

THOMAS P. DINAPOLI
COMPTROLLER



110 STATE STREET
ALBANY, NEW YORK 12236

STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

November 5, 2013

Dr. John King, Jr.
Commissioner
State Education Department
State Education Building, Room 408
89 Washington Avenue
Albany, NY 12234

Ms. Elsa Magee
Acting President
Higher Education Services Corporation
99 Washington Avenue
Albany, NY 12255

Re: Audit of the Tuition Assistance
Program at Dowling College
Report 2012-T-2

Dear Dr. King and Ms. Magee:

The Office of the State Comptroller audits postsecondary institutions to verify that only eligible students receive State-funded Tuition Assistance Program (TAP) awards. The objective of this audit was to determine whether Dowling College management complied with the State Education Law and the Commissioner of Education's Rules and Regulations when certifying student TAP eligibility.

Summary

We selected a random sample of 125 TAP certifications, made during the three-year period ended June 30, 2011, to determine whether only eligible students were certified for TAP by Dowling College (Dowling) officials. We determined that Dowling was overpaid \$191,020 as a result of inappropriate TAP certifications made on behalf of ineligible students.

We disallowed six payments, totaling \$12,332, for a variety of reasons, including payments for students who did not meet the full-time attendance requirement, and/or students who were not in good academic standing. Our projection of these six awards to the school's TAP payment population for our three-year review period results in a total disallowance of \$183,611. We also disallowed six awards totaling \$7,409 made on behalf of certain sampled students outside of the three-year scope period.

We recommend that HESC officials recover the \$191,020, plus applicable interest, from Dowling for these improperly certified students and associated awards.

Background

TAP, the largest of the student grant and scholarship programs administered by HESC, is an entitlement program designed to help eligible students pay their postsecondary school tuition. The management of schools receiving TAP payments is responsible for certifying student eligibility based on the State Education Law (Law) and the Commissioner's Rules and Regulations (Regulations) promulgated by the State Education Department (SED).

Dowling is an independent, coeducational college that serves more than 6,500 students. The school, founded in 1955, offers classes in Oakdale, Shirley, and Melville, New York. Students can work toward their Bachelor's, Master's, and Doctoral degrees in several disciplines through Dowling's four schools: Arts and Sciences, Aviation, Business, and Education. Undergraduate tuition for full-time study is about \$12,700 per semester, and current enrollment is about 2,000 students. Dowling officials certified 5,661 TAP awards amounting to \$8.1 million for the three academic years ended June 30, 2011.

We provided a draft copy of this report to HESC, SED and Dowling officials for their review and comment. Their comments were considered in preparing this final report.

HESC and SED officials agree with our report recommendations. Dowling officials acknowledged receipt of our draft report but did not offer any specific comments thereon.

Audit Results

The following table summarizes our audit disallowances:

Disallowed Payments During the 3-Year Sample Period		
Reason	Awards	Amount
Students Not in Full-Time Attendance	3	\$5,935
Students Not in Good Academic Standing	2	4,875
Award Not Credited to the Student's Account	1	1,522
Net Disallowance From the Sample Period	6	\$12,332
Projected Amount for the Sample Period		\$183,611

Disallowed Payments Outside the 3-Year Sample Period		
Reason	Awards	Amount
Students Not in Full-Time Attendance	2	\$2,954
Students Not in Good Academic Standing	3	3,458
Award Not Credited to the Student's Account	1	250
Student Not Matriculated	1	1,251
Total Disallowance From Outside the Sample Period	7	\$7,913
Minus: Award Disallowed for Multiple Reasons	(1)	(504)
Net Disallowance From Outside the Sample Period	6	\$7,409

Total Disallowance	
Net Audit Disallowance	\$191,020

The reasons for the disallowed payments are discussed in the following paragraphs. The student names and related information were provided to Dowling officials under separate cover.

Students Not in Full-Time Attendance

Section 145-2.1 of the Regulations states, in part, that full-time study at a degree-granting school is enrollment for at least 12 semester hours for a semester of not less than 15 weeks or its equivalent. SED's Memorandum 86-17 to Chief Executive Officers 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."

We disallowed five awards (three from our statistical sample period and two from outside the period) paid on behalf of five students who did not meet the full-time requirement. Four students, while enrolled in the full-time number of credits, did not enroll in at least 12 credits that were applicable to their designated programs. The other student enrolled in only nine credits.

Dowling officials agreed with our disallowances for three students, but disagreed with

the disallowances for the other two students. They believe that we used the wrong majors when determining whether the courses taken were appropriate for the students' respective programs.

Dowling transcripts, the official record of student achievement, list each student's program of study by semester. Dowling officials stated that the programs reflected for two of the students in our disallowance are not correct. These students had changed their respective majors prior to the disallowed term and enrolled in appropriate courses for their new majors. Dowling officials provided academic advisement worksheets to support their position that these students enrolled in a different major.

When discussing this issue with SED officials, we were told that: "reliance on internal worksheets which either are not a formal change in major process, or do not result in the updating of the student's official transcript, is inconsistent with the requirement of the transcript to be the up-to-date accurate record." They further stated that the transcript should be the document used to determine a student's major.

Students Not in Good Academic Standing

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(b)(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 school's chart of satisfactory academic progress 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 for their level of TAP payment.

A student who fails to maintain good academic standing loses eligibility. Students can regain good academic standing by making up the deficiencies at their own expense, obtaining a TAP waiver, remaining out of school for at least one calendar year, or transferring to another institution.

We disallowed five awards (two from our statistical sample period and three from outside the period) that had been paid on behalf of four students who did not maintain good academic standing. Three students did not earn passing or failing grades in enough courses applicable to their respective majors to meet the pursuit of program requirements. The other student did not maintain the minimum cumulative grade point average required to maintain TAP eligibility as required by his satisfactory academic progress chart.

Dowling officials agreed with the disallowances for three students and disagreed with the disallowance for the remaining student. Dowling officials stated once again that the auditors used the wrong major when determining whether the courses completed were appropriate for

this student's program.

Awards Not Credited to Student Accounts

Section 2205.3(e)(1)(iii) of the Regulations requires that the applicable student accounts be credited within seven days after the receipt of a TAP award (by the school) or within seven days from the date the applicant incurred a full tuition liability for the semester, whichever is later.

We disallowed two awards (one from our statistical sample period and one from outside the period) that had been paid on behalf of two students but had not been distributed to their accounts. Because Dowling did not distribute the funds so that students could benefit from them, we are disallowing these payments.

Dowling officials agreed with these disallowances.

Student Not Matriculated

Section 661 of the Law requires that students be matriculated in an approved program to be eligible for State financial aid. SED's Memorandum 84-07 to Chief Executive Officers requires baccalaureate degree program students to declare a major by the beginning of their junior year in order to be considered matriculated for State financial aid purposes. Dowling defines a junior as a student who has earned at least 60 credits.

We disallowed one award from outside the sample period paid on behalf of a student who had not declared a major by the beginning of her junior year and therefore was not in an approved program. Her transcript indicated that her major was "Undeclared."

Dowling officials disagreed with this disallowance. Once again Dowling officials assert that the student's academic advisement worksheet should be used to determine this student's major rather than the official transcript.

Audit Scope

We reviewed a sample of 125 randomly-selected TAP awards totaling \$181,568 paid on behalf of 123 students during the three academic years ended June 30, 2011. In addition, we reviewed other awards paid to the sampled students outside the three-year period through spring 2012. These other awards are not included in our projection. Our audit did not include a review of HESC processes to determine student award amounts.

Methodology

We conducted our performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained during our audit provides a

reasonable basis for our findings and conclusions based on our audit objectives.

In planning and performing our audit of Dowling, we reviewed its internal control system relating to its TAP operations. 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 claims for student financial aid.

Dowling officials are responsible for complying with the governing Law and Regulations. In connection with our audit, we performed tests of Dowling's compliance with certain provisions of the Law and Regulations to obtain reasonable assurance that the students who received TAP awards were eligible for them. Our objective was not to provide an opinion on Dowling's overall compliance with such provisions. Our audit found that, for the transactions and records tested, Dowling officials generally complied with these provisions, except as noted in 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.

Authority

Article V, Section 1 of the State Constitution; Article II, Section 8 of the State Finance Law; and Article XIV, Section 665(3) of the State Education Law authorize the State Comptroller to audit New York State's Tuition Assistance Program.

Contributors to This Report

Major contributors to this report were Cindi Frieder, Gene Brenenson, Nicholas Angel, Farhan Ahmad, and Lillian Fernandes.

Recommendation to the Higher Education Services Corporation

1. Recover \$191,020, plus applicable interest, from Dowling for its TAP payments to ineligible students.

Recommendation to the State Education Department

2. Work with Dowling officials to help ensure their compliance with SED TAP requirements relating to full-time attendance, good academic standing, and matriculation as cited in this report.

We express our appreciation to management and staff of Dowling College for the courtesies and cooperation extended to our examiners during this audit.

Very truly yours,

Frank Patone, CPA
Audit Director

cc: Dr. Norman Smith, Dowling College
Jaclyn Carlo, Dowling College
Tom Lukacs, Division of the Budget