

# **LBA Financial Audit Report Summary:**

**State Of New Hampshire Postsecondary Education Commission Financial Audit Report For The Nine Months Ended March 31, 2010**

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## Reporting Entity And Scope

The reporting entity of this audit and audit report is the New Hampshire Postsecondary Education Commission. The scope of this audit and audit report includes the financial activity of the Postsecondary Education Commission for the nine months ended March 31, 2010. Unless otherwise indicated, reference to the Agency, Commission, or auditee refers to the Postsecondary Education Commission.

## Organization

The Postsecondary Education Commission is established in RSA 188-D:2 as a 23 member commission.

The position of Executive Director of the Postsecondary Education Commission is established in RSA 188-D:3-a. The Executive Director is appointed by the Postsecondary Education Commission and serves for a term of four years and until a successor is appointed and qualified. The Commission is authorized by RSA 188-D:4 to employ such staff as may be necessary to carry out its work within the limits of its appropriation. At March 31, 2010, the administrative office of the Postsecondary Education Commission was staffed with one unclassified, seven full-time classified, and three part-time employees.

The Postsecondary Education Commission is located at 3 Barrell Court, Suite 300, Concord, New Hampshire.

## Responsibilities

The purpose of the New Hampshire Postsecondary Education Commission, as stated in RSA 188-D:1, is to consolidate and improve the role of the State of New Hampshire in planning for the most effective use of its resources in providing adequate postsecondary education, including vocational education, for its citizens and to facilitate securing for the students and educational institutions of the State the benefits provided by the Congress.

The New Hampshire Postsecondary Education Commission is a coordinating State agency that regulates the activity of colleges, universities, and career schools in all sectors (profit and non-profit, independent and public) to protect students and promote access, administering state funds through financial aid programs. The Agency approves programs for eligible veterans utilizing their GI Bill benefits; provides copies of closed school transcripts to former students; conducts research and studies; and administers federal grants related to postsecondary education.

Significant responsibilities include the following:

*Financial Aid* - Administer eight State aid programs such as the New Hampshire Incentive Program, which serves over 4,000 New Hampshire students. Some administered programs have financial matches from participating institutions and federal sources.

*College and University Approvals* - Approve all degree-granting institutions that have a physical presence in New Hampshire. The institutions are for profit and non-profit, independent and public.

*Career School Licensing* - License private, postsecondary (i.e., post high school) career (i.e., job related) schools. These schools are non-degree granting. Examples of schools include: computer, massage therapy, health career/nursing, dog training, bartending, hazardous waste, midwifery, Emergency Medical Services, paramedic training, income tax preparing, modeling, etc.

*Veterans State Approvals* - Approve programs for eligible veterans and beneficiaries utilizing their Montgomery GI Bill benefits. Includes approvals of:

- Apprenticeships
- College and University Programs
- Post-Graduate Programs
- Flight Training
- High Schools
- On-The-Job Training

*Closed School Transcripts* - Provide copies of available transcripts for New Hampshire closed schools to students as requested.

*Research/Studies* - Coordinate collection of Integrated Postsecondary Education Data Systems (IPEDS) information used by the federal government to produce national reports and determine an institution's eligibility to participate in funding under Title IV of the Higher Education Act of 1965. Provide information to the public about postsecondary education. In addition, the Commission collaborates with others to support postsecondary education through research and studies.

## **Funding**

The financial activity of the Postsecondary Education Commission is accounted for in the governmental and fiduciary funds of the State of New Hampshire.

A summary of the Agency's revenues and expenditures recorded in the General Fund for the nine months ended March 31, 2010 is shown in the following schedule.

### **Summary Of Revenues and Expenditures**

#### **For The Nine Months Ended March 31, 2010**

	<b>General</b>
	<b><u>Fund</u></b>
Total Restricted Revenues	\$ <u>718,570</u>
<b>Total Revenues</b>	<b><u>718,750</u></b>
<b>Total Expenditures</b>	<b><u>4,524,295</u></b>

#### **Excess (Deficiency) Of Revenues**

**Over (Under) Expenditures \$ (3,805,725)**

The auditor's report on the Commission's financial statements was qualified, as the financial statements do not constitute a complete financial presentation of the Commission in the General Fund.

The audit report includes the auditor's report on internal control over financial reporting and on compliance and other matters. The following is a list of the comments in the report.

#### ***Internal Control Comments***

##### ***Material Weakness***

- Appropriate Business Office Structure And Functions Should Be Established

### *Significant Deficiencies*

- Operating Plan And Policies And Procedures Should Be Established For The Student Tuition Guaranty Fund
- Policies And Procedures Regarding Career School Surety Filings Should Be Established
- Interest Should Be Paid On Surety Deposits As Required By Statute
- Adequacy And Coordination Of Statutes, Rules, And Policies Related To Career School Licensing Should Be Reviewed
- Required Career School Applicant Information Should Be Substantiated
- Operation Of Essential Functions Fund Should Be Reviewed
- Agreements With Non-Agency Member Reviewers And Degree-Granting (Or Postsecondary Education) Institutions Should Be Formalized
- Monitoring Of Grants And Scholarship Expenditures Should Be Improved
- Policies And Procedures For Controlling The Financial Activity Performed By The Agency's Contractor Should Be Established
- College Access Challenge Grant Contracts Should Be Updated
- Comprehensive Review Of The Workforce Incentive Program Administration Should Be Performed
- Medical And Veterinary Capitation Payment Programs Should Be Actively Managed
- Collected Receipts Should Be Safeguarded In Revenue Process
- Information Technology System Controls Should Be Improved
- Formal Risk Assessment Process Should Be Implemented
- Use Of The Accounts Receivable Interface Should Be Reconsidered
- Expenditures Should Be Charged To Proper Appropriations
- Controls Over Reporting Federal Program Activity Need Improvement

### *Compliance Comments*

### *State Compliance*

- Allocation Of Leveraged Incentive Grant Program Funds Should Comply With Applicable Statute And Rules
- Agency Responsibilities Outlined In Statute Should Be Reviewed

### *Federal Compliance*

- Procedures Related To Federal Suspension And Debarment Requirements Should Be Strengthened