

THOMAS P. DINAPOLI  
COMPTROLLER



110 STATE STREET  
ALBANY, NEW YORK 12236

STATE OF NEW YORK  
OFFICE OF THE STATE COMPTROLLER

August 3, 2015

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 Barnard College  
Report 2015-T-1

Dear 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 Barnard College (Barnard) 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 Barnard was overpaid \$106,333 because school officials incorrectly certified certain students as eligible for State financial aid. We tested the accuracy of the school's certifications by reviewing a sample of 100 randomly selected awards from the three academic years ended June 30, 2013.

We disallowed seven of the sampled awards totaling \$11,980. The disallowed awards include those made on behalf of students who were not in good academic standing and students who were not in full-time attendance. Our statistical projection of these seven awards to the school's award population for the three-year review period results in an audit disallowance of

\$79,164. We also disallowed another 18 awards, totaling \$27,169, relating to awards made on behalf of some of the sampled students outside of the three-year review period.

We recommend that the Higher Education Services Corporation (HESC) recover the \$106,333, plus applicable interest, from Barnard for its incorrect certifications (see Table on page 3). We also recommend that State Education Department (SED) officials work with Barnard officials to help ensure future compliance with all of the State's financial aid requirements cited in our report.

## **Background**

TAP is the largest student grant program administered by HESC and is designed to help eligible students pay postsecondary tuition charges in New York schools. HESC also administers a variety of State scholarship programs. Schools receiving State financial aid payments are responsible for certifying student eligibility. Barnard officials certified 2,090 awards for the three academic years ended June 30, 2013.

Founded in 1889, Barnard is a women's liberal arts college. Located in Manhattan, near Columbia University, students at both schools can enroll in each school's courses. Barnard offers bachelor's degrees in nearly 50 fields of the arts, humanities, social sciences, and natural sciences. Annual tuition for full-time students is approximately \$44,300 per year. The school's enrollment as of fall 2014 was about 2,500 undergraduate students.

We provided a draft copy of this report to HESC, SED, and Barnard officials for their review and comment. Their comments were considered in preparing this final audit report. In their response, Barnard officials concurred with the recommended audit disallowances. In addition, SED officials agreed to work with Barnard officials to help ensure the college's future compliance with the pertinent provisions of the financial aid regulations addressed in the report. With respect to those regulations, HESC officials deferred to SED's interpretation of them.

## Audit Results

The following table summarizes our audit disallowances:

| <b>Disallowed Payments During the Three-Year Sample Period</b> |                 |                        |
|--|-----------------|------------------------|
| <b>Reason</b>  | <b>Awards</b>   | <b>Amount</b>          |
| Students Not in Good Academic Standing                         | 6               | \$9,530                |
| Students Not in Full-Time Attendance                           | 2               | 3,450                  |
| Student Not Demonstrating Academic Preparedness                | <u>1</u>        | <u>2,450</u>           |
| <b>Total Disallowance from the Sample Period</b>               | <b>9</b>        | <b>\$15,430</b>        |
| Minus: Awards Disallowed for Two or More of the Above Reasons  | <u>(2)</u>      | <u>(3,450)</u>         |
| <b>Net Disallowance from the Sample Period</b>                 | <b><u>7</u></b> | <b><u>\$11,980</u></b> |
| <b>Projected Amount for the Sample Period</b>                  |                 | <b><u>\$79,164</u></b> |

| <b>Disallowed Payments Outside the Three-Year Sample Period</b> |                  |                        |
|---|------------------|------------------------|
| <b>Reason</b>   | <b>Awards</b>    | <b>Amount</b>          |
| Students Not in Good Academic Standing                          | 11               | \$18,735               |
| Students Not in Full-Time Attendance                            | 5                | 7,724                  |
| Students Not Matriculated                                       | <u>3</u>         | <u>3,032</u>           |
| <b>Total Disallowance from Outside the Sample Period</b>        | <b>19</b>        | <b>\$29,491</b>        |
| Minus: Award Disallowed for Two or More of the Above Reasons    | <u>(1)</u>       | <u>(2,322)</u>         |
| <b>Net Disallowance from Outside the Sample Period</b>          | <b><u>18</u></b> | <b><u>\$27,169</u></b> |

| <b>Total Disallowance</b>  |                         |
|--|-------------------------|
| <b>Total Disallowance (Projected Amount + Net Disallowance from Outside the Sample Period)</b> | <b><u>\$106,333</u></b> |

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

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

Section 665(6) of the Education Law (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 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.

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 charts of satisfactory academic progress approved by SED. 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 required for the appropriate level of State financial aid payment.

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: (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 waiver, remaining out of school for at least one calendar year, or transferring to another institution).

We disallowed 17 awards (6 from our statistical sample period and 11 from outside the period) that had been paid on behalf of 11 students who did not meet the good academic standing requirements. These students did not earn passing or failing grades in a sufficient number of courses applicable to their designated programs to maintain good academic standing.

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

Section 661 of the Law provides for the Commissioner 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 for at least 12 credits for a semester of not less than 15 weeks or its equivalent. SED's Memorandum to Chief Executive Officers of Postsecondary Institutions in New York State (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."

We disallowed seven awards (two from our statistical sample period and five from outside the period) that had been paid on behalf of six students who did not meet the full-time requirement. These students, while enrolled for the full-time number of credits, did not enroll in at least 12 credits required for their designated program of study.

### ***Student Not Demonstrating Academic Preparedness***

Section 661 of the Law provides three options for students to demonstrate their academic preparedness. Students who received their first financial aid payment in the 2007-08 academic year or later must have a certificate of graduation from a U.S.-based high school; the recognized equivalent of such certificate; or must have achieved a passing score on a federally approved ability-to-benefit test that has been identified by the Board of Regents as satisfying eligibility requirements and that is independently administered and evaluated.

We disallowed one award from the sample period for a student who did not demonstrate academic preparedness. School officials did not provide documentation of a U.S.-based high school diploma; the recognized equivalent of such certificate; or successful passing of a federally approved ability-to-benefit test for this student.

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

Section 661 of the Law requires students to be matriculated in an approved program to be eligible for State financial aid. SED's Memorandum to Chief Executive Officers of Postsecondary Institutions in New York State (No. 84-07) 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. Barnard defines a junior as a student who has accumulated 52 to 85 credits.

We disallowed three awards from outside our statistical sample period, paid on behalf of two students who were not properly matriculated. Both students had earned 52 or more credits, had not declared their majors, and had received State financial aid.

### **Audit Scope**

According to HESC records, during the three academic years ended June 30, 2013, Barnard officials certified 2,090 awards on behalf of 572 students totaling almost \$3.6 million. We reviewed a statistical sample of 100 awards totaling \$178,733 paid on behalf of 94 students during that period. In addition, we reviewed other awards paid to the sampled students outside the three-year period through spring 2015. These other awards are not included in our projection, but are included in our disallowances as appropriate. 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. 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 Barnard, we reviewed 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. To project our audit disallowance from our sample to Barnard's award population, we used a statistically valid sampling methodology with a 95 percent confidence level.

Barnard officials are responsible for complying with the Law and Regulations. In connection with our audit, we performed tests of Barnard'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 and not to provide an opinion on Barnard's overall compliance with such provisions. Our audit found that, for the transactions and records tested, Barnard 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 accounting standards. In our opinion, these functions do not affect our ability to conduct independent audits of program performance.

### **Authority**

We performed this audit pursuant to 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.

### **Contributors to the Report**

Major contributors to this report were Cindi Frieder, Gene Brenenson, Dana Bitterman, Trina Clarke, Kenneth Coleman, and Manna Zhen.

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

1. Recover \$106,333, plus applicable interest, from Barnard for its incorrect State financial aid certifications.

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

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

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

Very truly yours,

Frank P. Patone, CPA  
Audit Director

cc: Debra Spar, Barnard College  
Eileen DiBenedetto, Barnard College