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STATE OF NEW YORK  
**OFFICE OF THE STATE COMPTROLLER**

November 26, 2007

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: Manhattanville College  
Report 2006-T-5

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 Manhattanville College (Manhattanville) for the 2003-04 through 2005-06 academic years.

**Summary Conclusions**

In accordance with Article 14, Section 665(3)(b) of the New York State Education Law (Law), we determined that Manhattanville was overpaid \$27,263, because school officials incorrectly certified 13 students as eligible for TAP awards. Therefore, we recommend that HESC recover a total of \$27,263, plus applicable interest, from Manhattanville.

**Background**

Manhattanville is an independent co-educational college located in Westchester County. Founded in 1841, the school offers undergraduate and graduate degrees in a variety of programs that are approved by the New York State Education Department (SED). Many of these programs have been approved for TAP eligibility. Manhattanville has about 1,600 full-time and part-time students and its annual tuition is approximately \$28,000.

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 a draft copy of this report to Manhattanville officials for their review and comment. We have considered their comments in preparing this audit report.

### **Audit Scope, Objective, and Methodology**

The objective of our audit was to determine whether Manhattanville's management complied with the Law and the Commissioner of Education's Rules and Regulations, Title 8, NYCRR (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, Manhattanville officials certified 3,256 TAP awards totaling \$4,394,560 that were paid on behalf of 1,031 students during the three academic years that ended on June 30, 2006. We reviewed a random sample of 150 TAP awards totaling \$204,532 that were made to 143 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 that we plan and perform our audit to adequately assess those operations of Manhattanville that are included within our audit scope. Further, these standards also require that we review and report on Manhattanville's internal control system and its compliance with those laws, rules, and regulations that are relevant to Manhattanville'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 Manhattanville, 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 college's accounting system and other systems that would support the claims for student financial aid.

Manhattanville's management is responsible for complying with the Law and the Regulations. In connection with our audit, we performed tests of Manhattanville'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 Manhattanville's overall compliance with such provisions. Our audit found that, for the transactions and records tested, Manhattanville generally complied with these provisions, except 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. 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 accounting 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:

<b><u>Reasons for Disallowances</u></b>	<b><u>Number of Awards</u></b>	<b><u>Amount</u></b>
Students Not Meeting Full-Time Requirements	6	\$ 6,677
Students Not in Good Academic Standing	6	11,514
TAP Awards Not Fully Credited to Students' Accounts	<u>8</u>	<u>9,072</u>
Total Audit Disallowance	<u>20</u>	<u>\$27,263</u>

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

#### **Students Not Meeting Full-Time Requirements**

*Criteria* - Section 661(4)(b) of the Law requires, in relevant part, that students be in full-time attendance, as defined by the Commissioner of Education, to be eligible for their 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 semester hours during a semester of not less than 15 weeks. SED's 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 six awards paid on behalf of six students who did not meet the full-time requirement. One of these students was enrolled only for a total of six semester hours. The other students had enrolled in courses that were not creditable toward the degree in which they were enrolled.

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

#### **Students Not in Good Academic Standing**

*Criteria* - Section 665(6) of the Law requires that students be in good academic standing to qualify 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 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. However, good academic standing can be regained if the deficiencies are made up without additional State awards, a TAP waiver is obtained, or the student remains out of school for at least one calendar year or transfers to another institution. However, students who lose TAP eligibility because their cumulative grade point average is less than 2.0 cannot regain eligibility by remaining out of school for a period of time.

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 six awards that had been paid on behalf of three students who did not maintain good academic standing. Two students did not earn passing or failing grades in enough courses to meet the pursuit of program requirements. Manhattanville granted one of these students a TAP waiver. We reviewed the supporting documentation for this waiver and found that the reason for the waiver was not "exceptional and extraordinary."

The third student had earned a 1.97 cumulative grade point average when a 2.0 was required. This student was not eligible for state aid until she achieved a cumulative grade point average of at least 2.0 through appropriate coursework - without the benefit of state aid. Furthermore, this student did not satisfy the pursuit of program requirements.

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

### **TAP Awards Not Fully Credited to Students' Accounts**

*Criteria* - Section 2205.3(e) of the Regulations requires that each student's account be credited within seven days after the receipt of an award.

*Audit Determination* - We disallowed eight awards paid on behalf of four students whose TAP awards were not fully credited to their accounts. For three awards, Manhattanville had posted the award and then reversed the entry. The school posted none, or only part of the other five students' awards. School officials did not distribute these funds in a proper manner that would enable the students to benefit from these awards.

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

**Recommendations to the Higher Education Services Corporation**

1. *Recover the \$27,263, plus applicable interest, from Manhattanville College for its incorrect TAP certifications.*
2. *Ensure that Manhattanville officials comply with the Higher Education Services Corporation requirements relating to the crediting of TAP awards.*

**Recommendation to the State Education Department**

*Ensure that Manhattanville 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 Gene Brenenson, Jeremy Mack, Hector Arismendi, Jean-Renel Estime and Margarita Ledezma.

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

Very truly yours,

Cindi Frieder  
Audit Manager

cc: Richard A. Berman, Manhattanville College  
Lisa Ng, Division of the Budget