

# Office of the State Comptroller

State Financial Aid  
Conference  
March 15, 2012





# Audit Authority

- State Constitution - Article V, Section 1
- State Finance Law - Article II, Section 8
- State Education Law - Article XIV, Section 665(3)
- Memorandum of Agreement



# Primary Audit Objective

- Ensure that institutions certify only eligible students for financial aid.



# Initial Audit Steps

Preliminary work before going on-site:

## From SED

- SAP Charts
- Inventory of Registered Programs  
<http://www.nysed.gov/heds/IRPSL1.html>
- Prior SED Reviews

## From HESC

- Population of Award Payments
- Prior HESC Reviews

Select Random Sample Awards



## Next Steps

- Send out Engagement Letter.
- Request catalogs, transcripts, etc.
- Hold Opening Conference.



# Key Audit Criteria

## NYS Education Law

### SED

Rules and Regulations

Chief Executive Officer Memorandums

### HESC

Rules and Regulations

Manual of Policies and Procedures

TAP Coach

### School

Information in school catalog, handbook and website



# Important School Records

- Student Account Record
- School Enrollment Application
- Proof of High School Graduation or equivalent
- Declaration of a Major
- Student's complete chronological transcript
- ISIRs



# Frequent Disallowances Noted in Recent Audits

1. Students certified as full-time but not meeting the full-time criteria.
2. Students not meeting the good academic standing criteria.
3. Students not meeting the requirements for an accelerated TAP payment.



# Common Causes of Full-Time, GAS & Accelerated TAP Disallowances

- Students not enrolling in sufficient credits required for their program by taking courses:
- already passed
  - to explore a new major
  - in anticipation of a change in major
  - for an easier courseload or for academic success
  - good for graduate school or a job
  - to enhance knowledge



# Frequent Disallowances Noted in Recent Audits

4. Students without high school diplomas or the equivalent.



# Common Causes of High School Diploma Disallowances

- Final transcript not on file at postsecondary institution
- Diplomas from private secondary schools not approved by SED
- Diplomas from foreign high schools



# Frequent Disallowances Noted in Recent Audits

5. School did not fully credit TAP awards to student accounts.



# Calculating Audit Disallowances

## Types of Awards

3-year audit scope

1. Sample Terms – Awards randomly selected and used to project disallowance for 3-year period
2. Non-Sample Terms – Awards not randomly selected and not used to project disallowance

Outside 3-year audit scope

3. Outside Period Awards - Awards before or after the audit scope period

### Audit Disallowances

The following table summarizes the disallowances that resulted from our audit:

<u>Reason for Disallowance</u>	<u>Number of Awards</u>	<u>Amount</u>	<u>Total</u>
<b>Disallowances from the Statistical Sample:</b>			
Students Not in Full-Time Attendance	5	\$3,053	
Students Not in Good Academic Standing	8	8,121	
Total Sample Disallowance	13	\$11,174	
Less Disallowance for More Than One Reason	3	2,684	
Net Disallowance from Statistical Sample	10	\$ 8,490	
Projected Amount			\$302,710
<b>Disallowances from Outside the Statistical Sample Period:</b>			
Students Not in Full-Time Attendance	8	\$10,227	
Students Not in Good Academic Standing	6	7,889	
Student Not a New York State Resident	2	2,202	
Total Disallowance From Outside the Sample	16	\$20,318	
Less Disallowance for More Than One Reason	1	1,340	
Net Disallowance from Outside the Sample	15		18,978
Total Audit Disallowance			<u>\$321,688</u>



# Communication

- Update school officials periodically about potential disallowed awards and receive information
- Discuss outstanding audit disallowances
- Issue preliminary audit findings
- Review written responses



# Communication

- Hold Exit Conference
- Issue draft audit report
- Review written draft audit report responses
- Issue final audit report
- HESC issues a demand letter



# THANK YOU

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View OSC TAP Audit Reports at:

<http://www.osc.state.ny.us/audits/auditAgencyList.htm#Higher Education Services Corporation - Tuition Assistance Program>