

EXECUTIVE DIGEST

PRIVATE COLLEGES' AND UNIVERSITIES' ENROLLMENTS

INTRODUCTION	This performance audit* covers the Michigan Higher Education Assistance Authority's (MHEAA's) administration of private colleges' and universities' competitive scholarship and tuition grant programs for the fall 1998 semester, adult part-time grant and Michigan work-study programs for the 1997-98 academic period, and degree reimbursements for degrees conferred during fiscal year 1997-98.
AUDIT PURPOSE	This performance audit was conducted as part of the constitutional responsibility of the Office of the Auditor General and was mandated by Act 271, P.A. 1998, the annual appropriations act for State institutions of higher education and certain State purposes related to education.
	The purposes of our audit were to determine that grant recipients met eligibility requirements, that private colleges and universities appropriately accounted for the adult part-time grants and Michigan work-study awards, and that private colleges and universities requested reimbursement for only eligible degrees conferred.

BACKGROUND	MHEAA, through the Department of Treasury, is responsible for administering private college and university competitive scholarships, tuition grants, adult part-time grants, Michigan work-study awards, and degree reimbursements. For the 1998-99 academic period, the Legislature appropriated \$32.4 million for competitive scholarships and \$59.1 million for tuition grants. For the 1997-98 academic period, it appropriated \$2.6 million for adult part-time grants and \$7.1 million for Michigan work-study awards. For fiscal year 1998-99, the Legislature also appropriated \$6.1 million for general, nursing, and allied health degrees and \$4.6 million for dental degrees conferred during fiscal year 1997-98.
AUDIT OBJECTIVES AND CONCLUSIONS	<p>Audit Objective: To determine whether students at private colleges and universities 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.</p> <p>Conclusion: In general, students at private colleges and universities receiving competitive scholarships, tuition grants, adult part-time grants, and Michigan work-study awards met eligibility requirements. However, we noted a reportable condition* related to Michigan work-study awards (Finding 1).</p> <p>Audit Objective: To determine whether the private colleges and universities appropriately accounted for adult part-time grant and Michigan work-study funds.</p>

Conclusion: The private colleges and universities appropriately accounted for these funds.

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

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

AUDIT SCOPE AND METHODOLOGY

Our audit scope was to examine, at 9 of the 49 private colleges and universities, selected records supporting the competitive scholarships and tuition grants awarded for the fall 1998 semester, adult part-time grants and Michigan work-study funds awarded during the 1997-98 academic period, and degrees conferred during fiscal year 1997-98 and submitted for reimbursement in fiscal year 1998-99. 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 and universities included in our review were:

Andrews University
Cranbrook Academy of Art
Davenport College - Lansing Campus
Grace Bible College
Great Lakes Christian College
Hillsdale College
Olivet College

Spring Arbor College
Suomi College

We selected 9 private colleges and universities to be audited and obtained grant award, financial, and academic data from the Department of Education. We interviewed personnel responsible for preparing and reporting the data at each college and university. We tested legal residency, tuition and fee rates, student accounts, financial aid and grant award data, student credit hours, class drop and add adjustments, academic progress, and degrees offered and awarded. Also, we examined college and university records related to the receipt of awards and their distribution to the students' accounts.

AGENCY RESPONSES AND PRIOR AUDIT FOLLOW-UP	Our audit report includes 1 finding and 1 corresponding recommendation. MHEAA's preliminary response indicated that it concurred with our recommendation.
	MHEAA, in conjunction with the private colleges and universities, resolved all of the audit exceptions identified in our prior audit report.