

ALAN G. HEVESI
COMPTROLLER



110 STATE STREET
ALBANY, NEW YORK 12236

STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

May 25, 2004

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

Mr. Michael R. Wilton, Jr.
President
Higher Education Services Corporation
99 Washington Avenue
Albany, New York 12255

Re: Long Island University
Report 2003-T-8

Dear Messrs. Mills and Wilton:

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 Brookville, Brentwood, and Southampton campuses of Long Island University (LIU) for the 1999-00 through 2001-02 academic years.

Summary Conclusions

In accordance with Section 665(3) (b) of the New York State Education Law (Law), we determined that LIU was overpaid \$7,367, because college officials incorrectly certified two students as eligible for TAP awards. Therefore, we recommend that HESC recover a total of \$7,367, plus applicable interest, from LIU.

Background

LIU is an independent university with campuses in Brooklyn, New York City; Rockland and Westchester counties; and Brookville (C.W. Post), Brentwood, and Southampton on Long Island.

LIU also operates extension sites at some of America's largest corporations and at the United States Military Academy at West Point, New York. LIU offers certificate programs, as well as undergraduate and graduate degree programs, in various disciplines that are approved by the New York 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 LIU 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 compliance audit was to determine whether LIU's management had 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 reviews of the process HESC follows in determining the amount of such awards.

According to HESC records, LIU officials certified 12,611 TAP awards totaling \$16,520,924 that were paid on behalf of 4,560 students at the C.W. Post, Brentwood, and Southampton campuses during the three academic years that ended on June 30, 2002. We reviewed a statistical sample of 200 randomly-selected TAP awards totaling \$246,967 that were made to 196 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 LIU that are included within our audit scope. These standards also require that we review and report on LIU's internal control system and its compliance with those laws, rules, and regulations that are relevant to LIU'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 LIU, 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 claims for student financial aid.

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

Our audit found that LIU officials have established good internal controls and that these controls, in general, ensured that only eligible students were certified for TAP awards. Moreover, the results of our tests indicate that, for the transactions and records tested, LIU complied, in most material respects, with the provisions referred to in the preceding paragraph, except as noted in the following section of the 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>Reason for Disallowance</u>	<u>Number of Awards</u>	<u>Amount</u>
Students Not in Full-Time Attendance	2	\$3,837
Student Not in Good Academic Standing	<u>2</u>	<u>3,530</u>
Total Audit Disallowance	<u>4</u>	<u>\$7,367</u>

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

Students Not in Full-Time Attendance

Criteria - Section 661 of the Law requires students to be in full-time attendance to be eligible for TAP awards. 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 hours per semester for a semester of 15 weeks or its equivalent. SED's Memorandum to Chief Executive Officers 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 two awards that had been paid on behalf of two students who had enrolled for less than 12 credits applicable to their degree programs. The students either had repeated courses they had passed in previous semesters or had taken courses for which they had

previously received equivalent credit. Therefore, the courses could not be included as part of the students' minimum full-time course loads for financial aid purposes.

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

Student Not in Good Academic Standing

Criteria - Section 665 of the Law requires students to be in good academic standing to be eligible for 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 of study for which an award is received, he or she 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 TAP waiver is obtained, or if 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 one student who failed to maintain good academic standing. This student did not earn passing or failing grades in enough courses, applicable to her designated program, to meet the pursuit of program requirements. Because the student had not received a waiver, had not made up the deficiency without additional State awards, or had not remained out of school for one year, she was not eligible to receive the TAP awards.

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

Recommendation to the Higher Education Services Corporation

Recover the \$7,367 plus applicable interest from Long Island University for its incorrect TAP certifications.

Recommendation to the State Education Department

Ensure that Long Island University officials comply with the State Education Department requirements relating to full-time attendance and good academic standing cited in this report.

Major contributors to this report were Cindi Frieder, Kenrick Sifontes, Sal D'Amato, Kezia Chacko, and Erica Zawrotniak.

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

Very truly yours,

Frank J. Houston
Audit Director

cc: David J. Steinberg, Ph.D.
Carole E. Stone
Robert Barnes