STATE OF CONNECTICUT

AUDITORS' REPORT
DEPARTMENT OF HIGHER EDUCATION
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2011

AUDITORS OF PUBLIC ACCOUNTS
JOHN C. GERAGOSIAN  ❖  ROBERT M. WARD
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AUDITORS' REPORT
DEPARTMENT OF HIGHER EDUCATION
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2011

We have examined the financial records of the Department of Higher Education for the fiscal years ended June 30, 2010 and 2011. This report on that examination consists of the Comments, Condition of Records, Recommendations and Certification, which follow.

Financial statement presentation and auditing are performed on a Statewide Single Audit basis to include all state agencies. This audit examination has been limited to assessing compliance with certain provisions of financial related laws, regulations, contracts and grants and evaluating internal control policies and procedures established to ensure such compliance.

COMMENTS

FOREWORD:

The Department of Higher Education, which served as the administrative arm of the Board of Governors for Higher Education, operated, generally, under Sections 10a-1 through 10a 55c and 10a-161 through 10a-171 of the General Statutes.

The Board of Governors for Higher Education appointed the Commissioner of Higher Education in accordance with Section 10a-5 of the General Statutes. In accordance with Section 10a-6 of the General Statutes, the Board of Governors for Higher Education was also responsible for establishing a statewide policy for Connecticut's system of public higher education. This responsibility included: establishing a master plan for higher education and postsecondary education, establishing statewide tuition and financial aid policies, the preparation of consolidated budgets, reviewing and commenting on operating and capital expenditure requests.
from constituent units of the higher education system, the licensure and accreditation of higher education institutions, and the continued development and maintenance of a central higher education information system.

Effective July 1, 2011, the Department of Higher Education was dissolved by Public Act 11-48. This legislation also created two new agencies: the Office of Financial and Academic Affairs for Higher Education (OFAAHE), subsequently named the Office of Higher Education (OHE), and the Board of Regents for Higher Education (BOR).

Board of Governors and Officials:

The Board of Governors for Higher Education consisted of eleven members appointed pursuant to Section 10a-2 of the General Statutes. Seven members of the board were appointed by the Governor and the remaining four by designated members of the General Assembly. The president pro tempore of the Senate, minority leader of the Senate, speaker of the House of Representatives and minority leader of the House of Representatives each appointed one member to the board.

As of June 30, 2011, membership of the board of governors was as follows:

- Frank W. Ridley, Chairman
- Brian Flaherty, Vice Chairman
- William Aniskovich
- Dorothea E. Brennan
- Patricia J. Christiana
- Jean M. LaVecchia
- Jean E. Reynolds
- Robert S. Robins
- Albert B. Vertefeuille
- Margaret J. Villani
- Michael J. Werle

James H. Gatling also served as a board member during the audited period. Public Act 11-48 eliminated the Board of Governors of Higher Education as of July 1, 2011. The board met for the final time on June 22, 2011.

Section 10a-5 of the General Statutes provides for the appointment of a Commissioner of Higher Education. Michael P. Meotti was appointed commissioner, effective March 1, 2008, and served in that capacity until June 30, 2011. Jane Ciarleglio was appointed deputy commissioner, effective June 20, 2008, and served in that capacity until June 30, 2011.

Recent Legislation:

The public acts presented below are the most significant acts that affected the operations of the Department of Higher Education during the audited period.

Public Act 09-02 required all state agencies to cooperate in identifying and reviewing all nonappropriated funds and accounts for the purpose of transferring a total of $220,000,000 to the General Fund. This legislation impacted the balances of some of the funds managed by the Department of Higher Education.
Public Act 09-99, effective July 1, 2009, increased certain fees and established new fees that private occupational schools must pay to operate in Connecticut and prohibits funds from the Private Occupational School Student Protection Account from being used to refund federal student loans if a school becomes insolvent or ceases operations. The act also revised the process for appealing the commissioner’s decision to deny or revoke a school’s certification or to assess an administrative penalty beginning October 1, 2009.

Public Act 09-116, effective October 1, 2009, permits the Department of Higher Education commissioner to assess a $500-per-day administrative penalty against any private occupational school that violates applicable regulations. The statutes already allowed such penalties for violations of occupational school law.

Public Act 09-159, effective July 1, 2009, designated the Department of Higher Education grant program for state residents pursuing veterinary medicine degrees as the Kirklyn M. Kerr grant program.

Public Act 10-75, effective May 6, 2010, provided loan reimbursements and grants to Connecticut students seeking jobs in alternative energy technology and other related fields.

Public Act 11-48, effective July 1, 2011, reorganized the state’s higher education system, creating the Board of Regents for Higher Education to serve as the governing body for the Connecticut State University System, the Connecticut Community College System and Charter Oak State College. The act also established the Office of Financial and Academic Affairs for Higher Education. The act requires the OFAAHE to administer several programs previously administered by the Department of Higher Education and the Board of Governors for Higher Education, both of which ceased to exist as of July 1, 2011. OFAAHE was placed within the BOR for administrative purposes only.

RÉSUMÉ OF OPERATIONS

General Fund:

General Fund receipts totaled $262,303, $126,478 and $103,630 during the fiscal years ended June 30, 2009, 2010 and 2011, respectively. These totals represent refunds of prior years’ expenditures, which decreased by more than fifty percent during the fiscal year ended June 30, 2010.

General Fund expenditures totaled $69,261,254 and $69,603,068 during the fiscal years ended June 30, 2010 and 2011, respectively. A comparative summary of General Fund expenditures from the agency’s appropriations for the fiscal years under review and the preceding fiscal year follows:
Expenditures from budgeted appropriations did not fluctuate significantly during the audited period. There was a modest decrease in total expenditures in fiscal year 2009-2010 (1.7 percent) from the prior year. The increase in total expenditures in fiscal year 2010-2011 amounted to half a percent. Membership dues and office equipment accounted for the largest contractual services and commodities expenditures for fiscal years 2009-2010 and 2010-2011. The four largest grant programs, representing 96 percent of total grant expenditures from the General Fund, are presented in the table below:

<table>
<thead>
<tr>
<th></th>
<th>2009-2010</th>
<th>2010-2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aid for Public College Students Program</td>
<td>$30,208,469</td>
<td>$30,208,469</td>
</tr>
<tr>
<td>Independent College Student Grant Program</td>
<td>23,413,860</td>
<td>23,413,860</td>
</tr>
<tr>
<td>Capitol Scholarship Program</td>
<td>8,534,603</td>
<td>8,761,533</td>
</tr>
<tr>
<td>Minority Advancement Program</td>
<td>2,340,381</td>
<td>2,238,752</td>
</tr>
</tbody>
</table>

**Grants and Restricted Accounts Fund:**

During fiscal year 2009-2010, the agency deposited $8,674,399 in federal and non-federal contributions to the Grants and Restricted Accounts Fund. The total deposited in fiscal year 2010-2011 increased to $9,514,900. A summary of Grants and Restricted Accounts Fund receipts for the fiscal years ended June 30, 2010 and 2011, follows:

<table>
<thead>
<tr>
<th></th>
<th>2009-2010</th>
<th>2010-2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Aid – Restricted</td>
<td>$5,841,007</td>
<td>$7,066,486</td>
</tr>
<tr>
<td>Non Federal Aid – Restricted</td>
<td>1,881,258</td>
<td>1,960,548</td>
</tr>
<tr>
<td>Grants Transfers Federal – Restricted</td>
<td>921,939</td>
<td>466,500</td>
</tr>
<tr>
<td>Investment Interest</td>
<td>30,195</td>
<td>21,366</td>
</tr>
<tr>
<td>Total Grants and Restricted Accounts Receipts</td>
<td>$8,674,399</td>
<td>$9,514,900</td>
</tr>
</tbody>
</table>

Restricted account activity during the audited period consisted primarily of the administration of federal grant programs. Total Grants and Restricted Accounts Fund expenditures for fiscal year 2009-2010 were $7,905,731. This consisted primarily of expenditures for the GEAR UP federal program, totaling $3,258,774, and the AmeriCorps federal program, which totaled $919,030. In fiscal year 2010-2011, the agency expended $8,407,063 from the fund. The largest program expenditures for federal programs in fiscal year 2010-2011 were for the GEAR UP program, $2,370,826, and AmeriCorps, $1,633,344. In addition, expenditures for the state-funded Connecticut Futures program were $2,340,558.
GEAR UP, which stands for Gaining Early Awareness and Readiness for Undergraduate Programs, is a federal program that was designed to increase the number of low-income students who are prepared to enter and succeed in postsecondary education. The Connecticut Futures program was established as a scholarship program for successful GEAR UP participants. AmeriCorps is a national service program that provides funds to national and locally-based organizations to address educational, public safety, human and environmental needs.

**Endowed Chair Investment Fund:**

The agency, under Section 10a-20a of the General Statutes, administers a fiduciary fund for endowed chairs at the University of Connecticut, the University of Connecticut Health Center, and the Connecticut State University System. The distribution of earnings from the fund to the various chairs totaled $22,091 and $61,627, respectively, during the 2009-2010 and 2010-2011 fiscal years. The Endowed Chair Investment Fund had a fund balance of $5,589,403 as of June 30, 2011.

**Teacher Incentive Loan Program Fund:**

The Teacher Incentive Loan Program Fund was established under Section 10a-163a of the General Statutes. There were no receipts to or disbursements from the Teacher Incentive Loan Program Fund during the 2009-2010 and 2010-2011 fiscal years, which marks ten consecutive years of no activity in the fund.

The Teacher Incentive Loan Program Fund had a fund balance of $61,099 as of June 30, 2011. Loans from the fund are forgiven if the recipients perform certain teaching services as provided by Section 10a-163, subsection (f), of the General Statutes. Section 10a-163a of the General Statutes provides that “these funds shall not lapse or be reverted to the General Fund of the state.”

**Academic Scholarship Loan Program Fund:**

The Academic Scholarship Loan Program Fund was established under the provisions of Section 10a-163a of the General Statutes. This statute, too, provides that “these funds shall not lapse or be reverted to the General Fund of the state.” However, as part of the state’s deficit mitigation efforts, $579,871 was transferred from the Academic Scholarship Loan Program Fund to the General Fund, pursuant to Public Act 09-02. The ending fund balance as of June 30, 2011, was $1,858.

Receipts from loan repayments totaled $618 in fiscal year 2010. There was no other fund activity during the audited period.
Private Occupational School Student Protection Account:

The Private Occupational School Student Protection Account, established by Section 10a-22u of the General Statutes, was administered by the Commissioner of Higher Education. It is now administered by the Office of Higher Education. It was established to maintain a reserve of resources to refund tuition paid by students to schools that subsequently become insolvent or cease operations. In accordance with Section 10a-22u, subsection (a), of the General Statutes, the account is also assessed for the personnel and administrative expenditures for the oversight and registration of private occupational schools.

Cash receipts of the account totaled $909,932 and $1,012,095 during the 2009-2010 and 2010-2011 fiscal years, respectively. These receipts consisted of assessments on the schools, interest earned, and in fiscal year 2010-2011, a $10,000 letter of credit. Disbursements from the account totaled $284,787 and $377,368 during the 2009-2010 and 2010-2011 fiscal years, respectively. The amount paid for tuition reimbursement increased significantly in fiscal year 2010-2011, from $60,956 to $181,019. Other disbursements were primarily for the administrative expenses of registering private occupational schools. The account had a cash balance of $4,700,550 as of June 30, 2011.

Capital Equipment Purchases Fund:

The department purchased computers in the amount of $7,100 with funding from the Capital Equipment Purchases Fund in fiscal year 2010-2011. There were no purchases from the fund during the prior fiscal year.
CONDITION OF RECORDS

Our examination of the records of the Department of Higher Education disclosed matters of concern requiring disclosure and agency attention, as discussed below.

Expenditures – Account Coding:

Criteria: The Office of the State Comptroller has established an account coding system designed to identify and track funds received and expended by state agencies. The accurate classification of transactions is essential for managing and reporting an agency’s financial activities.

Condition: Our examination of expenditures for various grant programs revealed miscoding errors totaling $158,754. This included $158,254 for the CommPACT (Community, Parents, Administrators, Children, and Teachers) Schools program, a state-funded program, that was charged to the special identification number (SID) for the AmeriCorps program, a federally-funded program. Another miscoded transaction was a state grant for $500 that was coded as a non-state grant.

Effect: Expenditures for the AmeriCorps program, within the Federal and Other Restricted Accounts fund, were overstated by $158,254, and expenditures for the CommPACT Schools program, within the General Fund, were understated by that amount. Even though this expenditure showed up in the accounting records of a federal program, we verified that it was not actually billed to nor reimbursed by the federal government.

The account for non-state grants was overstated by $500, and the account for state grants was understated by the same amount.

Cause: Coding errors were made in recording these transactions, and the controls were inadequate to detect the errors.

Recommendation: The Office of Higher Education should ensure that transactions are properly identified and charged to the appropriate funds, SIDs, and accounts in order to maintain accurate records for financial management and reporting. (See Recommendation 1).

Agency Response: “The Office of Higher Education acknowledges this finding and has instituted a process in which all transactions of any type must be reviewed and approved by the Chief Finance Officer, with signature, as the last step before processing. No transaction may be processed without the approval.”
Private Occupational School Student Protection Account:

**Background:**
Private occupational schools operating in the state must be authorized to do so by the Department of Higher Education. The schools are also required to contribute to a Private Occupational School Student Protection Account, which is used to refund tuition to students of those schools that cease operations.

**Criteria:**
Section 10a-22b subsection (f) of the Connecticut General Statutes states that an evaluation team shall conduct an on-site inspection of private occupational schools prior to granting authorization to operate in the state. Each member appointed to the evaluation team is required to submit a statement that the person has no interest that conflicts with the proper discharge of their duties as an evaluation team member.

Subsection (c) of Section 10a-22d of the General Statutes requires that each occupational school submit a renewal fee of $200 for the renewal of the certificate of authorization.

**Condition:**
We examined documentation for ten schools that were certified, either initially or by renewal, to operate a private or hospital-based private occupational school in the State of Connecticut. It has been the agency’s practice to exempt the evaluation team leader from signing a non-conflict-of-interest statement. We found that other members of the evaluation team failed to submit a non-conflict-of-interest statement for two of the evaluations. In one case, correspondence with school officials identified a member of the evaluation team who was subsequently replaced by another party; this change was not communicated to the school until the day of the evaluation.

We found that one private occupational school was recertified by the agency without paying the $200 renewal fee.

**Effect:**
In addition to being non-compliant with subsection (f) of section 10a-22b of the General Statutes, the agency has compromised the integrity and transparency afforded by requiring each evaluation team member to state whether he or she has a conflict that would prevent an impartial evaluation. Changing evaluation team members without notifying school administrators impairs a school’s right to challenge evaluation team appointments in a timely manner.

The agency did not collect all funds that were due the state.

**Cause:**
The lack of non-conflict-of-interest statements from evaluation team members and the non-collection of the renewal fee appear to have been
errors of omission, and internal controls were inadequate to detect the omission.

**Recommendation:** The Office of Higher Education should comply with Section 10a-22b, subsection (f), of the General Statutes and establish controls to ensure that all members of an evaluation team are properly identified and sign non-conflict-of-interest statements before proceeding with an evaluation. The agency should collect the $200 renewal fee that was not collected, and should enhance controls to ensure collection of fees before certifying a private occupational school to operate. (See Recommendation 2).

**Agency Response:** “The Office of Higher Education agrees with this finding and has instituted controls to ensure that these oversights do not reoccur. The Private Occupational School Administration (POSA) database has been modified to create the Non-Conflict of Interest Statement and Affidavit School Official Form EV-13 and to insert directly from the database, the school information and the names of the team members of the evaluation team prior to signature. The Director of Academic Affairs will ensure that all documents are completed according to the procedure and the school official will receive EV-13 in a packet of materials sent to the school prior to the evaluation visit. The school will, therefore, be notified in writing of all members of the team with their signed non-conflict-of-interest statements. The POSA database also has been updated to require the collection of the renewal fee in order to process a school’s renewal. If the fee is not collected, the database will not allow the renewal dates to be changed and a new certificate of authorization to be issued.”

**Year-end Reporting:**

**Background:** The Office of the State Comptroller (OSC) prepares the Comprehensive Annual Financial Report (CAFR) using generally accepted accounting principles (GAAP), as required by federal law. State agencies are required to report certain information, such as receivables that are not captured in the state’s accounting system, to the OSC in the form of a GAAP closing package to facilitate the preparation of the CAFR.

**Criteria:** The OSC has established procedures for the preparation of the GAAP closing package. Using the forms and following the instructions provided by the OSC, agencies are expected to report accurate financial information.

**Condition:** The agency’s reported federal grants receivable as of the fiscal year ended June 30, 2011, was not complete. It excluded the receivables for
the AmeriCorps program, which is funded by the Corporation for National and Community Service, a federal agency.

**Effect:** Federal receivables, as reported on GAAP form 3, are understated by $79,074.

**Cause:** The understatement was due to an error in the analysis of the data used to prepare the report; the formula was not updated to include all transactions for the program for fiscal year 2011.

**Recommendation:** The Office of Higher Education should strengthen its internal controls to ensure that all reported financial data is complete and accurate. (See Recommendation #3.)

**Agency Response:** “The Office of Higher Education acknowledges this finding. A procedure has been put in place for a complete review and balancing of the GAAP closing report and all other external reports by the Chief Fiscal Officer as the last step of the preparation process prior to submission.”
RECOMMENDATIONS

Status of Prior Audit Recommendations:

- The department should ensure that its policies and procedures relative to submitting dual employment Form PER-DE-1 prior to employees engaging in dual employment activity are adhered to. We found no exceptions in our review of dual employment during the audited period, and are not repeating this recommendation.

- The department should adhere to its internal control procedures for reviewing and approving time and attendance records of its staff and when such records cannot be approved prior to being entered into the state accounting system a procedure should be established for subsequent approval of time and attendance records. We consider this recommendation to be satisfied.

- The department should ensure that expenditure transactions are properly identified and charged to the appropriate accounts in order to maintain accurate records for financial reporting. We are repeating this recommendation. (See Recommendation 1.)

- The department should ensure that employees are familiar with the requirement to submit CO-17XP invoices within five business days after returning from travel and take measures to ensure adherence to the requirement. Our review disclosed no deficiencies in this area; therefore, we consider this issue to be resolved.

- The department should maintain inventory records in accordance with the State Property Control Manual, perform physical inventories annually, record inventory information completely and accurately, and ensure that CO-59 property reports accurately reflect the department’s inventory at the end of one year to the beginning of the next year. We found no exceptions in our review of the agency’s asset management practices. This recommendation is not repeated.

- The department should develop and adhere to internal controls that specify responsible individuals for performing reconciliations of its online database expenditure information to the Core-CT expenditure reports, and ensure that institutions participating in its programs are adhering to the program guidelines and contracts. The agency has taken steps to successfully resolve this finding, and we are not repeating this recommendation.

- The department should comply with Section 10a-22r of the General Statutes and establish an advisory committee to the commissioner for the administration of the Private Occupational School Student Benefit Account or seek legislation to amend the statute to have the advisory committee establishment coincide with the establishment or funding of the benefit account. The department should also ensure that evaluators of applicant schools clearly indicate their positions on recommending authorization or non-authorization complete with their signatures. The department should also ensure that applicant schools provide all the necessary documents prior to making recommendations.
to the commissioner to authorize certification and retain such documentation in the appropriate files. We found other issues relating to private occupational schools, and, accordingly, have made a modified recommendation. (See Recommendation 2.)
Current Audit Recommendations:

1. The Office of Higher Education should ensure that transactions are properly identified and charged to the appropriate funds, SIDs, and accounts in order to maintain accurate records for financial management and reporting.

   Comment:

   Expenditures in the amount of $158,754 were incorrectly coded, causing expenditures for certain accounts and programs to be overstated and others to be understated.

2. The Office of Higher Education should comply with Section 10a-22b subsection (f) of the General Statutes and establish controls to ensure that all members of an evaluation team are properly identified and sign non-conflict-of-interest statements before proceeding with an evaluation. The agency should collect the $200 renewal fee that was not collected, and should enhance controls to ensure collection of fees before certifying a private occupational school to operate.

   Comment:

   Our examination of agency records revealed that not all private occupational school evaluation team members signed non-conflict-of-interest statements. In addition, the agency did not collect the required renewal fee for one school prior to recertification.

3. The Office of Higher Education should strengthen its internal controls to ensure that all reported financial data is complete and accurate.

   Comment:

   The agency’s fiscal year 2011 year-end report of federal receivables was understated by $79,074 because of an error in the formula used to calculate the total federal receivables.
INDEPENDENT AUDITORS' CERTIFICATION

As required by Section 2-90 of the General Statutes, we have audited the books and accounts of the Department of Higher Education for the fiscal years ended June 30, 2010 and 2011. This audit was primarily limited to performing tests of the agency's compliance with certain provisions of laws, regulations, contracts and grant agreements and to understanding and evaluating the effectiveness of the agency's internal control policies and procedures for ensuring that (1) the provisions of certain laws, regulations, contracts and grant agreements applicable to the agency are complied with, (2) the financial transactions of the agency are properly initiated, authorized, recorded, processed, and reported on consistent with management’s direction, and (3) the assets of the agency are safeguarded against loss or unauthorized use. The financial statement audits of the Department of Higher Education for the fiscal years ended June 30, 2010 and 2011 are included as a part of our Statewide Single Audits of the State of Connecticut for those fiscal years.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Department of Higher Education complied in all material or significant respects with the provisions of certain laws, regulations, contracts and grant agreements and to obtain a sufficient understanding of the internal controls to plan the audit and determine the nature, timing and extent of tests to be performed during the conduct of the audit.

Internal Control over Financial Operations, Safeguarding of Assets and Compliance:

Management of the Department of Higher Education is responsible for establishing and maintaining effective internal control over financial operations, safeguarding of assets, and compliance with the requirements of laws, regulations, contracts, and grants. In planning and performing our audit, we considered the Department of Higher Education’s internal control over its financial operations, safeguarding of assets, and compliance with requirements as a basis for designing our auditing procedures for the purpose of evaluating the agency’s financial operations, safeguarding of assets, and compliance with certain provisions of laws, regulations, contracts and grant agreements, but not for the purpose of expressing an opinion on the effectiveness of the agency’s internal control over those control objectives. Accordingly, we do not express an opinion on the effectiveness of the Department of Higher Education’s internal control over those control objectives.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct on a timely basis unauthorized, illegal, or irregular transactions or the breakdown in the safekeeping of any asset or resource. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that
noncompliance which could result in significant unauthorized, illegal, irregular or unsafe transactions and/or material noncompliance with certain provisions of laws, regulations, contracts, and grant agreements that would be material in relation to the agency’s financial operations will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial operations, safeguarding of assets, and compliance requirements was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial operations, safeguarding of assets and compliance with requirements that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over the agency’s financial operations, safeguarding of assets, or compliance with requirements that we consider to be material weaknesses, as defined above. However, we consider the following deficiencies, described in detail in the accompanying Condition of Records and Recommendations sections of this report, to be significant deficiencies. Recommendations No. 1 and 3 concern the recording, analysis, and reporting of financial data. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters:

As part of obtaining reasonable assurance about whether the Department of Higher Education complied with laws, regulations, contracts and grant agreements, noncompliance with which could result in significant unauthorized, illegal, irregular or unsafe transactions or could have a direct and material effect on the results of the agency's financial operations, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain matters which we reported to agency management in the accompanying Conditions of Records and Recommendations sections of this report.

The Department of Higher Education’s response to the findings identified in our audit is described in the accompanying Condition of Records section of this report. We did not audit the Department of Higher Education’s response and, accordingly, we express no opinion on it.

This report is intended for the information and use of agency management, the Governor, the State Comptroller, the Appropriations Committee of the General Assembly and the Legislative Committee on Program Review and Investigations. However, this report is a matter of public record and its distribution is not limited.
CONCLUSION

We wish to express our appreciation for the cooperation and courtesies extended to our representatives by the officials and staff of the Office of Higher Education and the Board of Regents for Higher Education, formerly the Department of Higher Education, during this examination.

Laura Rogers
Associate Auditor

John C. Geragosian  
Auditor of Public Accounts

Robert M. Ward  
Auditor of Public Accounts