THOMAS P. DiNAPOLI
STATE COMPTROLLER

110 STATE STREET
ALBANY, NEW YORK 12236

STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

December 7, 2007

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

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

Re:Canisius College
Report 2007-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 Canisius College (Canisius) for the 2003-2004 through 2005-2006 academic years.

Summary Conclusions

In accordance with Article 14, Section 665 (3)(b) of the New York State Education Law (Law), we determined that Canisius was overpaid $5,559 because college officials incorrectly certified a student as eligible for three TAP awards. We tested the accuracy of the 11,502 TAP certifications the college awarded for the three-year period that ended on June 30, 2006, by reviewing a sample of 75 randomly-selected awards. From our random sample, we disallowed three awards totaling $5,559. These awards were not projected to the total population. Therefore, we recommend that HESC recover a total of $5,559, plus applicable interest from Canisius.

Background

Canisius is a private, independent Roman Catholic college located in downtown Buffalo, New York. Canisius offers undergraduate and graduate programs in liberal arts, education, business, and other professional fields. Many of these programs are approved by the State Education Department (SED) for TAP eligibility.

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 SED, HESC and Canisius officials for their review and comments. We have considered their comments in preparing this audit report.

Audit Scope, Objective, and Methodology

The objective of our performance audit was to determine whether Canisius' management complied with the Commissioner of Education's Rules and Regulations, 8 NYCRR Part 145 (Regulations), for certifying students as eligible for TAP awards. The scope of our audit did not include a review of the process HESC follows in determining the amount of such awards.

According to HESC records, Canisius officials certified 11,502 TAP awards totaling approximately $12.8 million that were paid on behalf of 3,455 students during the three academic years that ended on June 30, 2006. We reviewed a random sample of 75 TAP awards totaling $79,306 that were made to 71 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 Canisius that are included within our audit scope. These standards also require that we review and report on Canisius' internal control system and its compliance with those laws, rules, and regulations that are relevant to Canisius' 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 Canisius, 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 school's accounting system and other systems supporting the claims for student financial aid.

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

Our audit found that, for the transactions and records tested, Canisius was generally in compliance with these provisions, except as noted in the following section 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. 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 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:

Reason for Disallowance	Number of Awards	Total
Student Not in Good Academic Standing	3	$5,559
Total Audit Disallowance	3	$5,559

The disallowance is discussed in the following paragraphs. The student's name and related information were provided separately to Canisius 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 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 school and approved by 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, such standing can be regained if the deficiencies are made up without additional State awards, if a one-time TAP waiver is obtained, if the student remains out of school for at least one calendar year, or transfers to another institution.

Audit Determination - We disallowed three awards that had been paid on behalf of a student who did not maintain good academic standing. The student did not earn passing or failing grades in enough

courses creditable to his/her degree to meet the pursuit of program requirements. Because the student had not received a waiver, had not made up the deficiencies without additional State awards, or had not remained out of school for one year, he/she was not eligible to receive the TAP awards.

School Officials' Position - School officials agree with these disallowances.

Recommendation to the Higher Education Services Corporation

Recover the $5,559, plus applicable interest, from Canisius College for its incorrect TAP certifications.

Major contributors to the report were Karen Bogucki, Mary T. Roylance, Anthony Calabrese, Mostafa Kamal and David Pleeter.

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

Very truly yours,

Kenrick Sifontes
Audit Manager

cc: Rev. Vincent M. Cooke, SJ, Canisius College
Lisa Ng, Division of the Budget