



UNITED STATES DEPARTMENT OF EDUCATION  
OFFICE OF INSPECTOR GENERAL

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Control Number  
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Dr. Stephen J. Sweeny, President  
The College of New Rochelle  
29 Castle Place  
New Rochelle, New York 10805

Dear Dr. Sweeny:

This **Final Audit Report**, entitled *The College of New Rochelle's Verification of Applicant Information Submitted on the Free Application for Federal Student Aid*, presents the results of our audit. The purpose of the audit was to determine if The College of New Rochelle completed verification of applicant data and accurately reported verification results to the U.S. Department of Education (Department) from July 1, 2005, through June 30, 2006 (award year 2005-2006).

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## BACKGROUND

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Students apply for Federal student aid by completing a Free Application for Federal Student Aid (FAFSA), which is processed by the Central Processing System (CPS). The CPS uses the application information and the statutory needs analysis formula to calculate each applicant's expected family contribution (EFC). If the EFC is less than the student's cost of attendance, a student has a financial need and may be eligible to receive financial aid under the Higher Education Act of 1965, as amended (HEA), Title IV programs.

The CPS selects applications for verification, which is the process used to ensure that students and parents report accurate financial and demographic data on the FAFSA. Verification is required under Subpart E of 34 C.F.R. Part 668. For enrolled students who were selected by the CPS for verification, the schools verify the accuracy of five items of data: adjusted gross income, income tax paid, household size, number of students in the household who are enrolled in college, and certain untaxed income benefits. Students must provide schools with income tax returns and other documents to support the reported data. The school has completed verification when it has either determined that the application data are correct or when the corrected data has been submitted to the CPS. The school must document the verification and maintain a CPS document in its files showing the student's final EFC.

As described in the *Federal Student Aid Handbook 2005-2006*, “Application and Verification Guide,” when a school disburses a Federal Pell grant for a student, the school is required to report the verification status of the student’s application to the Department’s Common Origination and Disbursement (COD) system.<sup>1</sup> The student verification status remains blank when the school has not performed verification because the application was not selected for verification.

The College of New Rochelle (College) is a non-profit institution accredited by the Middle States Commission on Higher Education. The College has an enrollment of about 6,900 students and is composed of four separate schools: School of Arts & Sciences, Graduate School, School of Nursing, and School of New Resources. The College’s main campus is located in New Rochelle, New York, and the College’s School of New Resources has five additional locations within the New York City metropolitan area. Educational programs are provided on a standard-term calendar that is measured in semester credit hours.

The College of New Rochelle participates in the following HEA, Title IV programs: Federal Pell Grant, Federal Supplemental Educational Opportunity Grant, Federal Family Education Loan, William D. Ford Federal Direct Loan, Federal Perkins Loan, and Federal Work-Study. During the period from July 1, 2004 through June 30, 2005, the College disbursed about \$39 million in Title IV funds, which included about \$15.7 million from the Federal Pell Grant Program.

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## AUDIT RESULTS

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The College of New Rochelle had policies and procedures that ensured FAFSA information was verified in accordance with the applicable HEA provisions, Federal regulations, and Department guidance. Our analysis of information in the Department’s databases identified 1,180 students enrolled at the College who had an application selected by the CPS for verification and received a Pell Grant disbursement for award year 2005-2006. Our review of the College’s student financial aid files for a random sample of 50 of the 1,180 students found that the College properly performed verification by following its written policies and procedures, obtaining appropriate student-provided documentation, and accurately reporting changes in application information to the CPS and student verification statuses to the COD system.

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<sup>1</sup> The Department’s COD system performs a variety of functions related to awarding and disbursing Pell grants, direct loans, and funds from campus-based programs.

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## OBJECTIVE, SCOPE, AND METHODOLOGY

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Our audit objective was to determine if The College of New Rochelle completed verification of applicant data and accurately reported verification results to the Department for award year 2005-2006. To accomplish our objective, we—

- Gained an understanding of applicable laws, regulations, and the Department's *Federal Student Aid Handbook 2005-2006*, "Application and Verification Guide."
- Reviewed the College's single audit reports prepared by its independent public accountant for the fiscal years ended June 30, 2004, and June 30, 2005, and correspondence from the College's accrediting agency.
- Gained an understanding of the College's internal control for the verification process by 1) reviewing the College's written policies and procedures, 2) obtaining information on the manual and electronic processes applicable to verification and reporting of the verification status to the COD system, and 3) interviewing financial aid staff involved in the verification process.
- Evaluated documentation in student financial aid files related to the verification of applicant data.

To evaluate the College's procedures and compliance with verification requirements, we reviewed documentation in student financial aid files for 50 of the 1,180 students who had an application selected for verification by the CPS and received a Pell Grant disbursement for award year 2005-2006. To select the sample, we stratified the 1,180 students into two groups: a) the 810 students whose application contained only one record in the CPS (i.e., no application changes) and had a verification status code indicating that the College verified the application and b) the 370 students whose application either contained two or more records in the CPS (i.e., application changes) or had a verification status code indicating that the application was not verified by the College. We randomly selected 25 students from each group.

We relied on data extracted from the CPS and the Department's National Student Loan Data System to identify the College students whose application was selected for verification by the CPS and received a Pell Grant disbursement for award year 2005-2006 (sampling universe). To assess the completeness of the extracted data, we compared the total records on the extract to totals reported on Department management information reports. During our review of the 50 student financial aid files, we confirmed that the documentation showed that CPS had selected the students for verification. We concluded that the extracted data were sufficiently reliable for use in selecting the sample of students reviewed in the audit.

We performed our fieldwork at The College of New Rochelle's campus in New Rochelle, New York. We held an exit briefing with College officials on September 13, 2006. Our audit was performed in accordance with generally accepted government auditing standards appropriate to the scope of the review described above.

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## ADMINISTRATIVE MATTER

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In accordance with the Freedom of Information Act (5 U.S.C. §552), reports issued by the Office of Inspector General are available to members of the press and general public to the extent information contained therein is not subject to exemptions in the Act.

We appreciate the cooperation and assistance extended by your staff during the audit. If you have any questions, please contact me at (916) 930-2399.

Sincerely,

/s/

Gloria Pilotti  
Regional Inspector General for Audit