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STATE OF NEW YORK  
OFFICE OF THE STATE COMPTROLLER

May 9, 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 the College of Mount  
Saint Vincent  
Report 2011-T-3

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 College of Mount Saint Vincent management complied with the Education Law and the Commissioner of Education's Rules and Regulations when certifying students for TAP awards.

**Summary**

We determined that the College of Mount Saint Vincent was overpaid \$319,468 because school officials incorrectly certified students as eligible for Tuition Assistance Program awards. We tested the accuracy of the school's certifications<sup>1</sup> for the three-year period ended June 30, 2010, by reviewing a sample of 200 randomly-selected awards.

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<sup>1</sup> The College of Mount Saint Vincent certified 4,686 TAP awards for the academic years 2007-08 through 2009-10.

From our sample, we disallowed 15 payments totaling \$23,523, for a variety of reasons, including payments for students who were not in good academic standing or did not meet the full-time attendance requirement. Our projection<sup>2</sup> of these 15 awards to the school's population of TAP payments for the three-year period resulted in an audit disallowance of \$301,100. We also disallowed 18 awards totaling \$25,221 from outside the three-year period relating to students in our sample. School officials decertified and returned the associated payments to the Higher Education Services Corporation (HESC) for eight awards totaling \$6,853.

We recommend that HESC recover \$319,468, plus applicable interest, from the College of Mount Saint Vincent.

### **Background**

The College of Mount Saint Vincent (Mount Saint Vincent) is an independent postsecondary institution located in Riverdale, New York. Founded in 1847, the school became coeducational in 1974. Mount Saint Vincent offers a variety of degree programs in the liberal arts, as well as in business, education and nursing. The school's current enrollment is approximately 1,800 students and the annual tuition for full-time study is about \$27,860.

TAP is the largest of the various student grant and scholarship programs administered by HESC. It is an entitlement program designed to provide funds for paying tuition costs to eligible students. Schools receiving TAP payments certify student eligibility.

We provided a draft copy of this report to HESC, the State Education Department (SED) and Mount Saint Vincent officials for their review and comment. We have considered their comments in preparing this final report.

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<sup>2</sup>A 95-percent single-sided confidence level was used.

## **Audit Results**

The following table summarizes the disallowed payments:

<b><u>Disallowed Payments during the 3-Year Sample Period</u></b>		
<b>Reason</b>	<b>Awards</b>	<b>Amount</b>
Student Not Attending	1	\$ 250
Students Not in Good Academic Standing	8	12,894
Students Not in Full-Time Attendance	4	6,499
Students Not Matriculated	3	5,200
Awards Not Credited to the Students' Accounts	<u>2</u>	<u>3,742</u>
<b>Total Disallowance from the Sample Period</b>	<b>18</b>	<b>\$28,585</b>
Minus: Awards Disallowed for Multiple Reasons	<u>(3)</u>	<u>(5,062)</u>
<b>Net Disallowance from the Sample Period</b>	<b><u>15</u></b>	<b><u>\$23,523</u></b>
<b>Projected Amount for the Sample Period</b>		<b>\$301,100</b>

<b><u>Disallowed Payments outside the 3-Year Sample Period</u></b>		
<b>Reason</b>	<b>Awards</b>	<b>Amount</b>
Students Not Attending	2	\$ 2,184
Students Not in Good Academic Standing	12	18,926
Students Not in Full-Time Attendance	6	5,962
Awards Not Credited to the Students' Accounts	<u>2</u>	<u>1,469</u>
<b>Total Disallowance from Outside the Sample Period</b>	<b>22</b>	<b>\$28,541</b>
Minus: Awards Disallowed for Multiple Reasons	<u>(4)</u>	<u>(3,320)</u>
<b>Net Disallowance from Outside the Sample Period</b>	<b><u>18</u></b>	<b><u>\$25,221</u></b>

<b>Total Disallowance</b>	
<b>Total Disallowance (Projected Amount + Net Disallowance from Outside the Sample Period)</b>	<b>\$326,321</b>
<b>Minus: Decertified Awards and Returned Payments</b>	<b><u>(6,853)</u></b>
<b>Net Audit Disallowance</b>	<b><u>\$319,468</u></b>

The disallowed payments are discussed in the following paragraphs. Student names and related information were provided separately to school officials.

### ***Students Not Attending***

The Education Law (Law) cites eligibility requirements for State financial aid. Those requirements include that students be matriculated in an approved program, New York State residents, in good academic standing and in attendance. Institutions should certify student eligibility for a term only when the student has incurred a full tuition liability for that term and has satisfied all other eligibility requirements.

We disallowed three awards (one from our statistical sample period and two from outside the period) that had been paid on behalf of three students who school officials certified as TAP-eligible for semesters that they did not enroll in, or attend, classes. School officials reported to HESC that they had charged each student \$10,000 tuition during the semesters in question when no tuition was charged to these students. The students incurred no tuition liability.

- One individual was never a student at Mount Saint Vincent. School officials reported that the student had applied for admission but had been denied.
- The two other individuals had been students at the school but had discontinued attending. Both had lost good academic standing and would not have been TAP-eligible had they re-enrolled.

We also identified three awards, not part of our sample, that were similarly certified for students who did not enroll. After our audit began, school officials decertified or repaid these six TAP awards to HESC.

School officials explained that these students were certified as TAP-eligible because of human error and stated that they have instituted a review procedure to prevent this situation from occurring in the future. We have separately informed HESC about this matter for its consideration.

### ***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 of the Commissioner of Education's Rules and Regulations (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.

A student is pursuing their approved program of study if, during each term of study for which an award is received, the student received a passing or failing grade in a predetermined percentage of the minimum full-time course load for the appropriate level of TAP payment. 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.

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.”

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 20 awards (eight from our statistical sample period and 12 from outside the period) that had been paid on behalf of 18 students who did not maintain good academic standing.

- Ten students did not earn passing or failing grades in enough courses, applicable to their designated programs, to meet the pursuit of program requirements.
- Seven students did not maintain the required cumulative grade point average and/or earn the minimum number of cumulative credits as required on the school’s satisfactory academic progress charts.
- The remaining student did not maintain satisfactory academic progress toward completion of her program and did not pursue the program of study in which she was enrolled.

School officials disagreed with the disallowances for six of the 10 students who had not earned passing or failing grades in enough courses. They stated that these students had in fact earned the required number of credits. However, as we note above, their credits were not all for courses applicable to the students’ respective designated programs.

### ***Students Not in Full-Time Attendance***

Section 661 of the Law requires the Commissioner of Education to define full-time attendance. Section 145-2.1 of the Regulations states, in part, that full-time study at a degree-granting school means enrollment in credit-bearing courses applicable to the students’ program of study for at least 12 semester hours per semester of not less than 15 weeks or its equivalent.

We disallowed ten awards (four from our statistical sample period and six from outside the period) paid on behalf of eight students who did not meet the full-time requirement.

- Six students, while registered for 12 or more credits, did not enroll in at least 12 credits that were applicable to their respective program of study.
- Another student enrolled in less than 12 credits during two semesters.
- The remaining student did not enroll in 12 credits applicable to her degree in one semester and enrolled in less than 12 credits in another semester.

School officials disagreed with our disallowances for five students, stating that these students had enrolled in at least 12 credits applicable to their programs of study. However, our review of the student transcripts determined that the courses in question were not required for their respective programs. School officials did agree with the disallowances for two of the

students and, after our audit began, decertified payments for two of the associated awards. School officials did not give us a formal response for the remaining student.

### ***Students Not Matriculated***

Section 661 of the Law requires that students who received their first financial aid payment in the 2007-08 academic year or thereafter must have a certificate of graduation from a United States high school or the equivalent; or must have achieved a passing score on a federally-approved examination that has been identified by the Board of Regents as satisfying eligibility requirements and that is independently administered and evaluated.

Section 661 of the Law also requires students to be matriculated in an approved program to be eligible for State financial aid. SED's Memorandum to Chief Executive Officers No. 84-07 requires baccalaureate program students to declare a major by the beginning of their junior year in order to be considered matriculated for State financial aid purposes. Mount Saint Vincent defines a junior as a student who has earned at least 60 credits.

We disallowed three awards from our statistical sample period paid on behalf of three students who were not properly matriculated. One student, who received her first TAP award in the 2008-09 academic year, did not have a high school diploma issued by a United States-based school, or the equivalent, or pass an ability-to-benefit examination. The two other students did not declare their majors by the beginning of the junior year and therefore were not in approved programs.

School officials agreed with the disallowances for two students. They did not respond regarding the third student, who had not declared a major.

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

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

We disallowed four awards (two from our statistical sample period and two from outside the period) paid on behalf of three students. Since the school did not distribute the funds so the students could benefit from them, we are disallowing these awards.

School officials agreed with the disallowances for two students, and after our audit began decertified two payments for these students. They disagreed with the disallowance for the third student but did not provide adequate documentation showing the disposition of these funds.

### **Audit Scope**

According to HESC records as of July 7, 2011, Mount Saint Vincent officials certified 4,686 TAP awards totaling \$7.3 million for 1,532 students for the three academic years ended on June

30, 2010. We reviewed a statistical sample of 200 TAP awards totaling \$329,461 paid on behalf of 186 students. In addition, we reviewed other awards outside the three-year period through fall 2011 paid to the sample students – these other awards are not included in our projection.

### **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 provides a reasonable basis for our findings and conclusions based on our audit objectives.

In planning and performing our audit of Mount Saint Vincent, 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 colleges' accounting system and other systems that would support claims for student financial aid. Our audit did not include a review of HESC processes to determine student award amounts.

Mount Saint Vincent management is responsible for complying with the Law and Regulations. In connection with our audit, we performed tests of Mount Saint Vincent 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 Mount Saint Vincent overall compliance with such provisions. Our audit found that, for the transactions and records tests, Mount Saint Vincent 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 accounting 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 the Tuition Assistance Program.

### **Contributors to This Report**

Major contributors to this report were Cindi Frieder, Gene Brenenson, Diane Gustard, Dana Bitterman and Ryan Wendolowski.

### **Recommendations to the Higher Education Services Corporation**

1. Recover \$319,468, plus applicable interest, from Mount Saint Vincent for its incorrect TAP certifications.
2. Ensure Mount Saint Vincent officials comply with requirements relating to certifying enrolled and attending students, and the crediting of awards cited in this report.

### **Recommendation to the State Education Department**

3. Ensure Mount Saint Vincent officials comply with the State Education Department requirements relating to matriculation, full-time attendance, and good academic standing cited in this report.

We express our appreciation to management and staff of Mount Saint Vincent for the courtesies and cooperation extended to our auditors during this audit.

Very truly yours,

Frank Patone, CPA  
Audit Director

cc: Charles L. Flynn, Jr., Mount Saint Vincent  
Barbara Hurleigh, Mount Saint Vincent  
Tom Lukacs, Division of the Budget