



## NORTH CAROLINA COMMUNITY COLLEGE SYSTEM

*Dr. R. Scott Ralls, President*

June 28, 2010

RESPONSE REQUIRED

### MEMORANDUM

**TO:** CC Presidents  
**FROM:** Kennon D. Briggs, Executive Vice President and Chief of Staff  
**SUBJECT:** **Furlough Audit Exemptions**

As you will recall, late in fiscal year 2008-09, the State required all employees paid with state funds to be “furloughed” through a combination of payroll reduction adjustments and replacement with hours to be taken off. Working cooperatively, community colleges and the Division of Business and Finance accomplished this requirement almost flawlessly, and for that all are to be commended.

At the time the furlough was being implemented, colleges expressed concerns that the complexity of requiring faculty, especially adjuncts, to take time off could potentially result in program audit exceptions. The fact that contact hours could be less than the course hours because the instructor had to take hours off could raise a red flag about hours of instruction actually delivered, thus making colleges vulnerable for audit findings. Usually the auditors look for instructor pay compliance, e.g., that the instructor taught the hours that they were contracted to teach. The challenge for colleges in administering the furlough is that funds were reduced in one fiscal year (2008-09), and the hours taken in a subsequent fiscal year (Fall 2009).

As you will also recall, we communicated that we would “hold harmless” from exception the challenges in complying with the State’s requirement to furlough employees in state-funded positions. We advised colleges to simply document for the record what they did in administering the furlough. Let me be clear, we ARE NOT looking for furlough/compliance violations in audits of fiscal year 2009-10.

The auditors look at gratis instruction as a part of the annual audit process. For audits that include fiscal year 2009-10, they are only going to examine gratis instruction for hours in excess of 10 – the maximum amount of hours granted by the furlough. To eliminate the need for auditors to ask for further information and to maintain documentation of this unusual activity, I respectfully request that you send me and keep on file, information outlining how you handled the furlough requirements. **I would like to receive the letters by late July/early August.**

Thank you again and always for your good work. It is our intent to make this a non-issue for both you and your staff.

**CC10-023**  
**EMAIL**