

LBA Financial Audit Report Summary:

Postsecondary Education Commission Audit Report For the Nine Months Ended March 31, 1997

The Postsecondary Education Commission was established by RSA 188-D in 1973 to consolidate the roles of the Coordinating Board of Advanced Education and Accreditation and the New Hampshire Higher Education Facilities Commission. The resulting Commission is empowered by law to regulate postsecondary educational institutions in the state, establish criteria for granting degrees, and award grants, scholarships, and loans to students who pursue careers in the medical, veterinary, optometric, law and other career fields. It also secures placement at authorized higher education institutions within the state and the country for students pursuing certain careers.

The Commission's business office administers the New Hampshire Incentive Program to provide financial assistance to needy college students, the Nursing Scholarship/Nursing Leveraged Scholarship Programs to provide financial assistance to New Hampshire residents pursuing nursing careers, Medical and Veterinary Programs to secure seats in medical/veterinary colleges for New Hampshire students, the Leveraged Incentive Program to leverage additional private financial aid for New Hampshire students, and the War Orphan Scholarships to provide financial assistance to war orphans of New Hampshire servicemen and women. The Commission is a member of the New England Higher Education Compact which enables New Hampshire students to attend certain programs at colleges in New England states at a reduced rate.

The Commission also acts as the repository of records for New Hampshire schools that have closed their doors. The Commission operates the Veterans Educational Services Program under a contract with the U.S. Department of Veterans Affairs. The U.S. Department of Veterans Affairs, under the provisions of Section 3674, Title 38, U.S.C., reimburses the Commission for reasonable expenses incurred by Commission employees in ascertaining the qualifications of educational institutions to furnish courses of education for veterans and in supervising such educational institutions.

During the nine months ended March 31, 1997, the Commission employed one unclassified and eight classified individuals. Two of the eight classified positions were part-time.

Our report included seven observations regarding weaknesses in the internal control structure, seven state compliance and one federal compliance observations, and one management issue.

Some of the more significant observations included:

- lack of written policies for collecting loan repayments,
- loan receivable balances not properly recorded,
- controls over revenue processing, and
- untimely repayment of nursing loans.

We recommended that the Commission:

- update its administrative rules and establish formal policies for collecting loan repayments,
- establish formal policies and procedures for recording loan activity and periodically review loan activity to ensure that established policies and procedures are adhered to,
- restrictively endorse checks upon receipt, not use checks as posting documents, and deposit revenue in accordance with state statute, and
- review the situation causing untimely repayment of nursing loans to determine whether a change in statute is appropriate or whether the Commission should simply intensify collection efforts.