

EXECUTIVE DIGEST

PRIVATE COLLEGES' ENROLLMENTS

INTRODUCTION

This compliance audit covers the Michigan Higher Education Assistance Authority (MHEAA) administration of private colleges' competitive scholarship and tuition grant programs for the fall 1995-96 academic period, adult part-time grant and Michigan work-study programs for the 1994-95 academic period, and degree reimbursements for degrees conferred during fiscal year 1994-95.

AUDIT PURPOSE

This audit was conducted as part of the constitutional responsibility of the Office of the Auditor General and was required by Act 154, P.A. 1995, the annual appropriations act for State institutions of higher education and certain State purposes related to education.

BACKGROUND

MHEAA, through the Department of Treasury, is responsible for administering private college competitive scholarships, tuition grants, adult part-time grants, Michigan work-study awards, and degree reimbursements. For the

1995-96 academic period, the Legislature appropriated \$30.5 million for competitive scholarships and \$53.5 million for tuition grants. For the 1994-95 academic period, it appropriated \$2.3 million for adult part-time grants and \$6.4 million for Michigan work-study awards. For fiscal year 1995-96, the Legislature also appropriated \$5.5 million for general, nursing, and allied health degrees and \$4.1 million for dental degrees conferred during fiscal year 1994-95.

**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 instances in which students did not meet eligibility requirements or the awards were not posted to the student accounts (Findings 1 through 3).

In addition, MHEAA should issue guidance to the private colleges and universities which requires identification other than a driver license as primary documentation to determine a student's residency status (Finding 4). MHEAA should also establish procedures for conducting an overall review of grant and award recipients when audit testing results in high

error rates at particular private colleges and universities (Finding 5).

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 these funds.

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

Conclusion: The private colleges generally requested reimbursement for only eligible degrees earned by Michigan residents.

AUDIT SCOPE

Our audit scope was to examine, at 10 of the 48 private colleges and universities, selected records supporting the competitive scholarships and tuition grants awarded for the fall 1995 academic period, adult part-time grants, and Michigan work-study funds awarded to students attending private colleges in Michigan during the 1994-95 academic period, and degrees conferred during fiscal year 1994-95 and submitted for reimbursement in fiscal year 1995-96. 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:

Aquinas College
Baker College - Flint
Calvin College
Center for Creative Studies
GMI Engineering and Management Institute
Hope College
Marygrove College
St. Mary's College
University of Detroit Mercy
Walsh College

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

Our report contains 5 findings and 6 corresponding recommendations. MHEAA agreed with our recommendations and indicated that steps would be taken to implement all of them.

In response to our prior audit, MHEAA, in conjunction with the private colleges and universities, resolved all but two of the prior audit exceptions. These exceptions are included in this report as a repeat recommendation for Finding 1.