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COMPTROLLER**



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**OFFICE OF THE
NEW YORK STATE COMPTROLLER**

**DIVISION OF STATE
GOVERNMENT ACCOUNTABILITY**

**STATE UNIVERSITY OF
NEW YORK**

**EDUCATIONAL
OPPORTUNITY PROGRAM**

Report 2007-S-99

AUDIT OBJECTIVES

The primary objective of our audit was to determine whether State University of New York (SUNY) campuses used Educational Opportunity Program (EOP) funding solely for prescribed purposes. Our audit also sought to determine whether SUNY campuses accurately reported the number of students receiving EOP services and aid.

AUDIT RESULTS - SUMMARY

SUNY offers the EOP at many of its campuses. EOP combines access, academic support and supplemental financial assistance to make higher education possible for students who might have had poor academic preparation and limited financial resources. The administration, management and development of EOP are shared between SUNY's System Administration and participating campuses. Within System Administration, the Office of Opportunity Programs (Office) is responsible for overseeing EOP.

The Office is responsible for distributing EOP funds to the participating campuses. The State Education Law requires campuses to use EOP funds solely for the direct provision of support services (such as tutoring, counseling, and direct financial assistance) to EOP students to help meet their educational needs. We found, however, that EOP funds were not used solely for prescribed purposes by certain campuses. Specifically, for the two years ending June 30, 2007, three campuses (the Universities at Albany and Buffalo and the College at Oswego) spent \$636,117 for certain costs, pertaining to counseling and tutoring, which were not eligible for EOP funding.

We also found one counselor (funded through the EOP at the University at Albany) purportedly worked on weekends and certain national holidays to meet with students. However, there was little documentation to support the actual work performed by this counselor. Further, a campus EOP Director inappropriately filled out the counselor's time sheet and sometimes signed the counselor's name on the counselor's behalf. For the two years ended June 30, 2007, the counselor was paid \$93,182. SUNY officials should review this matter further and determine whether any overpayment took place that should be recovered.

In addition, at the College at Oswego, EOP funds for books were applied to student accounts at the campus bookstore. As of June 2007, the bookstore held unspent funds (totaling \$38,801) for 349 EOP students who no longer attended Oswego. These funds should be returned to the EOP.

We attributed some of the problems we identified at the campuses, at least in part, to deficiencies in certain aspects of monitoring by SUNY officials. For example, Office officials did not have sufficient access to computerized financial management system information to help ensure that campuses spent funds solely for EOP eligible purposes.

We further determined that EOP enrollment numbers reported by the campuses were generally accurate. However, we also concluded that SUNY officials should take steps to ensure that EOP roster data is updated and verified more timely.

Our audit report contains 12 recommendations to help strengthen SUNY's administration of the EOP. SUNY officials generally agreed with our recommendations and indicated the steps that they have taken and will be taking to implement them.

This report, dated July 3, 2008, is available on our website at: <http://www.osc.state.ny.us>. Add or update your mailing list address by contacting us at: (518) 474-3271 or Office of the State Comptroller
Division of State Government Accountability
110 State Street, 11th Floor
Albany, NY 12236

BACKGROUND

The State University of New York (SUNY) consists of 64 autonomous campuses (including 29 State-operated campuses, 5 statutory colleges affiliated with private universities, and 30 community colleges) located throughout the State and a central administrative office located in Albany (System Administration). One of the programs SUNY offers is the Educational Opportunity Program (EOP or Program), which was created in 1967. EOP combines access, academic support and supplemental financial assistance to make higher education possible for students who might have had poor academic preparation and limited financial resources. Our audit of EOP pertained only to SUNY's 29 State-operated campuses.

The administration, management and development of EOP are shared between System Administration and the participating campuses. Within System Administration, the Office of Opportunity Programs (Office) is responsible for overseeing EOP. This includes: establishing Program structure; conducting overall fiscal planning; distributing funds; reviewing and approving campus plans for services and expenditures; monitoring EOP structure; providing clear guidelines for student eligibility and enrollment; and providing oversight to ensure compliance with University procedures, objectives and policies.

Campuses are responsible for: complying with EOP program requirements and guidelines; maintaining adequate documentation relating to the EOP; ensuring information reported to the Office is complete and accurate; and using funds in a manner consistent with EOP guidelines and the Education Law.

Our audit period covered the two academic years ending June 30, 2007. For the 2005-06 academic year, SUNY spent about \$13.6 million for the EOP and had 8,091 students enrolled in the Program. For the 2006-07 academic year, SUNY spent about \$15.6 million for the EOP and had 8,161 students enrolled in the Program. (See Exhibit A.)

AUDIT FINDINGS AND RECOMMENDATIONS

EOP Expenditures

The Office is responsible for distributing EOP funds to the participating campuses. Section 6452 of the State Education Law requires campuses to use EOP funds solely for the direct provision of support services to EOP students. EOP funds may not be used for administration at the campus level or for support of regular academic programs at campuses. Support services include special tutoring, counseling and guidance, and direct financial assistance as necessary to meet non-tuition educational costs.

To determine whether campuses spent EOP funds appropriately, we reviewed expenditures for counselors, tutors, and direct aid at four campuses (the University Center at Albany, the University Center at Buffalo, the College at Oswego, and the College at Delhi) for the two academic years ending June 30, 2007. For the 2005-06 academic year, the four campuses combined had a total EOP enrollment of 2,321 students (29 percent of

EOP enrollment at State-operated campuses), and they received \$4 million in EOP funds (30 percent of EOP funding at State-operated campuses). For the 2006-07 year, the four campuses combined had a total EOP enrollment of 2,280 students (28 percent of total enrollment at State-operated campuses), and they received \$4.7 million in EOP funds (30 percent of funding at State-operated campuses).

We found that three (the University Centers at Albany and Buffalo and the College at Oswego) of the four campuses we reviewed did not use funds solely for EOP purposes. In total, the three campuses spent \$636,117 for ineligible costs (including \$537,057 in counseling funds and \$99,060 in tutoring funds). The remaining campus (the College at Delhi) spent about \$397,000 for the 2006-07 year in accordance with established EOP criteria.

Counselors

According to the Education Law and EOP guidelines, expenditures for EOP counselors are limited to counseling services to current or potential EOP students. EOP counseling funds should not be used to counsel non-EOP students or for non-counseling activities. To determine if the campuses adhered to the guidelines, we interviewed all 23 EOP-paid counselors at the four campuses during the two academic years ending June 2007, and we reviewed their job responsibilities. We found six counselors (four at the College at Oswego, and one each at the University Center at Buffalo and the University Center at Albany) who were not providing counseling services to EOP students - or were not providing counseling services exclusively to EOP students (as required by the Law and Program guidelines). Therefore, these three campuses paid a total of \$537,057 for ineligible counseling expenses.

The College at Oswego received EOP funding, for four counselors, totaling \$323,045. We reviewed the job descriptions and services they provided and determined that none of the four were performing EOP counseling services exclusively. Two of the four employees did not provide any counseling services to EOP students, while the remaining two employees provided EOP counseling only part of their time. One of these employees counseled students in other opportunity programs, and the other discussed financial aid matters with students. According to Oswego officials, there were employees who counseled EOP students who were paid with non-EOP funds. Nevertheless, officials indicated that they would realign staff assignments to ensure that only EOP counselors are paid with EOP funds.

At the University Center at Buffalo, we found one counselor (who received \$120,830 in EOP funding) was also the EOP financial officer and performed accounting functions. Buffalo officials stated that this counselor spent no more than 20 percent of his time on financial officer duties. However, this is prohibited by the EOP guidelines. Moreover, officials indicated that they would no longer use EOP counseling funds to pay the employee to perform accounting work.

At the University Center at Albany, we identified an employee who received a total of \$93,182 for the two academic years ending June 30, 2007, but who did not work on the Albany campus. University at Albany EOP officials stated that the employee performed recruitment for EOP SUNY-wide and that they received funding from System Administration for the counselor to provide guidance services to potential students in the New York City area. However, this employee was paid from EOP counseling funds designated for recruiting and counseling potential University at Albany EOP students.

We reviewed this employee's time sheets for the 2005-06 and 2006-07 academic years. These records showed that he worked six hours a day for five days a week, as well as on weekends and certain major holidays (e.g., Christmas and New Year's Day). According to the New York State Accounting System User Procedures Manual (Manual) all State employees are required to maintain daily time records showing their actual hours worked. Time records for hourly employees must contain the details necessary to establish the employee's total time. In addition, the Manual requires an employee and his/her supervisor to sign the employee's time sheet, attesting that the hours noted on the time sheet were actually worked. In reviewing the documentation and from discussions with the employee and the EOP Director, we found the following:

- According to the New York City-based counselor, he signs his time sheets and mails them to the EOP Director at the University at Albany, who then fills in the hours the counselor purportedly worked.
- The hours the EOP Director wrote on the time sheets did not match the hours the counselor stated he worked. The counselor stated that he worked from 9:00 a.m. to 5:00 p.m., but the EOP Director wrote the hours worked as 6:00 a.m. to noon.
- The EOP Director stated he had limited contact with the counselor. The Director also said that an EOP financial officer told him the number of hours to note on the counselor's time sheet, and the Director then filled in the first five days of each week with six work hours per day. However, the financial officer told us that he was never the counselor's supervisor, and

consequently, he did not know anything about the counselor's time sheets. Thus, we concluded that supervision of the counselor's activities was very weak.

- For 13 of the 52 time sheets submitted during our audit period for the counselor, the signatures of both the counselor and the EOP Director were in the same handwriting. Further, when we reviewed all of the time sheets (a total of 200) submitted by the counselor since he assumed his position in 1999, we found another 23 time sheets where both signatures were in the same handwriting. The EOP Director acknowledged that he signed the counselor's name to the time sheets when the counselor was late in submitting them.

The counselor provided us with little documentation to support the hours claimed on his time sheets. Specifically, he provided us with his 2008 date book (which had only three weeks worth of information) and an EOP admissions document (which had no details of the days and time he worked). In addition, the counselor's job description required him to prepare monthly activity reports for submission to his supervisor. However, the counselor had not submitted any monthly reports prior to our audit. The counselor had a draft monthly report for November 2007. However, he acknowledged that he created the report only after our auditors interviewed him about his job responsibilities. Therefore, there was very little documentation available to support the number of hours the counselor worked, as indicated on his time sheets, for periods prior to our audit fieldwork.

Further, we determined that the EOP Director did not confirm that the counselor actually

worked the hours claimed on the time sheets. Consequently, we question the validity of time sheet data submitted by/for the counselor. In particular, we question whether the counselor interacted with students or community organizations on weekends and national holidays. Further, we recommend that System Administration closely review the time sheets for this counselor to determine if the hours claimed were actually worked. If it is determined that certain hours claimed were, in fact, not worked, we recommend that any payroll overpayments be recovered.

We also question the need for this counselor position. System Administration officials stated that the counselor was placed on the University at Albany's payroll because Albany had difficulty meeting its EOP enrollment targets (although the counselor also purportedly recruited students for other SUNY colleges as well). According to Albany EOP officials, the counselor in question refers about 50 of the approximately 180 students who enter Albany's EOP each year. However, officials could not provide us with a list of the 50 students the counselor purportedly referred for the 2006-07 year.

From a SUNY-wide perspective, nearly 10,000 students apply to the EOP each year, although only about 3,000 are accepted. Moreover, the University at Albany receives nearly 3,000 EOP applications each year for less than 200 slots, and Albany has an Admissions Office official who is also responsible for recruiting students from New York City. Consequently, we question the benefit of Albany's continued funding of the position for the EOP counselor based in New York City.

(In their response to the audit's draft report, SUNY officials stated that \$342,871 of the improper charges cited in this report corresponded with allowable EOP costs. We

acknowledge that some portion of the activities of certain employees cited in our report were for eligible EOP purposes. However, we question SUNY's assertion. For example, SUNY includes the total amount paid to the counselor in New York City [\$93,182] as allowable EOP cost for the two years ended June 30, 2007. As noted previously, there was very little documentation of this counselor's EOP activities, and consequently, there is insufficient basis to claim that the counselor actually provided \$93,182 of service to SUNY. SUNY also claims costs for certain EOP counselors who split their time between EOP and non-EOP allowable functions. However, the EOP's formal program guidance clearly precluded the division of full-time EOP counseling positions for the provision of non-EOP services.)

Tutoring

According to EOP guidelines, employees paid with tutoring funds are to provide tutoring and other academic support services only to EOP students. Tutoring may be provided in a variety of forms (professional tutors, peer tutors, study groups, supplemental instruction, etc.). Tutoring funds can only be used for services that are provided directly to the student and will directly support the student's success. To determine if funds for tutoring were used appropriately, we selected a random sample of payments from the EOP tutor accounts at the four campuses we visited, and we compared them to EOP tutor rosters. From payments totaling about \$561,000, we found 33 employees received \$99,060 for non-EOP tutoring purposes at the University at Albany, University at Buffalo and College at Oswego for the two years ended June 30, 2007, as detailed at the individual campuses as follows:

- The University at Albany spent \$168,437 for 120 tutors for the two years. We reviewed a random sample of payments made to 108 tutors during our audit period. Of these, there was no evidence that 29 payees provided any tutoring to EOP students. The 29 employees were paid a total of \$53,869. University at Albany officials stated that 19 of the 29 employees provided some tutoring to EOP students. However, none of the 29 payees were listed on any tutoring logs, and Albany officials did not provide any other evidence to show that the employees in question provided tutoring services to EOP students.
- The University at Buffalo spent \$253,181 on 197 tutors. We reviewed payments made to a limited judgmental sample of tutors paid with EOP tutoring funds. We found that two recipients were graduate assistants (who received a total of \$38,744) to work in the EOP office entering data, coordinating tutors and maintaining the tutor database. However, there was little evidence that these graduate assistants actually tutored EOP students. From available records, we determined that one of the assistants provided tutoring for only 81 of the 1,596 EOP hours she was paid for. Moreover, we could not verify that the other graduate assistant in the EOP office did any tutoring whatsoever. Also, a third graduate assistant worked at Buffalo's Computer Science Department and was paid \$5,532 in EOP funds in error.
- The College at Oswego spent \$105,725 on 138 tutors. We reviewed payments made to a limited

judgmental sample of tutors and identified one payee who was not a tutor. The payee was a graduate assistant who compiled research on EOP students and was paid \$915.

Students participating in EOP need the services the Program provides. If funds dedicated for tutors are used for other (non-EOP eligible) purposes, students might not receive all of the services they need to succeed academically.

Direct Aid

According to EOP guidelines, direct aid must be used to meet students' non-tuition education costs such as housing, books and school supplies. A full-time student enrolled in a four-year baccalaureate program is allowed up to ten semesters, or the equivalent, of EOP direct aid. (Although there are normally two semesters in an academic year, the EOP gives participating students five years to complete their coursework.) Campuses are responsible for determining the amount of EOP direct aid each student will receive and the method of distributing those funds to students. Campuses can request direct aid for students for additional semesters by contacting the Office.

We reviewed the administration of direct aid for 3,082 students at the four campuses we visited (942 at University at Albany, 1,309 at University at Buffalo, 541 at SUNY Oswego, and 290 at SUNY Delhi). We found that all of the students, except 11 at SUNY Oswego received the direct aid they were entitled to receive. The 11 SUNY Oswego students received their direct aid late from one to two semesters. Office officials said these payments were late due to an incorrect code in the computer system.

In addition, at the College at Oswego, certain direct aid was not provided directly to students. For example, funds for books were applied to student accounts at the campus bookstore. As of June 2007, there were 570 active EOP student accounts at the bookstore. However, we determined that 349 of these accounts (with unspent balances) were for EOP students who no longer attended the College at Oswego. The bookstore did not send the balances to the 349 students. Instead, the bookstore retained the unspent funds in its own account. As of June 2007, the 349 accounts had a cumulative balance of \$38,801.

Bookstore officials said that students may request a refund of unspent funds. However, if the student does not make the request, the funds roll over from semester to semester and remain as an open account for that student. After informing officials at the College of Oswego of the bookstore's practices, the balances associated with the inactive accounts were transferred back to the EOP Direct Aid account. Since book aid is considered direct aid for EOP students to meet their educational costs, the bookstore should not have retained these funds. Oswego officials stated that they are in the process of examining and evaluating the existing bookstore arrangement relative to EOP student accounts. They will also consider alternative arrangements for the distribution of direct aid to EOP students.

To determine whether students received direct aid beyond the maximum allowable semesters, we selected a random and judgmental sample of 175 students from the EOP rosters at all four campuses. We reviewed the student files for those who were enrolled longer than ten semesters and requested their direct aid history from the campuses. From limited judgmental samples, we found three students received \$1,900 in direct aid beyond the maximum number of

semesters allowed at the University at Buffalo and the College at Oswego.

At the College at Oswego, two students received EOP funding for 12 semesters, resulting in \$450 in improper payments. Oswego officials stated that it was a human error, and a request should have been made to the Office for the additional semesters of direct aid for both students.

At the University at Buffalo, one student received EOP funding for 12 semesters, for a total of \$1,450 in improper payments. University at Buffalo officials stated that the student inadvertently received lesser funds than she should have for two semesters, so she was awarded EOP funds for her last two semesters as compensation. Officials agreed, however, that they should have sought approval from the Office before awarding the extra two semesters of funding.

Recommendations

1. Follow-up on the on the ineligible EOP expenditures as detailed in this report and request the campuses to refund amounts, as appropriate, to the EOP for future allocation.
2. Remind campuses that funds designated for specific EOP purposes can only be used for said purposes (i.e., counseling funds must only be used for counselors, etc.).
3. Determine if the recruitment counselor's position in New York City, currently funded through the EOP at the University at Albany, is genuinely needed. If so, determine if the counselor should be paid through allocations to the University at Albany or System Administration funding.

4. Determine whether the counselor on University at Albany's payroll worked the hours reported by the EOP Director and take appropriate action. Take steps to recover any overpayments identified.
5. Conduct a formal and thorough investigation and assessment of the actions of the EOP Director at the University at Albany regarding the improper preparation and signature of time sheets for the New York City-based recruitment counselor, as detailed in this report. As appropriate, take actions with all personnel involved in this matter.
6. Recover direct aid funds to the 349 former students who had open accounts at the College at Oswego's bookstore. Distribute those funds, as appropriate, and/or ensure that they are used for EOP-intended purposes.
7. Work with officials at the College at Oswego to revise their system of distributing book aid to students.
8. Reiterate to campuses the need for prior approval from the Office to grant direct aid to students past the standard limit of ten semesters.

Eligibility

According to EOP guidelines, applicants must meet both economic and academic eligibility criteria. Economic eligibility criteria is set by the Office and academic eligibility is set by campuses. In addition, applicants must be New York State residents and campuses must maintain adequate documentation to verify that enrolled EOP students are eligible. To determine whether EOP students were eligible for the Program, we reviewed the files,

financial records, residency information, high school transcripts, SAT scores, and income records for the 175 students in our judgmental sample. Based on our review, we determined that 45 (of the 175) were not actually in the EOP, or there was insufficient documentation of their eligibility.

At the University at Albany, we reviewed 50 of the 956 students on the EOP roster. Of these, we verified that 33 were all academically and economically eligible for the Program. The remaining 17 students were listed on the EOP roster in error. University at Albany officials could not explain why. None of these students received EOP direct aid money or services.

At the University at Buffalo, we reviewed 50 of the 1,338 students on the EOP roster. Of these, we verified that 37 were academically and economically eligible for the Program. For the remaining 13 students, we determined that eight student files did not contain the necessary supporting documentation to verify the students' financial eligibility for EOP. According to University at Buffalo officials, the students' documents were lost during transport from Admissions to Financial Aid, or the students' documents were purged inappropriately. The files for the eight students did have documentation supporting academic eligibility for the Program. The other five students were not in the EOP, and consequently, they should not have been listed on the Program's roster. None of these five students received EOP funds or services.

At the College at Oswego, we reviewed 50 of the 541 students on the EOP roster. Of these, we verified that 37 were all academically and economically eligible for the Program. For the remaining 13 students, we determined that the files for ten students did not contain sufficient documentation to verify financial eligibility. According to Oswego officials, the

financial eligibility documents for these students were lost or inappropriately purged. These ten students were academically eligible for the Program. The other three students were not in the EOP, and consequently, they should not have been on the roster. None of the three students received EOP funds or services.

At the College at Delhi, we reviewed 25 of the 290 students on the EOP roster. Of these, we verified that 23 were all academically and economically eligible for the Program. The remaining two student files contained sufficient information to verify academic eligibility, but not sufficient documentation to verify financial eligibility. Delhi officials stated this was because they were following federal application and verification guidelines and were unaware that there was a need to collect additional documentation to comply with EOP guidelines.

We attribute the deficiencies noted above to weaknesses in campus practices for maintaining EOP rosters and required documentation for EOP students. University at Buffalo and College at Delhi officials, for example, stated they were not aware of the requirement in EOP guidelines to maintain financial eligibility documents. We also found that EOP guidelines were not distributed to affected non-EOP personnel (e.g., financial aid staff). As a result, non-EOP personnel may have inadvertently disposed of required EOP documents. The Office should work with all campuses to help ensure that they are aware of, and adhere to, EOP guidelines regarding document preparation and maintenance.

Although the campus EOP rosters we reviewed included the names of students who were not in the Program, we determined that the campuses' reporting of EOP enrollment amounts (totals) was generally accurate. Our

counts of students who were actually enrolled in the Program were relatively consistent with the amounts reported by the campuses to the Office.

Recommendations

9. Remind campuses to maintain accurate and updated EOP rosters.
10. Advise campuses (including non-EOP personnel) of the requirements to retain all necessary EOP-related documentation (especially documents pertaining to student eligibility) for the files of active EOP students.

System Administration Oversight

According to EOP guidelines, the Office is responsible for monitoring the Program at all of SUNY's campuses. Office officials said one way they monitor campuses is to monitor the transfer of funds from System Administration to the campuses. However, Office officials said they could not electronically access individual transactions from EOP accounts at the campus level. If they could, they would be better able to monitor the use of EOP funds and detect apparent misuse of such funds. By using EOP funds for inappropriate purposes, there is increased risk that some students might not receive all of the services and support they need. We note that after we brought this matter to the attention of SUNY officials, Office officials advised us that they have been provided with electronic access to individual EOP transactions at the campuses.

We also note that System Administration had not performed an audit of EOP in recent years, and no audits of EOP had been performed at the four campuses we visited. Audits can provide senior SUNY and Office officials with information about the Program

and expenditures, as well as improve the internal control structure of EOP. SUNY officials have advised us that the Office of the University Auditor (within System Administration) included an audit of EOP on its audit schedule for 2007-08.

Recommendations

11. Formally monitor selected major transactions with EOP accounts at the campus level on a regular basis to help ensure that funds are being spent appropriately.
12. Based on risk and the availability of resources, conduct audits of EOP to help ensure compliance with pertinent financial and Program requirements.

AUDIT SCOPE AND METHODOLOGY

We conducted our performance audit in accordance with generally accepted government auditing standards. Our first audit objective was to determine whether SUNY campuses participating in EOP used funding solely for prescribed purposes. Our second objective was to determine whether SUNY campuses accurately reported the number of students receiving EOP services and aid. Our audit period included the two academic years ending June 30, 2007.

To accomplish our objectives, we reviewed applicable policies and procedures and met with Office and EOP campus officials to gain an understanding of Program services and administration. We reviewed EOP data, rosters, job descriptions, and student files at four campuses: the University at Albany, the University at Buffalo, the College at Oswego and the College at Delhi. To determine whether counseling, tutoring and direct aid funds were spent appropriately, we examined

documentation pertaining to selected EOP financial transactions.

To determine if students were eligible for EOP funds and received direct aid beyond the maximum allowable semesters, we examined pertinent campus records for selected students. We both randomly and judgmentally selected 50 (of 541) EOP students at the College at Oswego, 50 (of 1,338) students at the University at Buffalo, 50 (of 956) students at the University at Albany, and 25 (of 290) students at the College at Delhi. Of the 175 total students sampled, 67 were chosen judgmentally - if they had an out of State address, a start date before 2000, or were missing from the EOP campus or SUNY Administration roster. The remaining students were selected at random.

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 auditing standards. In our opinion, these functions do not affect our ability to conduct independent audits of program performance.

AUTHORITY

The audit was performed pursuant to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution and Article II, Section 8 of the State Finance Law.

REPORTING REQUIREMENTS

We provided draft copies of this report to SUNY officials for their review and formal comment. We considered SUNY's comments in preparing this report and have included them as Appendix A. Our rejoinders to SUNY's comments are presented in Appendix B, State Comptroller's Comments on Auditee Response. SUNY officials generally agreed with our report's recommendations and indicated the steps that they have taken and will be taking to implement them.

Within 90 days of the final release of this report, as required by Section 170 of the

Executive Law, the Chancellor of SUNY shall report to the Governor, the State Comptroller, and the leaders of the Legislature and fiscal committees, advising what steps were taken to implement the recommendations contained herein, and where recommendations were not implemented, the reasons therefor.

CONTRIBUTORS TO THE REPORT

Major contributors to this report include Steve Sossei, Brian Mason, Karen Bogucki, Theresa Podagrosi, Andrea Dagastine, Peter Amorosa, Brianna Redmond, Stephanie Kelly, and Sue Gold.

Exhibit A

SUNY EOP Enrollment and Expenditure Summary For the Years Ended June 30, 2006 and 2007

	2005-06		2006-07	
	Enrollment	Expenditures	Enrollment	Expenditures
Research University Centers				
Albany	712	\$1,311,319	686	\$1,506,273
Binghamton	594	\$1,094,292	613	\$1,217,432
Buffalo	1,025	\$1,776,628	992	\$2,079,483
Stony Brook	574	\$1,016,111	602	\$1,240,461
Other Research/Doctoral				
Ceramics at Alfred University	4	\$7,500	3	*
Cornell University	85	\$132,181	95	\$160,575
Environmental Science & Forestry	22	\$27,340	28	\$23,580
Downstate Medical	1	\$9,700	1	*
Upstate Medical	1	\$2,800	1	\$1,300
University Colleges				
Brockport	333	\$548,267	361	\$652,252
Buffalo State	937	\$1,427,036	965	\$1,652,374
Cortland	152	\$281,510	157	\$342,307
Fredonia	117	\$193,110	130	\$237,040
Geneseo	135	\$240,609	147	\$294,688
New Paltz	559	\$870,070	524	\$841,011
Old Westbury	378	\$720,084	379	\$843,987
Oneonta	233	\$453,033	248	\$512,535
Oswego	391	\$583,865	412	\$703,922
Plattsburgh	227	\$344,710	217	\$385,007
Potsdam	146	\$256,025	151	\$297,251
Purchase	156	\$257,102	155	\$274,426
Colleges of Technology				
Alfred State	144	\$204,136	137	\$241,538
Canton	312	\$400,765	303	\$479,143
Cobleskill	167	\$275,555	160	\$297,049
Delhi	193	\$346,241	190	\$396,681
Farmingdale	187	\$309,388	188	\$372,685
Maritime	49	\$65,691	50	\$88,958
Morrisville	228	\$306,664	225	\$364,517
Utica/Rome	29	\$89,202	41	\$53,535
TOTAL	8,091	\$13,550,934	8,161	\$15,560,010

*Expenditure amounts were not provided at the time of our review.

APPENDIX A - AUDITEE RESPONSE



THE STATE UNIVERSITY of NEW YORK

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June 9, 2008

Mr. Steven E. Sossei
Audit Director
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Division of State Government Accountability
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Albany, New York 12236

Dear Mr. Sossei:

In accordance with Section 170 of the Executive Law, we are providing our comments on the draft audit report on the State University of New York Educational Opportunity Program (2007-S-99). The Educational Opportunity Program is among the nation's first formalized and system-wide efforts to provide economically and educationally disadvantaged students with access to higher education. Now in its fortieth year, this program serves more than 10,000 students annually on 43 campuses and has achieved a graduation rate exceeding the national average for public institutions. The State University of New York is committed to ensuring that the resources for the program are used in a manner consistent with program intent and that program expenditures result in real opportunities and positive outcomes for students.

The University generally concurs with the recommendations contained in the draft report and is appreciative of the effort expended in the conduct of the audit. The findings in the report appear to be isolated and readily correctable circumstances that do not suggest broader, systemic issues. Specifically, we note that identified issues were largely limited to certain aspects of personnel assignments and responsibilities or questions of documentation and recordkeeping while direct aid to students, which constitutes more than 70 percent of annual expenditures, was correctly distributed exclusively to eligible EOP students. By our calculation, the costs (\$293,246) in question represent approximately one percent of overall program expenditures. Implementation of a number of the recommendations has already begun and it is expected that our oversight of the Educational Opportunity Program will be further strengthened as a consequence.

However, as identified below, the University does have some concerns about the report's presentation of what are very specific, individual findings:

UNIVERSITY CENTERS AND DOCTORAL DEGREE GRANTING INSTITUTIONS University at Albany • Binghamton University • University at Buffalo • Stony Brook University • SUNY Downstate Medical Center • Upstate Medical University • College of Environmental Science and Forestry • College of Optometry • NYS College of Ceramics at Alfred University • NYS College of Agriculture/Life Sciences at Cornell University • NYS College of Human Ecology at Cornell University • NYS College of Industrial/Labor Relations at Cornell University • NYS College of Veterinary Medicine at Cornell University UNIVERSITY COLLEGES SUNY Brockport • Buffalo State College • SUNY Cortland • Empire State College • SUNY Fredonia • SUNY Geneseo • SUNY New Paltz • SUNY Old Westbury • College at Oneonta • SUNY Oswego • SUNY Plattsburgh • SUNY Potsdam • Purchase College TECHNOLOGY COLLEGES Alfred State College • SUNY Canton • SUNY Cobleskill • SUNY Delhi • Farmingdale State College • Maritime College • Morrisville State College • SUNY Institute of Technology COMMUNITY COLLEGES Adirondack • Broome • Cayuga County • Clinton • Columbia-Greene • Corning • Dutchess • Erie • Fashion Institute of Technology • Finger Lakes • Fulton-Montgomery • Genesee • Herkimer County • Hudson Valley • Jamestown • Jefferson • Mohawk Valley • Monroe • Nassau • Niagara County • North Country • Onondaga • Orange County • Rockland • Schenectady County • Suffolk County • Sullivan County • Tompkins Cortland • Ulster County • Westchester

Cost Summary

The summary section of the report identifies \$636,117 as inappropriate expenditures made during the two year period under examination. This figure represents the total 2-year salaries of all personnel about which findings of any kind were made. However, a review of specific findings indicates that only a portion of these costs actually fall outside program guidelines and intent. In fact, \$342,871 of the \$636,117 in question was spent on allowable Educational Opportunity Program costs..

Comment
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Issues in the personnel area fell into three categories: (1) counseling and tutoring personnel who spent some percentage of their time in duties associated with the program, but outside the parameters of direct services; (2) counseling or tutoring personnel for whom documentation of direct services was deemed inadequate; and (3) one counselor who spent 25 percent of his time in serving non-program, underrepresented students who sought his support on an informal basis. By applying the specifically identified percentages to the salaries of these employees, the salary amount under question should be \$293,246.

We should be clear here that the University does not permit or support the practice of dividing fulltime counseling lines for the provision of non program services on a prorated basis. Fulltime counselors who are supported by funds from the Educational Opportunity Program appropriation are expected to be engaged in allowable program activities on a fulltime basis. This is explicit in program guidelines and has been addressed with the campuses in question. Nonetheless, the calculation of a figure accurately representing the dollar amount spent outside program parameters during the period under review must logically take into account that if a counselor has spent 75% of his time in fully allowable activities, then 75 percent of his salary has been properly expended.

Comment
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The \$293,246 figure also removes from the original total the salary of one counselor who did provide direct counseling services, but whose work location was outside the EOP office. The employee in question worked in the financial aid office providing services solely to EOP students. While the preferable location of the individual would be in the EOP office, program guidelines do not explicitly prohibit employee from working out of the financial aid office. The salary for another employee who carried out allowable outreach and recruitment was also removed from the original total. While some administrative issues associated with this position require corrective action, the appropriateness of outreach and recruitment activities under EOP guidelines is not in question.

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It should also be noted that all participating campuses use both EOP and non-EOP funds for the direct support of EOP students. Some of the exceptions cited by the audit report were due to recordkeeping in that non-EOP funds were used to pay salaries for employees working solely on EOP; while EOP funds were used to pay

*See State Comptroller's Comments, page 22

salaries for employees working on both EOP and non-EOP activities. In most cases, the amount expended solely on EOP programs exceeded the amount of EOP funding.

Fiscal Monitoring

The summary section of the report suggests a relationship between the lack of access to transaction level detail in campus accounts and the issues identified in the audit. The technical problem of access has now been resolved and we are pleased to have added another tool to further enhance existing monitoring activities. However, we would point out that an extensive system of procedures, controls and reporting were in place prior to the audit including:

- Provision of written guidelines that are clear, comprehensive and explicit with regard to all aspects of program operations.
- A detailed plan of annual expenditures in each category of funding is required of each campus and is subjected to review – including discussions with campus personnel and alteration, where necessary – before funding beyond a limited start-up amount is provided to the campus.
- A report of actual expenditure, by account is required at the end of each year. To promote accountability at the highest level, the report is certified by the campus president.
- Monitoring of the rate, amount and nature of expenditures, by campus account, to ascertain consistency with approved expenditure plans.
- Discussion and follow up of visible variations from approved plans is carried out throughout the year.
- Reporting of planned changes in program activities, processes, structure or approach is required so that consistency with guidelines is maintained.
- A regular schedule of directors' meetings provides a structured forum for the discussion of guidelines, program requirements, allowable expenditures, and proper program management.
- Provision of ongoing technical assistance to campuses in the development of program approaches and services that conform to program guidelines.

Recruitment/Outreach/SUNY Albany

The draft report gives significant attention to issues in the supervision of a student recruitment/outreach initiative funded to the University at Albany and raises questions about the appropriateness of campus-specific and system-wide recruitment, given a substantial application volume. The University acknowledges the supervisory and documentation issues associated with this particular initiative and will take appropriate action, but maintains the appropriateness of system wide recruitment and campus-specific initiatives.

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Despite the large number of applicants to the program as a whole, ongoing outreach and recruitment are valid and important activities for any program with access as a key goal. Central to the mission of the Educational Opportunity Program is the provision of access to students from backgrounds characterized by economic and academic disadvantages and the extension of opportunities to those underserved by traditional means. Many such students, and their families, are unaware of the educational opportunities that may be available to them. It is commonplace for even the most successful among program alumni to recount having been informed by high school personnel that they were “not college material” and to cite their interactions with program recruiters as pivotal in their lives. These comments speak directly to the need for specialized recruitment activities.

Also inherent in specialized recruitment initiatives carried out in an environment of high overall demand is the ability to focus on particular populations that may be demographically underrepresented, even within the larger group of disadvantaged applicants. As an example, a serious concern for the Educational Opportunity Program is the limited degree of participation by under-represented males, who currently constitute only 22 percent of enrollment statewide. The use of specialized outreach initiatives is both appropriate and necessary to ensure demographically underrepresented and disadvantaged individuals are made aware of the opportunities and benefits provided by the program.

While generalized institutional recruitment increases the number of all applications, including those requesting consideration for EOP admission; specialized recruitment initiatives use non-traditional venues (e.g. churches, community organizations) to reach potentially able students who may not participate in college fairs and more conventional recruitment vehicles. It is true that program capacity does not permit admission of all applicants, but we continue to believe in extending the opportunity for consideration as broadly as is possible.

The specific recruitment initiative funded to SUNY Albany was begun during a time when that program was one of very few experiencing enrollment difficulties. It was understood that SUNY Albany would be the primary, though not exclusive, beneficiary of the recruitment efforts. Despite the supervision and documentation problems identified in the report, the number of student referrals to SUNY Albany cited (i.e. nearly 30 percent of the annual incoming class) suggests both substantial activity and efficacy.

In addition, on a system wide level, personnel in the Office of Opportunity Programs have been able to observe the recruitment employee’s participation in EOP directors’ meetings; his annual compilation of campus admission requirements; his articulation of the information needs of students, families, high schools and organizations; and his interactions with individual directors and their verbal testimonials regarding the value of his assistance.

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*See State Comptroller’s Comments, page 22

Documentation

The second section of the draft report presents questions of documentation and recordkeeping under the title "Eligibility". Though testing revealed no instances of direct aid payments or services provided to ineligible or non-program students, the report cites several instances of erroneous entries on student rosters and departures from prescribed documentation storage standards in the eligibility section. The University agrees that rosters should accurately reflect enrollment and that documentation should be maintained according to established guidelines, but disagrees that such errors reflect eligibility issues.

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System Administration Oversight

The report should be clarified to indicate that the Office of the University Auditor had included an audit of EOP for the 2007-08 audit plan year. This decision was made prior to OSC's announcement of their audit of EOP, and was not "added" to the audit plan. The report should also be clarified to state "no audits of EOP were performed at any of the four campuses we visited." In the past three years, the Office of the University Auditor has performed nine other audits at these campuses.

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Recommendation 1: Follow up on the ineligible EOP expenses as detailed in this report and request the campuses to refund amounts, as appropriate, to the EOP for future allocation.

Agree. The Office of Opportunity Programs will initiate efforts to recover funds determined to have been expended in a manner contrary to Educational Opportunity Program guidelines and program intent. As indicated above, the University has identified a preliminary figure to be used as a basis for instituting these efforts. It should also be noted that an erroneous payment of \$5,532 to a graduate assistant in the computer science department at SUNY Buffalo was reimbursed during the auditors' visit to the campus.

Recommendation 2: Remind campuses that funds designated for specific purposes can only be used for said purposes (i.e., counseling funds must only be used for counselors, etc.)

Agree. In April, the Office of Opportunity Programs hosted a training retreat for all EOP directors. A full session was devoted to issues identified in the audit process and several of the subsequent sessions provided detailed explanation of the major areas of the guidelines (e.g. eligibility, allowable costs). Additional follow up will occur as part of an ongoing training agenda to be incorporated in regularly scheduled directors' meetings.

*See State Comptroller's Comments, page 22

Recommendation 3: Determine if the recruitment counselor's position in New York City, currently funded through the EOP at the University of Albany, is genuinely needed. If so, determine if the counselor should be paid through allocations to the University at Albany or System Administration funding.

Agree. Given recent trends in program enrollment and demographics at SUNY Albany, the Office of Opportunity Programs and campus personnel agree that a re-evaluation of the recruitment initiative as currently funded is warranted. On an immediate basis, a number of controls to ensure adequate documentation of activities, timely filing of monthly reports and accurate completion of timesheets have been instituted.

However, the Office of Opportunity Programs believes that recruitment and outreach for the program in general remains an important aspect of access. As recommended, careful consideration will be given to the most appropriate vehicle and structure for the continuation of this activity.

Recommendation 4: Determine whether the counselor on the University at Albany's payroll worked the hours reported by the EOP director and take appropriate action. Take steps to recover any overpayments identified.

Agree. The Office of Opportunity Programs has obtained statements from a number of schools and community organizations that have received services through the recruitment initiative and has provided them to the audit team. The Office of Opportunity Programs will also review the time records and further investigate any apparent discrepancies.

Recommendation 5: Conduct a formal and thorough investigation and assessment of the actions of EOP director at the University at Albany regarding the improper preparation and signature of timesheets for the New York City-based recruitment counselor, as detailed in this report. As appropriate, take actions with all personnel involved in this matter.

Agree. In March, campus officials met with the EOP director in connection with the issues identified and instructed him as to the proper handling of timesheets. New procedures have been put in place to help ensure appropriate oversight and supervision of the recruitment initiative.

Recommendation 6: Recover direct aid funds for the 349 former students who had open accounts at the College at Oswego's bookstore. Distribute those funds, as appropriate, and/or ensure that they are used for EOP-intended purposes.

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Agree. The Office of Opportunity Programs will work with the campus to ensure that the proceeds from student accounts are refunded to students or are used for approved expenditures within the program, as appropriate.

Recommendation 7: Work with officials at the College at Oswego to revise their system of distributing book aid to students.

Agree. SUNY Oswego has determined that it will no longer establish student accounts in the campus bookstore and will use alternative means to provide funding for book purchases. The Office of Opportunity Programs will work with the campus in identifying an approach that will best meet student needs.

Recommendation 8: Reiterate to campuses the need for prior approval from the Office to grant direct aid to students past the standard limit of ten semesters.

Agree. This requirement was reinforced in the recent training retreat and will be further emphasized in a written communication to campus personnel involved in financial aid packaging.

Recommendation 9: Remind campuses to maintain accurate and updated rosters.

Agree. In addition to discussion of this topic at the directors' retreat, the Office of Opportunity Programs will periodically request and review rosters as support to reported enrollment data.

Recommendation 10: Advise campuses (including non-EOP personnel) of the requirements to retain all necessary EOP-related documentation (especially documents pertaining to student eligibility) for the files of active EOP students.

Agree. Documentation requirements have been reviewed with EOP Directors. These requirements will also be provided to campus administrators and personnel involved in the creation, maintenance and storage of student files. Though all documentation requirements have been available through the University's online policy manual for several years, the Office of Opportunity Programs has now produced a hard copy booklet for distribution to personnel at participating campuses.

Recommendation 11: Formally monitor selected major transactions with EOP accounts at the campus level on a regular basis to help ensure that funds are being spent appropriately.

Agree. The Office of Opportunity Programs has already included selected review of expenditure at the transaction level in its overall fiscal monitoring activities.

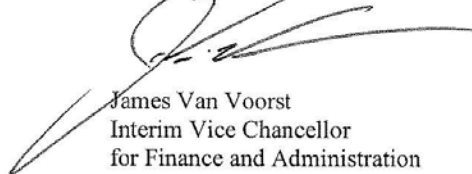
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Recommendation 12: Based on risk and the availability of resources, conduct audits of EOP to help ensure compliance with pertinent financial and program requirements.

Partially Agree. The Office of the University Auditor conducts an annual risk assessment as part of its process to identify areas for audit. The results of the 2007-08 risk assessment had identified EOP for an audit. However, prior to initiating the audit, OSC indicated that they would be doing an audit of EOP. In an effort to maximize resources and coordinate audit work, the Office of the University Auditor postponed its audit.

The Office of the University Auditor will continue to conduct an annual risk assessment, the results of which will take into account available resources and other external audit activities, which will be the basis for assigning University Auditor reviews. Therefore, resource constraints, along with other audit priorities, preclude the establishment of a commitment to EOP audits outside the parameters of that process.

Sincerely,



James Van Voorst
Interim Vice Chancellor
for Finance and Administration

Copy: J. Clark, Interim Chancellor

APPENDIX B - STATE COMPTROLLER'S COMMENTS ON AUDITEE RESPONSE

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| <p>1. We disagree with the assessment of SUNY officials that all of the \$342,871 was, in fact, spent on allowable EOP costs. For example, as noted in our report, \$93,182 of this amount pertained to a counselor based in New York City for whom SUNY could not provide any of the required monthly reports of his activities and/or listings of the students he referred to the EOP. Consequently, it is unlikely that all payments to this counselor corresponded to allowable EOP activities. For the remaining counselors in question, SUNY provided no additional evidence (such as time distribution records) of the amount of time the counselors actually spent on EOP activities. Consequently, we question whether the counselors actually spent the amount of time on EOP activities as SUNY asserts in its response.</p> <p>2. SUNY's observation has some theoretical merit. However, as noted in Comment No.1, there was no documented evidence of the amount of time the counselors in question actually spent on EOP activities. Consequently, it is speculative to assert that any specific portion of the compensation for these counselors corresponded to eligible EOP activities. Moreover, as SUNY officials acknowledge, EOP guidelines prohibit the practice of dividing full-time EOP counseling positions to provide non-EOP services.</p> | <p>3. This assertion is contrary to the statement made to us by the counselor in question. This counselor told OSC audit staff that she provided assistance to students other than those in EOP. We questioned the costs for this counselor because the counselor worked on non-EOP activities; not because of the location of work.</p> <p>4. As detailed in our report, the activities and contributions by this counselor were not corroborated with sufficient documentation, and therefore, we concluded that they were questionable. SUNY was unable to provide sufficient evidence (documentation) of outreach and recruitment services for the EOP performed by the counselor.</p> <p>5. We acknowledge that inaccuracies in EOP rosters are not indicative of problems with students' Program eligibility. Nonetheless, EOP rosters should be up-to-date and accurate. We identified non-EOP students on campus EOP rosters. Moreover, as detailed in our report, we identified multiple instances where there was a lack of documentation supporting the eligibility of certain EOP students.</p> <p>6. We have made changes to our report to make the presentation of this matter more accurate.</p> |
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