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AUTHOR Attmore, Robert H.  
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IDENTIFIERS \*Bryant and Stratton Business Institute NY Buffalo

ABSTRACT

In June 1992, the New York State Office of the Comptroller performed an audit of Tuition Assistance Program (TAP) and Supplemental Tuition Assistance Program (STAP) awards at Bryant and Stratton Business Institute's Buffalo Campus (BC). TAP, the largest student grant and scholarship program administered by the Higher Education Services Corporation (HESC), is designed to provide tuition aid to full-time students enrolled in approved programs. STAP is a special program providing up to one additional year of aid for educationally disadvantaged undergraduate students. As a result of the audit, 63 awards totaling \$53,993 were disallowed in the following three main categories: (1) students not in pursuit of a program, accounting for 49 disallowed awards totaling \$41,267; (2) students not enrolled full-time, accounting for 13 awards and \$11,776; and (3) one student who was not matriculated but had received \$950. Additionally, 11 students were found to have graduated without successfully completing all program requirements, 15 TAP awards were paid on behalf of 13 students who should have been certified for STAP, and BC had not reported that one student had been granted a waiver to regain TAP funding after losing good academic standing. The auditors recommended that the HESC recover \$53,993 plus applicable interest from BC for its incorrect TAP and STAP certifications, review BC certification procedures, and ensure that BC reports all waivers when granted. Additionally, it was recommended that the State Education Department ensure that BC is graduating students who have met all program requirements. (MAB)

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April 6, 1994

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Bryant and Stratton Business Institute  
Buffalo  
Report 94-T-3

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STATE OF NEW YORK  
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April 6, 1994

Dr. Thomas Sobol  
Commissioner of Education  
State Education Department  
Education Building  
Albany, NY 12234

Dr. Cornelius J. Foley  
President  
Higher Education Services Corporation  
99 Washington Avenue  
Albany, NY 12255

Re: ~~Bryant and Stratton~~ Business Institute  
Buffalo  
Report 94-T-3

Dear Dr. Sobol and Dr. Foley:

Pursuant to the State Comptroller's authority as set forth in Section 1, Article V of the State Constitution and Section 8, Article 2 of the State Finance Law and a Memorandum of Agreement dated December 1, 1989 involving the State Comptroller, the Commissioner of Education, the President of the Higher Education Services Corporation (HESC) and the Director of the Budget, we audited records and procedures used in administering the Tuition Assistance Program (TAP) and Supplemental Tuition Assistance Program (STAP) at Bryant and Stratton Business Institute's Buffalo Campus (Buffalo) for the 1989-90, 1990-91 and 1991-92 academic years.

**Summary Conclusions**

In accordance with Section 665(3)(b) of the Education Law, we audited TAP and STAP awards certified during the three academic years ended June 30, 1992. Based on the results of our audit, we determined that Buffalo officials did a thorough and accurate job certifying students' awards during this period. Buffalo officials had good controls in place to ensure that TAP certifications were done accurately. We did however, identify other awards from our limited review of awards paid during the 1987-88 and 1988-89 academic years that were paid on behalf of students who were not eligible to receive these awards. Although Buffalo officials properly certified most students during the 1989-92 academic years,

we conclude that Buffalo was overpaid \$53,993 because certain students were improperly certified as eligible for TAP and STAP awards. We recommend that HESC recover this overpayment plus applicable interest from Buffalo.

Additionally, we identified 11 students who graduated but did not meet all of their program requirements to be eligible for graduation. We recommend that SED work with Buffalo officials to ensure that they are graduating only those students who fulfill all graduation requirements.

### **Background**

Bryant and Stratton Business Institute's Buffalo campus is located at 1028 Main Street, Buffalo, New York. Buffalo is one of 17 campuses, in five states, owned and operated by the Bryant and Stratton Business Institute, Inc., of Buffalo, New York. All but one of the programs offered at Buffalo are State Education Department (SED) approved TAP eligible programs.

TAP, the largest of the student grant and scholarship programs administered by HESC, is an entitlement program designed to provide tuition aid to eligible students who are enrolled full-time in approved programs at various types of post-secondary institutions. STAP is a special program designed to provide up to one additional year of State support for undergraduate students who are educationally disadvantaged.

Copies of our draft report were provided to SED, HESC and Buffalo officials for their review and comment. SED and HESC officials agree with our disallowances. Buffalo officials disagreed with our disallowances for the 1987-88 academic year. They claim that the 1987-88 academic year is not within a five-year period which they must maintain records. However, the section of HESC's Regulations that Buffalo references does not relate to TAP. The agreement that Buffalo officials signed to participate in TAP requires that schools maintain records for six years.

Buffalo officials also disagreed with our disallowances for the 1987-88 academic year because we "did not review all documents necessary to fully support the allegations." However, the information that we reviewed was sufficient to determine if students were eligible for certain TAP awards and provide adequate support for our disallowances. Where Buffalo officials disagreed with specific findings, their comments have been included in the body of this report, as appropriate.

### **Audit Scope**

The objective of our financial and compliance audit was to determine whether Buffalo's management complied with appropriate laws and regulations for certifying students as eligible for TAP and STAP awards. Our audit did not include a review of HESC's records and procedures for determining the amount of the awards.

According to HESC's records, Buffalo certified 3,200 students for 9,442 TAP and STAP awards totaling \$9,443,137 in the 1989-90, 1990-91 and 1991-92 academic years. We

audited 113 awards paid on behalf of 111 students for the three year period ended June 30, 1992. In addition, we performed a limited review of HESC records for the 1987-88 and 1988-89 academic years to detect certain errors or inconsistencies in Buffalo's certification of students TAP and STAP eligibility. We also reviewed other awards that came to our attention during the audit. In total, we reviewed 182 awards totaling \$171,297.

We conducted our audit in accordance with generally accepted government auditing standards. Such standards require that we plan and perform our audit to adequately assess those operations of Buffalo which are included within our audit scope. These standards also require that we review and report on Buffalo's internal control structure and its compliance with those laws, rules and regulations that are relevant to Buffalo's operations that are included in our audit scope. An audit includes examining, on a test basis, evidence supporting transactions recorded in the accounting records and applying such other auditing procedures as we consider necessary in the circumstances. An audit also includes assessing the estimates, judgments, and decisions made by management. We believe that our audit provides a reasonable basis for our findings, conclusions and recommendations.

In planning and performing our audit of Buffalo, we reviewed management's internal control structure. Our audit was limited to a preliminary review of the internal control structure to obtain an understanding of the environment and the flow of transactions through the accounting system and other systems supporting the claims for student financial aid. We did not intend to rely on the internal control structure. Therefore, our audit did not extend beyond the preliminary phase, but instead we appropriately extended our substantive audit tests.

Buffalo's management is responsible for complying with laws and regulations. In connection with our audit, we performed tests of Buffalo's compliance with certain provisions of laws, rules and regulations. However, our objective in performing these tests was to obtain reasonable assurance that the amount received by Buffalo for TAP and STAP was allowable; it was not to provide an opinion on Buffalo's overall compliance with such provisions.

The results of our tests indicate that, with respect to the items tested, Buffalo complied in all material respects with the provisions referred to in the preceding paragraph, except as noted in the following section of this report.

## Audit Disallowances

The following table summarizes the types of disallowances resulting from our audit.

<u>Reasons for Disallowances</u>	<u>Number of Awards</u>	<u>Amount</u>
Students Not in Pursuit of Program	49	\$41,267
Students Not Full-Time	13	11,776
Student Not Matriculated	<u>1</u>	<u>950</u>
Total Audit Disallowance	<u>63</u>	<u>\$53,993</u>

The various types of disallowances are discussed in the following sections of this report. Student names and related information were provided to Buffalo officials separately.

### Students Not in Pursuit of Program

Criteria - Section 665 of the Education Law states that students must be in good academic standing to be eligible to receive TAP awards. Section 145-2.2 of the Regulations provides that to maintain good academic standing a student must pursue the enrolled program of study and make satisfactory academic progress towards completion of program requirements. To meet pursuit of program criteria, SED regulations require that a student be full-time and receive a passing or failing grade in a certain percentage of completed courses required for their program during the term certified. Students failing to maintain good academic standing lose prospective State financial aid eligibility. Students who have lost good academic standing may regain such standing by making up the deficiencies at their own expense, obtaining a one-time TAP waiver or remaining out of school for at least one calendar year.

Audit Determination - We found that Buffalo officials certified 49 awards totaling \$41,267 for students who did not meet pursuit of program criteria. These students did not receive a passing or failing grade in the required number of courses for the term being certified.

School Officials' Position - Buffalo officials disagree with 26 of these disallowances. Eight awards were subsequent payments to students who lost good academic standing in prior terms and we disallowed their awards. Buffalo maintains that since a prior award was disallowed, these students regained eligibility by attending that semester without the use of TAP. The other 18 awards were from the 1987-88 academic year in which Buffalo disputes all of our disallowances for that year as noted previously in this report.

Auditor Comments - SED and HESC officials have concluded that a disallowed award is not a basis for returning students to good academic standing. These students did not meet the criteria in the Regulations for regaining good academic standing and therefore did not regain TAP eligibility. Further, the disallowances from the 1987-88 academic year were for students who did not meet the pursuit of program criteria and therefore lost eligibility for subsequent

TAP awards. The students' transcripts, in combination with TAP history data from HESC, provide adequate documentation to support that these students did not regain TAP eligibility prior to receiving additional TAP awards.

### Students Not Full-Time

Criteria - Section 661 of the Education Law states that a student must be in full-time attendance as defined by the Commissioner of Education to be eligible for State student financial aid awards. Section 145-2.1 of the Regulations states that full-time study should be construed as enrollment for at least 12 credit hours a semester or the equivalent, and that courses not recommended or required by the school as an integral part of the student's program shall not contribute to full-time study. Buffalo's published catalog describes all requirements for each program of study.

Audit Determination - We found that Buffalo officials certified 13 awards totaling \$11,776 for students who did not maintain full-time status as follows:

- \* Seven awards were paid for students who were enrolled in less than 12 quarter credit hours required towards their program of study. Each of these students took at least one course that was not included as an integral part of their program.
- \* Four awards were paid for students who were not in attendance during the term disallowed.
- \* Two awards were for students who were enrolled in only nine quarter credits during the term disallowed.

School Officials' Position - Buffalo officials disagree with most of these disallowances. They feel that these students were enrolled full-time. In some cases, Buffalo officials explained that course substitutions or course cancellations occurred which required some students to be placed in courses not required in their program of study. In another case, Buffalo officials now state that the student was enrolled as a dual major. Buffalo officials also responded that the course Job Preparation (JP600) is required and should be counted toward full-time status. Also, some of these awards are from the 1987-88 year which Buffalo officials dispute, as previously noted.

Auditor Comments - Buffalo officials did not submit any supporting documentation with their explanations of course cancellations, course substitutions or enrollment as a dual major. Additionally, we counted the Job Preparation course toward full-time status. Each of these students took a course other than Job Preparation which was not part of their approved program. Furthermore, the six disallowances from the 1987-88 academic year were paid on behalf of four students who were not in attendance and two students who only took nine quarter credits and therefore were not in full-time status. This is documented on each student's transcript which was available for our review.

### **Student Not Matriculated**

**Criteria** - Section 661 of the Education Law provides that to be eligible to receive State assistance, a student must be matriculated in an approved program. Section 145-2.4 of the Regulations states that one of the criteria for matriculation is that, in accepting the student's application, the institution take into account the capacity of the student to undertake a course of study. Students who the school determines are educationally disadvantaged must complete remedial courses necessary to correct any deficiencies, allowing them admission as a matriculated student.

**Audit Determination** - We identified one award of \$950 paid for a student who was not properly matriculated because she was placed in credit-bearing college courses although she had not passed the remedial courses required to correct her educational deficiencies. We disallowed this award because the student did not demonstrate the ability to undertake a program of study by meeting entrance requirements and therefore was not properly matriculated.

**School Officials' Position** - Buffalo officials dispute this disallowance as it is from the 1987-88 academic year.

**Auditor Comments** - The student's transcript supports that she did not pass the remedial courses required to correct her educational deficiencies. Further, the student earned three failing grades and a "D" in her next quarter at Buffalo, while enrolled in credit-bearing college courses.

### **Other Matters**

We identified the following issues during our audit, which although not resulting in a TAP disallowance, warrant Buffalo officials' attention.

### **Students Not Meeting Requirements For Graduation**

**Criteria** - To earn a degree or diploma, Bryant & Stratton requires students to successfully complete a curriculum as published in the school catalog. The catalog also requires that a "C" grade or better be earned in the core and prerequisite program requirements.

**Audit Determination** - We found 11 students who graduated without successfully completing all program requirements or without earning at least a "C" grade in their core and prerequisite program requirements as Buffalo's catalog specifies.

**School Officials' Position** - Buffalo officials did not comment on this issue.

### **Students Certified For TAP When Eligible For STAP**

**Criteria** - Students who are determined to be educationally disadvantaged and are enrolled in remedial courses are eligible to receive one year of STAP awards to help correct their deficiencies before continuing with college level courses.



**Audit Determination** - We identified 15 TAP awards paid on behalf of thirteen students who should have been certified for STAP. Based on admission test results, Buffalo officials determined that these students were educationally disadvantaged and appropriately enrolled them in remedial courses of at least one-half of the minimum required full-time course load. Therefore these students were eligible for STAP. However, Buffalo officials incorrectly certified these students for TAP. No disallowance resulted because the students were eligible for a State award.

**School Officials' Position** - Buffalo officials did not comment on this issue.

### **Waiver Information Not Reported To HESC**

**Criteria** - Students who have lost good academic standing may regain such standing using a one-time TAP waiver. To ensure that students receive only one TAP waiver, HESC maintains waiver information in each student's TAP history file. HESC procedures require that schools report each waiver when granted.

**Audit Determination** - We found that one student was granted a waiver based on appropriate circumstances; however, HESC was not notified of this waiver.

**School Officials' Position** - Buffalo officials did not comment on this issue.

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

1. *Recover \$53,993 plus applicable interest from Buffalo for its incorrect TAP certifications.*
2. *Review Buffalo's certification procedures to insure that eligible students are certified for the appropriate State financial aid award.*
3. *Ensure that Buffalo reports all waivers when granted.*

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

*Ensure that Buffalo is graduating students who have met all program requirements.*

This report was prepared under the direction of David R. Hancox, Director of State Audits, and Kenneth I. Shulman, Audit Supervisor. Major contributors were Mary Eileen Barret, Auditor-in-Charge, Dianne Hart, Staff Auditor and Donald Collins, EDP Support.

We wish to express our appreciation to the management and staff of Bryant and Stratton for the courtesies and cooperation extended to our auditors during this examination.

Very Truly Yours,



Robert H. Attmore  
Deputy Comptroller

cc: William B. Schatt  
Rudy F. Runko