



NORTH CAROLINA COMMUNITY COLLEGE SYSTEM

R. Scott Ralls, Ph.D.

President

August 23, 2011

MEMORANDUM

To: Presidents

From: Kennon D. Briggs

Ref: Program Audit Guidelines for Fiscal Year 2011-12

Over the past decade or so the scope of Program Audits has been expanded to include such items as Board of Trustees minutes and “must know” items; an evaluation of the president; college personnel policies, planning and institutional effectiveness; and other such items that detract from the critical purpose of validating program/course approvals and student attendance records- both of which are files that document appropriate FTE reporting. This “scope creep” has resulted in the expenditure of time and resources by both college personnel and the System Office auditor that create unnecessary burdens, cause anxiety and frustration on the part of all parties, and that takes the focus off the examination of activity records that in effect determine the allocation of over \$1 billion. As such, it was time to revisit the scope of program audits and pare away audit steps and activities not associated with college programs and related fiscal operations.

Beginning in late spring, System President Scott Ralls directed System Office staff to closely scrutinize the 2010-11 Program Audit Guidelines (audit steps), and determine if they could be “downsized” to a level that ensured compliance with General Statute 115D-5(m) in terms of accountability and compliance, yet removed those items that were either redundant or beyond the scope of review of program approvals and student attendance records. When the staff work was completed, the results were shared with the three president members of the Program Audit Task Force, the full North Carolina Association of Community College Presidents, and the Community College Cabinet. The draft guidelines were presented to the Policy Committee of the State Board of Community Colleges in July for review and edit.

At the Policy Committee meeting on August 18, the committee discussed the revised draft Guidelines. Amid the discussion, the Policy Committee agreed that auditors should obtain records in electronic format whenever possible; and, if the scope of the audit

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went beyond that identified in the Guidelines because of a potential finding, that information would be reported to the Executive Vice President through the chain of command, and he in turn would share it with the college president to prevent future audit “scope creep.” On August 19, 2011, the State Board of Community Colleges gave final approval to the 2011-12 Program Audit Guidelines. Finally, any new audit steps would be added only by actions of the Policy Committee and/or by actions of the General Assembly. A copy is attached to this e-mail.

Over the next several weeks, communications will be forthcoming from the Executive Director of Audit Services that include the revised Program Audit Guidelines for the 2011-12 audit cycle. As you will recall, historically these guidelines have been shared with the college president and their staffs beginning each new fiscal year.

It is the intention of the State Board, the System President, my staff, and me that the new Guidelines will reduce the challenges associated with the annual Program Audit and make the process more efficient.

If you have questions or comments, please feel free to contact me at any time to discuss.