The policy of not requiring a high school transcript for a transfer student with 24 or more credit hours primarily relates to the student's admission into a particular SUNY academic program – as opposed to determining the student's residency status. In addition, we determined that 129 of the 165 transfer students that lacked adequate supporting documentation graduated from out-of-state high schools, or the locations of the high schools from which they graduated were not indicated in their admission files. We believe that there was comparatively greater risk that these 129 transfer students were not New York State residents (as opposed to the 36 students who indicated that they graduated from New York State high schools), and therefore, SUNY should have taken appropriate actions to verify the residency of such students. Based on SUNY's response, we reduced the total number of students for which SUNY should have obtained residency by 36 (from 311 to 275) as well as the corresponding potential revenue loss.

Recommendations

To SUNY System Administration

1. *Modify SUNY policy to require campuses to review all applications that have been identified as having residence inconsistencies by the APC and set minimum levels of documentation that campuses must obtain to support residency determinations for such applications.*

(SUNY officials indicated that they would review the APC system to clarify conditions under which applications will be designated for campus follow-up. In addition, officials indicated that they will modify campus guidance regarding minimum documentation standards to support a claim of New York State residency.)

2. *Establish processes to assess the accuracy of residency determinations made by the campuses. This may include a periodic detailed examination of a sample of student admission files to ensure that adequate documentation to support in-State residency exists.*

(SUNY officials indicated that they could incorporate such assessments into their routine reviews of campus management controls.)

To SUNY Campuses

3. *Follow up on the students that we identified during our review to determine if the correct amount of tuition was charged. Collect additional tuition costs as appropriate.*

(SUNY officials disagreed with this recommendation and stated that there was no evidence that any of the students we identified were improperly determined to be New York State residents. They conclude that some of our sample results are nothing more than a recordkeeping matter, and it would not be appropriate to pursue these further.)

Auditors' Comments: There is also a possibility that documentation is not on file because necessary residency determinations were not adequately made. At a minimum, SUNY officials should follow up on a sample of these to assess the extent of the risk and the need to investigate more exceptions.

4. *Charge non-resident rates to new/transfer students that have been identified as having residence inconsistencies by the APC until they have proven in-State resident status.*

(SUNY officials stated that this procedure has been and remains in place at all campuses.)

Auditors' Comments: Many of the students we identified whose files lacked supporting documentation of New York State residency were also flagged by the APC for follow-up by campus officials. Nonetheless, these students were charged the lower State resident tuition rate. Accordingly, SUNY officials need to reaffirm their policy.

We provided SUNY officials with draft copies of this report for their review and formal comment. Their comments have been considered in the preparation of this report and are included in Appendix A. SUNY officials generally disagree with most of the observations and conclusions in our report. Our detailed rejoinders to SUNY's comments are referenced in the margin of their response and are included as Appendix B.

Within 90 days after final release of this report, as required by Section 170 of the Executive Law, the Chancellor of the State University of New York shall report to the Governor, the State Comptroller, and the leaders of the Legislature and fiscal committees, advising what steps were taken to implement the recommendations contained herein, and where recommendations were not implemented, the reasons therefor.

Major contributors to this report were Brian Mason, Arthur Smith, Andy Fischler, David Pleeter, Melissa Clayton, Jeffrey Dormond, Jason Kearney and Paul Bachman.

We wish to thank the management and staff of SUNY for the courtesies and cooperation extended to our auditors during the audit.

Very truly yours,

Steven E. Sossei
Audit Director

cc: Robert Barnes
C. Kevin O'Donoghue

THE STATE UNIVERSITY *of* NEW YORK



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Mr. Steven E. Sossei
Audit Director
Office of the State Comptroller
110 State Street
Albany, New York 12236

Dear Mr. Sossei:

As permitted under Section 170 of the Executive Law, we are enclosing our comments to your draft audit report #2003-S-28 concerning the Determination of Student Residency Status for Assessing Tuition Charges.

Sincerely,

A handwritten signature in black ink, appearing to read "Elizabeth D. Capaldi".

Elizabeth D. Capaldi

Enclosure

STATE UNIVERSITY of NEW YORK

RESPONSE TO DRAFT AUDIT REPORT #2003-S-28

MARCH , 2004

Response to Comments/Recommendations Directed to System Administration

We cannot agree with the auditors that SUNY does not have adequate assurance that campuses are making accurate residency determinations, or that current procedures may have resulted in failure to collect revenues otherwise due to them.

In the first place, there is absolutely no incentive for campuses to understate tuition revenue which they would otherwise retain for their own use.

Second, there are clear and adequate guidelines provided to our campuses; the personnel undertaking the tuition determination are properly trained and experienced.

Third, having skewed your sample to include primarily transfer students, you then drew conclusions about how campuses should handle such students that are at variance with guidelines and reasonableness. Your "estimate" of potential unrealized revenue is thereby substantially if not wholly, inherently invalid.

Our reasoning is as follows. At least 50% of the sampled student files were selected because these particular students were transfers. The audit procedures assumed that the residency of transfer students who attended a college outside New York State is suspect and should be reviewed by campuses. There is nothing in SUNY policy, based solely on having attended a non-New York college, which creates an expectation that a college should verify residency. The residency of transfer students who have New York State home addresses, have graduated from a New York State high school and have indicated New York State residency on the admissions application are no more suspect than freshmen with those same indicators. In addition, there is no more reason to think that students who transfer to SUNY from out-of-state colleges are not New York residents than there is to suspect those who transfer from private colleges located within the State. Consequently, there is no expectation that those students would be subject to further campus review. Each year, many New York State residents graduate from New York high schools and attend colleges outside of the state before transferring to SUNY. As is the case with SUNY's policy, those students do not attain residency in those states while living there for the purpose of attending college. Nor do they abandon their domicile or residency in New York. We therefore do not accept that it was proper for the auditors to assume that the residency determination for these students is inadequately documented.

Further, in 2002, SUNY guidelines were modified to effectively identify any student applying or transferring into SUNY as a resident, if within the past five years, that student attended and graduated from a New York State high school.

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We also note that on page 3 of the report, OSC makes the statement that “The SUNY Application Services Center (ASC) receives all prospective student applications.” In fact, a small number of admissions applications are submitted by the student directly to the campus for local processing. Campuses are aware that all policy guidance on residency determination also applies to this applicant population.

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Note
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With respect to your first two recommendations, addressed to SUNY System Administration:

1. We conclude that there is no need to modify a policy that already specifically requires our campuses to review all applications which have been identified by the Application Processing Center (ASC) as having possibly **inconsistent** residence information. We will, however, review the ASC system to clarify the conditions under which such applications will be so designated. We will also modify campus guidance to provide specificity with respect to minimal documentation standards to support a claim of residency for such applicants.
2. We cannot disagree with your recommendation that System Administration should periodically assess campus procedures and documentation used to support residency decisions. These reviews can be incorporated into the routine review of campus management controls. We would do this, however, because it would be prudent to do so occasionally, not because of any findings in your report.

Response to Comments/Recommendations Directed to Campuses

SUNY Guide to Resident Tuition Policy states that students attending State-operated campuses are generally considered New York State residents if they have established their domicile in the State for at least twelve months prior to the last day of the registration period for a particular term. The Policy further states that each individual SUNY campus is responsible for determining a student’s residency status/tuition charges and in doing so campuses rely on documents to determine if an individual’s domicile is in the state. Additionally, campuses are allowed to use their own discretion for deciding what documentation they will require to substantiate residency. SUNY policy states that transfer applicants with 24 or more transfer credit hours are not required to provide a high school transcript for admission. The SUNY Application Services Center (ASC) system checks applicant address, time lived in-state, and high school code. As a transfer-friendly system, our campuses determined that transfer students who pass this level of verification, and who sign a statement indicating that the information they have provided on their application is true, are NYS residents for tuition purposes.

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Notes
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However, when the ASC system identifies inconsistencies with regard to residency status, the campus admissions’ staff records the student’s residency status as out-of-state until the student provides appropriate documentation. Campus admissions staffs are carefully trained to obtain and review further residency documentation from students. and change the residency status to in-state only after proper documentation is provided. At the University of Buffalo, for example, resulting residency status changes are audited in its admission’s system. These audits are date/time stamped and include the identity of the staff member initiating the change. Most campuses have determined this electronic audit record of the residency change validates that appro-

priate documentation has been reviewed; original documents are therefore not necessarily maintained, but as the audit demonstrates, are generally to be found in the student files, nonetheless.

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Note
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With respect to the final two recommendations of the draft audit report, which were addressed to SUNY Campuses:

1. Follow up on the students identified during the audit review to determine if the correct amount of tuition was charged. Collect additional tuition costs as appropriate.

SUNY has a very specific policy and set of procedures that we follow without exception in determining the residency status for tuition purposes for undergraduate transfer students who attended out-of-state colleges. The policy of all three campuses visited by the auditors is compliant with SUNY policy and guidelines. Since all tuition revenue is retained for campus expenditure, there is no reason or incentive to compromise a campus' fiscal condition by not charging out-of-state tuition for out-of-state students.

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Note
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Students who wish to have their residency determination reviewed are required to complete an Application for New York State Residency Status for Tuition form and are interviewed by a College official in the Student Accounts office. The College official reviews pertinent documentation provided by the student, which may include driver's license, voter registration card, vehicle registration, and parents' income tax forms, and makes a determination of residency based on that documentation. The College official then records the final determination on the student's electronic account record. Hardcopies of such records, as your audit found, are generally maintained in the student file, but on occasion, for one of a number of reasons, may not have been retained. Accordingly, we conclude that some of your sample results have identified nothing more than an occasional record-keeping matter, and we conclude that it would not be appropriate to pursue students for additional payments on such an inconsequential basis.

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Note
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We have a parallel obligation to provide an efficient and friendly application process for students seeking to transfer to our University system. We feel that we are balancing these imperatives in an extremely effective manner. All students identified in the audit were re-reviewed by SUNY for in-state residency based on long-standing policy and procedures. There is no evidence that any of these students were improperly determined to be New York State residents for tuition purposes. We stand behind these determinations. The University is charging the appropriate tuition rate for virtually every student we serve.

2. Charge non-resident rates to new/transfer students that have been identified as having inconsistencies by the ASC until they have proven in-State resident status.

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Note
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This procedure has been and remains in place at all campuses.

State Comptroller's Notes

1. While our report does not address this issue, campuses do have the incentive to attract and retain quality students.
2. We acknowledge and detail SUNY's residency guidelines in the report, and we do not question the training and experience of SUNY personnel involved with residency determinations. However, one cannot conclude that campuses have not made errors in residency determinations simply because SUNY has residency guidelines and trained and experienced admissions personnel.
3. We do not believe our sample and the corresponding results of our review are skewed. As noted in the report, we focused our review on those students most at risk of residency misclassification. In fact, 185 of the students we reviewed were identified by the SUNY APC for inconsistencies in residency-related information. Of the 275 exceptions cited in this final report, 129 were students transferring into SUNY from out-of-state colleges. While these students indicated New York State residence, records showed that these students did not graduate from a New York State high school or the high school they graduated from was unknown. SUNY has indicated that lack of New York State high school is a residency data inconsistency for students entering with less than 24 credit hours.
4. We do not assert that the residencies of transfer students (from out-of-state institutions) who have New York State home addresses, have graduated from New York State high schools, and have indicated New York State residency on admissions applications are more suspect than the residencies of freshmen with the same indicators. Also, we acknowledge that New York State resident students who graduate from New York State high schools, attend out-of-state colleges, and then transfer to SUNY retain their New York State residency status. However, 129 of the transfer students that we reviewed graduated from out-of-state high schools, or the locations of the high schools from which they graduated were not indicated in their admissions files. Consequently, we believe that there was comparatively greater risk that these transfer students were not New York State residents, and therefore, SUNY should have taken appropriate actions to verify the residency of such students and to document this verification at the campuses. (Also, see State Comptroller's Note 7.)
5. We have amended our report to note that a small number of admissions applications are submitted directly to campuses for local processing.
6. SUNY officials noted that transfer applicants, with 24 or more credit hours, are not required to provide a high school transcript for admission. However, this policy primarily relates to a transfer student's admission into a particular SUNY academic program - as opposed to determining a student's residency status.
7. Our sample included 294 out-of-state transfer students, and we concluded in our draft audit report that SUNY should have sought additional supporting documentation (for

New York State residency) for 165 of these students. Based on SUNY's response, we reviewed our analysis and determined that 36 of these 165 students reported graduating from a New York State high school. The remaining 129 students either graduated from an out-of-state high school, or the location of the high school could not be determined. Accordingly, we have reduced the number of transfer students for which SUNY should have obtained evidence of residency by 36 (from 165 to 129). This decreases the potential revenue loss by \$88,200 (from \$761,950 to \$673,750).

8. We have amended our report to detail procedures used by SUNY campuses to record residency status determinations. However, we also note that the electronic audit record of a residency determination does not necessarily mean that staff has, in fact, reviewed the appropriate documents. Without documentation being on file, we question how SUNY officials can ensure themselves that staff actually reviewed documents prior to granting students New York State residency status.
9. The audit determined that 275 (33 percent) of the student files we reviewed did not contain documentation to support New York State residency classification.
10. Seventy-four (74) of the students we identified whose files lacked supporting documentation of New York State residency were also flagged by the APC for follow-up by campus officials. Nonetheless, these students were granted and charged the lower State resident tuition rate. Accordingly, we conclude that SUNY officials need to reaffirm their policy.