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OFFICE OF THE STATE COMPTROLLER

June 30, 2016

Ms. Mary Beth Del Balzo
President
The College of Westchester
325 Central Avenue
White Plains, NY 10606

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

Ms. MaryEllen Elia
Commissioner
State Education Department
State Education Building
89 Washington Avenue
Albany, NY 12234

Re: Audit of the State Financial Aid Program
at the College of Westchester
Report 2015-T-5

Dear Ms. Del Balzo, Ms. Magee, and Ms. Elia:

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

Summary

We determined that the procedures used by Westchester officials to certify students for State financial aid substantially complied with the governing Law and Regulations. We therefore conclude there is a low risk that a significant number of students certified for State financial aid

were not eligible for awards. However, our tests identified nine awards, three within our sampled terms and six outside our sampled terms, totaling \$13,872, which school officials certified in error. We note that \$2,532 of this amount was returned to the Higher Education Services Corporation (HESC) by Westchester officials prior to the completion of this audit. We therefore recommend that HESC recover the remaining improper awards of \$11,340 (\$13,872 - \$2,532), plus applicable interest, from Westchester (per the table on page 3).

We also recommend that Westchester officials take steps to fully comply with the Law and Regulations when certifying students for State financial aid. We further recommend that HESC and State Education Department (SED) officials work with Westchester officials to help ensure their future compliance with all of the State financial aid requirements cited in our report.

Background

TAP is the largest of the various student grant and scholarship programs administered by HESC. It is an entitlement program designed to help eligible students pay tuition in New York's postsecondary schools. HESC also administers a variety of State scholarship programs. Officials at schools receiving State financial aid payments are responsible for certifying student eligibility. For the three academic years ended June 30, 2014, Westchester officials certified 4,090 TAP awards for 1,590 students and received more than \$7.4 million in State financial aid.

Westchester, formerly known as the Westchester Business Institute, offers programs in the business, computer, digital media, and health fields. Tuition for full-time students is about \$8,900 per semester and the school's student enrollment as of the fall 2015 semester was about 1,070 undergraduate students.

We provided a draft copy of this report to HESC, SED, and Westchester officials for their review and comment. We considered their comments in preparing this final audit report. In their response, HESC officials deferred to SED regarding our recommended disallowances. SED's response did not specifically address our disallowances, but SED officials asserted that they would work with Westchester personnel to help ensure future compliance with student financial aid requirements. Also, Westchester officials agreed with our report's findings.

Audit Results

The following table summarizes our audit disallowances:

Reason for Disallowances	Awards	Amount
Students Not in Full-Time Attendance	5	\$5,064
Student Not in Good Academic Standing	2	5,065
Students Not Meeting Accelerated TAP Requirements	2	3,743
Total Disallowance	9	\$13,872
Minus: Prior Payment to HESC	(1)	2,532
Net Disallowance	8	\$11,340

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

Students Not in Full-Time Attendance

Section 661 of the Education Law (Law) provides for 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 is defined as enrollment in credit-bearing courses applicable to the students' program of study, for at least 12 semester hours for a semester of not less than 15 weeks or its equivalent.

We disallowed five awards (totaling \$5,064) paid on behalf of five students who did not meet the full-time requirement.

- Three students did not enroll in at least 12 credits.
- One student, while enrolled for the full-time number of credits, did not enroll in at least 12 credits required for her program study.
- The school certified the fifth student for a half payment (six credits) for a summer session; however, the student enrolled in only three credits required for his program of study.

Students Not in Good Academic Standing

Section 665(6) of the Law requires that students be in good academic standing, as defined by the Commissioner of Education, to qualify for State financial aid. To maintain such standing, a student is required by Section 145-2.2 of the Regulations to pursue the program of study in which he or she is enrolled. A student is pursuing an 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 (pursuant to Section 145-2.1 of the Regulations) required to qualify for the appropriate level of State aid.

A student who fails to maintain good academic standing is not eligible for State financial aid. However, a student can regain good academic standing by either: (a) pursuing the program of study in which he or she is enrolled and making satisfactory progress toward the completion

of his or her program's academic requirements; or (b) establishing in some other way, to the satisfaction of the Commissioner, the ability to successfully complete an approved program (e.g., by making up the deficiencies at their own expense, obtaining a TAP waiver, remaining out of school for at least one year, or transferring to another institution).

We disallowed two awards (totaling \$5,065) paid on behalf of one student who did not maintain good academic standing. The student did not earn passing or failing grades in any courses because she withdrew from all her classes. (Note: As detailed in the table on page 3 of this report, Westchester officials returned \$2,532 for one of these awards to HESC prior to the completion of this audit.)

Students Not Meeting Accelerated TAP Requirements

Students are entitled to a prorated annual award paid on a "term" basis. For schools such as Westchester that have continuous enrollment and allow students to attend three semesters in a 12-month period, a third TAP payment is considered an additional or "accelerated" payment. Section 665(2)(c) of the Law allows students to qualify for an accelerated TAP payment if during the two immediately preceding semesters (at that school) they earned at least 24 credit hours required for their program of study.

We disallowed two awards (totaling \$3,743) that were paid on behalf of two students who did not meet the requirements for an accelerated TAP payment. Both students received a third (accelerated) TAP payment within a 12-month period, but had earned less than 24 credits at Westchester in their immediate two preceding semesters.

Recommendation to HESC

1. Recover the \$11,340, plus applicable interest, from Westchester for its incorrect State financial aid certifications that were not previously paid back to HESC.

Recommendation to Westchester

2. Comply with the State Education Law and the Commissioner of Education's Rules and Regulations when certifying students for State financial aid.

Recommendation to SED and HESC

3. Work with Westchester officials to help ensure their future compliance with the State financial aid requirements cited in this report.

Audit Scope

According to HESC records, for the three academic years ended June 30, 2014, Westchester officials certified 4,090 awards totaling approximately \$7.4 million for 1,590 students. We audited a random sample of 50 of these awards, totaling \$91,645, paid on behalf of 48 students during

that period. We also reviewed other awards paid to our sampled students through the summer 2015 semester. Our audit did not include a review of HESC processes to determine student award amounts.

Methodology

We conducted our audit in accordance with generally accepted government auditing standards. These 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 objective. We believe that the evidence obtained during the audit provides a reasonable basis for our findings and conclusions based on our audit objective.

In planning and performing our audit, we reviewed Westchester management's internal control system relating to its State financial aid 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 school's accounting system and other systems that would support claims for student financial aid.

Westchester officials are responsible for complying with the Laws and Regulations. In connection with our audit, we performed tests of Westchester'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 State awards were eligible for them. Our objective was not to provide an opinion on Westchester's overall compliance with such provisions. Our audit found that, for the transactions and records tested, Westchester officials generally complied with these provisions.

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

We performed our audit pursuant to Article V, Section 1 of the State Constitution; Article II, Section 8 of the State Finance Law; and Section 665(3) of the State Education Law.

Contributors to the Report

Major contributors to this report were Cindi Frieder, Gene Brenenson, Marsha Paretzky, Kenneth Coleman, and Linda Thipvoratrum.

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

Very truly yours,

Frank P. Patone, CPA
Audit Director

cc: Dianne Pepitone, College of Westchester