



# Audit Issues Review and Avoidance

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New York State Higher Education Services Corporation

# Overview



- ❖ Laws, Rules and Regulations
- ❖ Memorandum of Agreement
  - State Education Department
  - HESC
  - Office of State Comptroller
  - Division of Budget

# Audit Objective



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

# OSC's Responsibilities



- ❖ Schedule and conduct field audits of institutions
- ❖ Approximately 10 TAP audits are planned annually

# SED Responsibilities



- ❖ Matriculation
  - Self Reporting, etc
  
- ❖ Full-time status
  - Courses Applicable to Program
  
- ❖ Good Academic Standing
  - Waivers, etc.
  
- ❖ Declaration of Major
  - Associate to Bachelors
  - Change of program, etc.

# HESC Responsibilities



- ❖ Suspend, limit or terminate an institution's participation
- ❖ Request and collect disallowances

# Factors Considered by OSC in Selecting Schools for Audit



- ❖ Computer Analyses of HESC data
- ❖ Amount of TAP that the school receives
- ❖ Large increases in TAP amounts
- ❖ Whether previously audited
- ❖ The results if previously audited
- ❖ Complaints
- ❖ Information and requests from SED, HESC, or US Dept of Education

# Audit Approaches



- ❖ Preliminary work before going on-site:
  - Comments from SED
  - Comments from HESC
  - Next Steps by OSC
    - Send out Engagement Letter
    - Request Catalogs, Transcripts, etc.
    - Review Catalogs, Transcripts, etc.

# Audit Process



- ❖ Opening Conference
- ❖ Internal control systems
- ❖ Test sample of Awards
- ❖ Criteria used:
  - NYS Education Law
  - Commissioner's Rules and Regulations
  - HESC Policies and Procedures
  - Information in school catalog and handbook

# Audit Process (continued)



- ❖ What is reviewed:
  - Admissions/Matriculation
  - Financial aid
  - Transcripts
  - Accounts
  - Waivers

# Audit Process (continued)



- ❖ Discuss any questions with school officials
- ❖ Exit (Closing) Conference
- ❖ Provide school with a Preliminary Audit Finding
- ❖ Draft Report
- ❖ School, SED and HESC officials respond
- ❖ Final Audit Report
- ❖ HESC issues a Demand Letter

# Findings From Past Audits



- ❖ Students Not Matriculated
- ❖ Students Not in Full-Time Attendance
- ❖ Students Not in Good Academic Standing
- ❖ Students Not Meeting Residency Requirements
- ❖ TAP Not Posted to Students' Accounts



**Ask Don't Tell-feel free to ask any questions!**



# TAP Coach



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### *TRANSACTION SUPPORT & RESOURCES*

HESC offers you a full range of online transaction capabilities and resources, including flexible processing and disbursement options, online counseling, TAP tools, manuals, and directories.

Go



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#### TAP Coach - A to C

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### *TAP COACH - ABILITY TO BENEFIT*

"Ability to benefit" originated in federal regulations for Title IV student financial aid programs and was adopted in NYS Education Law for State financial aid eligibility purposes effective for the 1995-96 academic year and thereafter. When a student does not have a high school diploma or recognized equivalent (i.e., GED), a student has a third possibility for establishing eligibility for TAP and other State awards: demonstrating the ability to benefit from the training offered. Since 1995, such students have been required to pass a federally approved ability-to-benefit (ATB) test to be eligible to receive a TAP award. (Students who are attending college full time on an early admission basis before receiving their high school diplomas can take an ability to benefit test to be eligible for TAP.)

Federally approved tests and minimum passing scores are published in the Federal Register and updated by the U.S. Department of Education when necessary. For State student aid, the same federal tests and minimum scores have been used.

However, legislative changes in 2006 and 2007 included new provisions regarding TAP awards. Students who first receive awards in the 2006-2007 academic year must have a certificate of graduation from a recognized school in the United States, or the recognized equivalent, or receive a passing score on a federally approved ability-to-benefit test that has been independently administered and evaluated as defined by the Commissioner. For students who first receive awards in the 2007-2008 academic year, section 661(4)(e) of the Education