

EXECUTIVE DIGEST

PRIVATE COLLEGES' ENROLLMENTS

INTRODUCTION

This compliance audit covers the Michigan Higher Education Assistance Authority administration of private colleges' competitive scholarship and tuition grant programs for the fall 1994 academic period, adult part-time grant and Michigan work-study programs for the 1993-94 academic period, and degree reimbursements for degrees conferred during fiscal year 1993-94.

AUDIT PURPOSE

This audit was conducted as part of the constitutional responsibility of the Office of the Auditor General and was required by Act 312, P.A. 1994, the annual appropriations act for State institutions of higher education and certain State purposes related to education.

BACKGROUND

The Michigan Higher Education Assistance Authority is responsible for administering private college competitive scholarships, tuition grants, adult part-time grants, Michigan work-study awards, and degree reimbursements. For the 1994-95 academic period, the Legislature appropriated \$29,769,095 for competitive scholarships and \$51,981,284 for tuition grants. For the 1993-94 academic period, it

appropriated \$2,256,946 for adult part-time grants and \$6,231,870 for Michigan work-study awards. For fiscal year 1994-95, the Legislature also appropriated \$5,397,659 for general and allied health degrees, including nursing, and \$4,045,710 for dental degrees conferred during fiscal year 1993-94.

Executive Order 1995-3 transferred the Authority from the Department of Education to the Department of Treasury, effective April 8, 1995. The Authority retained its statutory authority, powers, duties, and responsibilities; however, administrative functions, such as budgeting, procurement, and related management functions, are under the direction and supervision of the State Treasurer.

**AUDIT
OBJECTIVES
AND
CONCLUSIONS**

Audit Objective: To determine that students at private colleges receiving competitive scholarships, tuition grants, adult part-time grants, and Michigan work-study awards met eligibility requirements stated in the enabling legislation and the appropriations act.

Conclusion: In general, students at private colleges receiving competitive scholarships, tuition grants, adult part-time grants, and Michigan work-study awards met eligibility requirements. However, we noted 58 instances in which students were overawarded, students did not meet eligibility requirements, or the awards were not posted to the students' accounts (Findings 1, 2, and 3).

Audit Objective: To determine that the private colleges appropriately accounted for adult part-time grant and Michigan work-study funds.

Conclusion: The private colleges appropriately accounted for adult part-time grant and Michigan work-study funds.

Audit Objective: To determine that the private colleges requested reimbursement for only eligible degrees earned by Michigan residents.

Conclusion: In general, the private colleges requested reimbursement for only eligible degrees earned by Michigan residents. However, we noted that 18 ineligible degrees were reimbursed (Finding 4).

AUDIT SCOPE

Our audit scope was to examine, at 18 of the 49 private colleges, selected records supporting the competitive scholarships and tuition grants awarded for the fall 1994 academic period, adult part-time grants and Michigan work-study funds awarded to students attending private colleges in Michigan during the 1993-94 academic period, and degrees conferred during fiscal year 1993-94 and submitted for reimbursement in fiscal year 1994-95. Our audit was conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included such tests of the records and such other auditing procedures as we considered necessary in the circumstances.

The private colleges included in our audit were:

Albion College

Baker College - East Michigan

Baker College - Owosso
Center for Humanistic Studies
Cleary College
Cranbrook Academy of Art
Great Lakes Christian College
Great Lakes Junior College
Jordan College
Kalamazoo College
Lubavitch Institute of Advanced Studies
Madonna University
Michigan Christian College
Reformed Bible College
Sacred Heart Major Seminary
Siena Heights College
Spring Arbor College
William Tyndale College

**AGENCY
RESPONSES
AND PRIOR AUDIT
FOLLOW-UP**

Our report contains 4 findings and 4 corresponding recommendations. The Authority agreed with our findings and recommendations.

In response to our prior audit, the Authority, in conjunction with the private colleges, resolved all reported exceptions.