



**NORTH CAROLINA COMMUNITY COLLEGE SYSTEM**  
*Dr. R. Scott Ralls, President*

July 29, 2010

**IMPORTANT INFORMATION**  
**SUPERSEDES CC09-020**

**MEMORANDUM**

**TO:** Presidents  
Chief Academic Officers  
Senior Continuing Education Officers  
Chief Financial Officers  
Registrars  
Student Development Officers

**FROM:** John Pettitt, Executive Director  
Audit Services

**SUBJECT:** Audit Procedures FY 2010 – 2011

This numbered memorandum serves as an update to the Audit Procedures for FY 2010 – 2011. This numbered memo supersedes CC09-020, *Audit Procedures FY 2009 – 2010*.

The information listed below outlines the major components of the annual audits to be conducted during the 2010-2011 fiscal year. The audit procedures vary somewhat from previous years due to changes in legislation, *Title 23 of the North Carolina Administrative Code*, State Board of Community Colleges action, NC Community College System Office (System Office) Numbered Memoranda, and recommendations of the State Auditor. The core components of the audits essentially remain the same as in the past few years. However, while there are no additional audit procedures, the following changes in the FY 2010-2011 procedures are noted:

- 1) Cooperative and Joint Programs with High Schools will include an additional review from previous years to ensure compliance with Session Law 2009-451 prohibiting budget FTE to be claimed for Huskins and concurrently enrolled students in courses with certain prefixes (memo from R. Scott Ralls, August 10, 2009).
- 2) Effective July 1, 2009 through July 1, 2010, tuition waivers for senior citizens will be reviewed per Numbered Memo CC09-032.
- 3) Review of Continuing Education courses that began on or after August 15, 2009, must be in accordance with the revised fee schedule.

CC10-030  
Paper Copy/Email  
Supersedes CC09-020

- 4) Non-compliance with course pre-requisite policies will result in student hours being excepted in courses for which the student has not met State or local requisite requirements.
- 5) Non-compliance with requirements for Cooperative Education student folders will result in hours being excepted.

**I. Pre-Audit Reviews**

- a. The college's prior year audit report, college's response, and other documents are reviewed to ensure proper steps were taken to resolve any exceptions and concerns. The local Board of Trustees minutes are reviewed to ensure that the board has reviewed the audit findings for the previous year.
- b. Enrollment trends and other statistical information for the college are reviewed to identify any substantial changes in enrollment and identify the causes.
- c. The college catalog, both printed and electronic versions, is reviewed to ensure program and local policy compliance.

**II. During the Audit**

**Administration**

- a. Verification of the following requirements and discussion/approvals by the local Board of Trustees as included in meeting minutes:
  - i. Annual Program Audit
  - ii. Office of State Auditor/Office of State Controller Audit Reports
  - iii. Internal Audit Reports
  - iv. US Department of Education Audit Reports
  - v. Southern Association of Colleges and Schools reviews and substantive communications
  - vi. Performance Measures. The electronic catalog or Internet and the current printed catalog are reviewed to ensure the eight performance measures are printed annually. Documentation of procedures/methods used for gathering data for the Student Satisfaction Survey of Program Completers and Non-Completers conducted during period of review is examined to ensure the college maintains documentation to support the results reported.
  - vii. Strategic Plan and Master Facilities' Plan
  - viii. Continuing Education Accountability and Credibility Plan
  - ix. Evaluation of President
  - x. Personnel Policies
- b. The college's current Institutional Effectiveness Plan is reviewed to verify that it contains the required technology and diversity components. Verification of the college's Business Continuity Plan, Communicable Disease/Pandemic Influenza in the Work Place Plan is conducted.

### Curriculum

- a. The college Academic Calendar for the period of review is examined.
  - i. Academic calendars should be scheduled consistent with the reporting periods outlined in CC03-185, *Community College System Calendar*.
  - ii. For 16-week and non-standard semesters, off-cycle classes, mini-sessions, etc., a sample of classes is reviewed to ensure that the appropriate number of instructional hours are scheduled and delivered. The actual class schedule, including unplanned closing due to inclement weather, is reviewed as a part of this step.
  - iii. A review of the college Inclement Weather Plan is conducted to ensure that any changes in the college schedule are consistent with both the college plan and System Office guidelines.
  
- b. A statistically valid Institution Class Report (ICR) Records Sample is identified to include the following areas:
  - i. Class records are reviewed to ensure that membership hours reported are accurate and the ten-percent point (census date) was calculated accurately. Class records are reviewed to ensure that contact hours reported are accurate and that courses do not exceed the hours listed in the Combined Course Library. All student hours in membership reported must meet reporting requirements per 23 NCAC 02D .0323, *Reporting of Student Hours in Membership for Curriculum Classes*.
  - ii. Class schedules are verified, ensuring consistency with hours reported.
  - iii. From the sample, course records are reviewed to determine if the courses are in compliance with the existing combined course library and the approved program of study compliance document of the College.
  - iv. From the sample, a sample of student transcripts are reviewed to determine if state and local prerequisites and corequisites are met and that local policy is followed.
  - v. Program terminations, programs with no enrollments, and one-year extensions are reviewed.
  
- c. The college Maintenance System for archiving student permanent records is reviewed (Records Retention).
  
- d. A Tech Prep student folder with articulated credit will be reviewed.
  
- e. Curriculum Skills Labs are reviewed to assure that lab hours are being reported consistent with 23 NCAC 02D .0323, *Reporting of Student Hours in Membership for Curriculum Classes*, (d) *Skills Laboratory or Computer Tutorial Laboratory*. Instructor referrals and time cards should be available for review.
  
- f. Curriculum Student Work Experience (COE) documentation required for reporting hours for budget/FTE is reviewed to ensure the cooperative education program is operating according to the program guidelines detailed in the NCCCS Cooperative Education Work Experience Handbook and that student membership or contact hours are reported consistent with 23 NCAC 02D .0323, *Reporting of Student Hours in Membership for Curriculum Classes*, (f) *Curriculum Student Work Experience and Clinical Practice*.

- g. Cooperative and Joint Programs with High School (Huskins, Early College, and Middle College, Learn and Earn Online) approvals are reviewed to ensure consistency with 23 NCAC 02C .0305, *Education Services for Minors*. Intellectually Gifted and Mature Students Under 16 Years of Age Review are also reviewed per SL2009-46 and CC05-182, *Admissions Criteria for Intellectually Gifted and Mature Students Under 16 Years Old*.
- h. The following Computerized Audit (XPA) Reports are reviewed and college staff is asked to clarify questionable items:
  - i. Curriculum Duplicate Class Report or XP AE
  - ii. Cooperative Education or XP AA
  - iii. Student Course Overlap for Curriculum and Continuing Education or XP AQ
  - iv. Underage Students – Curriculum or XP AU
- i. Criminal Justice: Basic Law Enforcement Training certification is reviewed to ensure hours reported are consistent with curriculum guidelines. Pre-delivery approvals and accreditation documentation should be available for review.
- j. Captive/Co-opted Programs and Courses are reviewed to ensure that State Board of Community Colleges approvals have been obtained and that the programs are in compliance with the proper matrix classification (if offered in a correctional institution/facility) and 23 NCAC 02E .0403, *Instruction to Captive or Co-opted Groups*.
- k. If during the review period the college offered instruction through agreements with other community colleges or other public or private organization or institutions, Instructional Services Agreement (ISA) in which FTE was shared with another college or Instructional Contracts are reviewed. In cases where FTE is shared, the division of FTE is checked to determine if each college involved reported the proper portion of FTE and that credentials are appropriately awarded.
- l. Self-Supporting average monthly revenues and FY ending balance are reviewed to determine that surplus revenue is being expended for the direct benefit of students consistent with the requirements of numbered memos CC98-306, *Self Supporting Recommendations*, and CC05-129, *Deposit of Self-Supporting Funds*.

### **Continuing Education**

- a. A statistically valid Institution Class Report (ICR) Records Sample is identified to include the following areas:
  - i. Sample will include all areas of Continuing Education.
  - ii. Class records are reviewed to ensure that student hours in membership reported are accurate and the ten-percent point (census date) was calculated accurately. Class records are reviewed to ensure that student contact hours reported are accurate and do not exceed the hours listed in the Master Course List. All student hours in membership reported must meet reporting requirements of 23 NCAC 02D .0324, *Reporting of Student Hours in Membership for Continuing Education Classes*.
  - iii. Instructor contracts are reviewed to verify that payments are consistent with hours reported for each class. When contract modification occurs, the

- modification should be accompanied by documentation and be appropriately authorized.
- iv. Documentation is reviewed to ensure proper registration fees have been collected or fee waivers have been granted appropriately and evidence of membership has been obtained on attendance roster signed by instructor.
  - v. From the sample, courses are reviewed to ensure compliance with the Master Course List for the period of review.
- b. The college Maintenance System for archiving student permanent records is reviewed (Records Retention).
  - c. Basic Skills student files for one BSP2000 class chosen from each semester will be reviewed to determine if documentation of goal attainment matches the reporting of these achievements in the LEIS report. Copy of the college's Adult High School Agreement of Affiliation and copy of a student's Adult High School Diploma.
  - d. Concurrent enrollment of high school students is reviewed to ensure consistency with 23 NCAC 02C .0305, *Education Services for Minors*.
  - e. The following Computerized Audit (XPA) Reports are reviewed and college staff is asked to clarify questionable items:
    - i. Student Course Overlap for Curriculum and Continuing Education or XPAQ
    - ii. Underage Students – Continuing Education or XPAO
    - iii. Duplicate Classes for Extension Students or XPAF
  - f. Criminal Justice: Basic Law Enforcement Training certification is reviewed to ensure hours reported are consistent with occupational extension guidelines. Pre-delivery approvals and accreditation documentation should be available for review.
  - g. Captive/Co-opted Programs and Courses are reviewed to ensure that State Board of Community Colleges approvals have been obtained and that the programs are in compliance with the proper matrix classification (if offered in a correctional institution/facility) and 23 NCAC 02E .0403, *Instruction to Captive or Co-opted Groups*.
  - h. If the college offered instruction during the review period under an Instructional Services Agreement (ISA) in which FTE was shared with another college, these agreements are reviewed and the division of FTE is checked to determine if each college involved reported the proper portion of FTE and that credentials are appropriately awarded.
  - i. Self-Supporting average monthly revenues and FY ending balance are reviewed to determine that surplus revenue is being expended for the direct benefit of students consistent with the requirements of numbered memos CC98-306, *Self Supporting Recommendations*, and CC05-129, *Deposit of Self-Supporting Funds*.
  - j. If the college had Customized Training project(s), the Project Profile, Training Plan, course outline, invoice for third party instructional pay, instructional time sheets, and all Funds Action Requests (FAR) related to a Customized Training course will be reviewed.

- k. Emergency Services Training Fees are reviewed in continuing education programs and courses ensuring compliance with CC02-150, *New State Board Policy Regarding Fees*, CC04-092, *Collection and Deposit of Institutional Funds*, and CC04-154, *Approval of Changes to the NC Administrative Code*.

**Additional Reviews** may be conducted as warranted by previous findings, problem areas noted, college staff requests, complaints received, etc.

**III. Class Visitation (Pre, During and Post Audit Procedures)**

- a. Using the current schedule for continuing education courses and the current schedule for curriculum courses, a sample of classes is selected for visitation.
- b. Criteria considered when selecting courses includes:

Results of prior year's class visits	Results of pre-audit review
Remote or unusual locations	Unusual course titles
- c. For continuing education classes, the instructor is interviewed regarding class schedule, course content, and actual class activities observed by the auditor. An Instructor Interview Worksheet is completed, including instructor signature and date. Class attendance data and course outlines may be reviewed.
- d. An instructor interview is **not** required for curriculum class visits, but may be conducted at the auditor's discretion. Students attending class may be interviewed concerning class schedule and class content. Class attendance data and course syllabi may be reviewed.

**IV. Post-Audit Procedures**

- a. An Exit Conference is scheduled with the college President as soon as possible once the audit is complete, and is followed by a written audit report detailing the scope of the program audit.
- b. Unless dictated by budget restrictions, the method of conducting the Exit Conference will be at the college President's discretion based on the following criteria: If the Audit Report contains:

No audit exceptions or areas of concern – Videoconference, telephone (preferred for budget cost savings), or auditor will conduct the Exit Conference at the college.

Area(s) of concern(s) – Videoconference, telephone, or auditor will conduct the Exit Conference at the college.

Management Letter – Videoconference, telephone, or auditor will conduct the Exit Conference at the college.

Exception(s) – Auditor will conduct the Exit Conference at the college.

- c. If there are Findings, the college has 30 days from receipt of the preliminary audit report to respond, in writing. When warranted, extensions may be granted to allow

a college additional time to develop a response. The college may request a conference with the Executive Director of Audit Services and/or the Executive Vice President to present pertinent information regarding the issue(s) in question. After reviewing all available information, a final audit report is developed and forwarded to the college. If the issue(s) are not resolved, the college may appeal the audit findings to the State Board of Community Colleges. This appeal must be submitted in writing within 30 days of receipt of the final audit report. The Board's Policy Committee will hear the appeal and make its recommendation to the State Board of Community Colleges.

The auditors function in a coaching, consultative, and proactive manner. They are available to provide assistance to college staff with implementation of the laws, policies, procedures, guidelines, and reporting requirements. A listing of auditor assignments for FY 2010-11 is enclosed which can be found with their contact information at:

[http://www.nccommunitycolleges.edu/Program\\_Audit\\_Services/Auditor\\_Assigned\\_Colleges%202010-2011.htm](http://www.nccommunitycolleges.edu/Program_Audit_Services/Auditor_Assigned_Colleges%202010-2011.htm)

As in previous years, when a NEW audit step is added to the audit process, the first year of implementation is a coaching year where the auditor checks to ensure that the college has implemented processes, procedures, or policies to become compliant with the audit question; the second year is an audit concern when the college is non-compliant; and, the third year is an audit exception if the college is non-compliant, and will result in the reimbursement of funds or student hours in membership.

If you have any questions, please feel free to contact your auditor for assistance or contact me at the System Office at [pettittj@nccommunitycolleges.edu](mailto:pettittj@nccommunitycolleges.edu) or 919-807-7224. We look forward to working with you and your college as you strive to meet the educational, workforce, and economic development needs of your communities and the State.

JP:mg

Enc.

c: Mr. Kennon D. Briggs, Executive Vice President and Chief of Staff  
System Office Vice Presidents  
Auditors

**2010-2011 NC Community College System Auditor Assignments**

College	Assigned Auditor	College	Assigned Auditor
Alamance CC	Amanda Tolar	Martin CC	Veronica Ross
Asheville-Buncombe Technical CC	Connie McKinney	Mayland CC	Anne Miller
Beaufort County CC	Veronica Ross	McDowell Technical CC	Anne Miller
Bladen CC	Terry McCauley	Mitchell CC	Connie McKinney
Blue Ridge CC	Connie McKinney	Montgomery CC	Amanda Tolar
Brunswick CC	Terry McCauley	Nash CC	Veronica Ross
Caldwell CC & Technical Institute	Anne Miller	Pamlico CC	Veronica Ross
Cape Fear CC	Terry McCauley	Piedmont CC	Amanda Tolar
Carteret CC	Veronica Ross	Pitt CC	Terry McCauley
Catawba Valley CC	Anne Miller	Randolph CC	Amanda Tolar
Central Carolina CC	Amanda Tolar	Richmond CC	Terry McCauley
Central Piedmont CC	Anne Miller, Team Leader & Connie McKinney (Elizabeth Self if needed)	Roanoke-Chowan CC	Terry McCauley
Cleveland CC	Connie McKinney	Robeson CC	Amanda Tolar
Coastal Carolina CC	Veronica Ross	Rockingham CC	Anne Miller
College of The Albemarle	Elizabeth Self	Rowan-Cabarrus CC	Anne Miller
Craven CC	Veronica Ross	Sampson CC	Terry McCauley
Davidson County CC	Anne Miller	Sandhills CC	Amanda Tolar
Durham Technical CC	Amanda Tolar	South Piedmont CC	Connie McKinney
Edgecombe CC	Veronica Ross	Southeastern CC	Terry McCauley
Fayetteville Technical CC	Amanda Tolar	Southwestern CC	Connie McKinney
Forsyth Technical CC	Anne Miller	Stanly CC	Elizabeth Self
Gaston College	Connie McKinney	Surry CC	Anne Miller
Guilford Technical CC	Amanda Tolar	Tri-County CC	Anne Miller
Halifax CC	Terry McCauley	Vance-Granville CC	Amanda Tolar
Haywood CC	Connie McKinney	Wake Technical CC	Terry McCauley
Isothermal CC	Connie McKinney	Wayne CC	Veronica Ross
James Sprunt CC	Terry McCauley	Western Piedmont CC	Connie McKinney
Johnston CC	Elizabeth Self	Wilkes CC	Connie McKinney
Lenoir CC	Veronica Ross	Wilson CC	Veronica Ross
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