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STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

August 10, 2006

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

Mr. James C. Ross
President
Higher Education Services Corporation
99 Washington Avenue
Albany, New York 12255

Re: Schenectady County
Community College
Report 2006-T-2

Dear Messrs. Mills and Ross:

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 Schenectady County Community College (SCCC) for the 2002-2003 through 2004-2005 academic years.

Summary Conclusions

In accordance with Article 14, Section 665(3)(b) of the New York State Education Law (Law), we determined that SCCC was overpaid \$3,715 because college officials incorrectly certified two students as eligible for TAP awards. Therefore, we recommend that HESC recover a total of \$3,715 plus applicable interest from SCCC.

Background

SCCC, a two-year degree granting institution, is one of 30 community colleges included in the State University of New York (SUNY) system. SCCC offers Associate Degree programs in liberal arts and sciences and in career and pre-professional areas. The college also offers specialized Certificate programs, as well as a number of online courses.

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 draft copies of this report to the State Education Department (SED), HESC, and SCCC officials for their review and comments. We have considered their comments in preparing this draft audit report.

Audit Scope, Objective, and Methodology

The objective of our audit was to determine whether SCCC's management complied with the Law and the Commissioner of Education Rules and Regulations, Title 8, NYCRR, (Regulations) for certifying students as eligible for TAP awards. The scope of our audit did not include reviews of the process HESC follows in determining the amount of such awards.

According to HESC records, SCCC officials certified 6,074 TAP awards totaling \$4.6 million that were paid on behalf of 3,005 students during the three academic years that ended on June 30, 2005. We reviewed a statistical sample of 75 randomly-selected TAP awards totaling \$55,569 that were made to 74 students during that period. We also reviewed other awards that came to our attention during the audit.

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 those operations of SCCC that are included within our audit scope. These standards also require that we review and report on SCCC's internal control system and its compliance with those laws, rules, and regulations that are relevant to SCCC'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 SCCC, 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 SCCC's accounting system and other systems that would support the claims for student financial aid.

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

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

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.

Audit Results

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

<u>Reasons for Disallowances</u>	<u>Number of Awards</u>	<u>Amount</u>
Student Not in Good Academic Standing	2	\$2,395
Student Not Meeting Full-Time Requirements	1	1,320
Total Audit Disallowance	3	<u>\$3,715</u>

The disallowances are discussed in the following paragraphs. Students' names and related information were provided separately to SCCC officials.

Student Not in Good Academic Standing

Criteria - Section 665(6) of the Law requires that students be in good academic standing to be eligible to receive TAP awards. To maintain such standing, a student is required by Section 145-2.2 of the Regulations to maintain satisfactory academic progress towards 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 school and approved by the SED. A student is pursuing the approved program of study if, during each term 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. However, good academic standing can be regained if the deficiencies are made up without additional State awards, a one-time TAP waiver is obtained, or the student remains out of school for at least one calendar year or transfers to another institution.

Audit Determination - We disallowed two awards that had been paid on behalf of a student who did not maintain good academic standing. This student failed to meet the requirements relating to satisfactory academic progress.

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

Student Not Meeting Full-Time Requirements

Criteria - Section 661(4)(b) of the Law requires in relevant part, that a student be in full-time attendance, as defined by the Commissioner of SED, to be eligible for a TAP award. Section 145-2.1 of the Regulations states, in part, that full-time study for a semester-based program at a degree-granting school is defined as enrollment for at least 12 semester hours for a semester of not less than 15 weeks. The SED Memorandum to Chief Executive Officers 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 one award that had been paid on behalf of a student who did not meet the full-time requirement. This student enrolled in a course for which he had previously received transfer credit. When we excluded this course, we found that the student was not enrolled for a minimum of 12 semester hours creditable toward his degree.

School Officials’ Position - School officials agree with this finding.

Recommendation to the Higher Education Services Corporation

Recover the \$3,715, plus applicable interest, from Schenectady County Community College for its incorrect TAP certifications.

Recommendation to the State Education Department

Ensure that Schenectady County Community College officials comply with State Education Department requirements relating to good academic standing and full-time attendance cited in this report.

Major contributors to this report were Karen Bogucki, Andrew B. Fischler, Mostafa Kamal, D. Louis Pleeter, and Alison Barron.

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

Very truly yours,

Kenrick Sifontes
Audit Manager

cc: Dr. Gabriel J. Basil, Schenectady County Community College
Lisa Ng, Division of the Budget