



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

September 22, 2011

IMPORTANT INFORMATION
SUPERSEDES CC10-030

NUMBERED MEMORANDUM

TO: Presidents

FROM: Elizabeth Self, Executive Director
Audit Services

SUBJECT: Program Audit Procedures FY 2011-2012

This numbered memorandum serves as an update to the Program Audit Procedures for FY 2011-2012. This numbered memo supersedes CC10-030, *Audit Procedures FY 2010-2011*.

The information listed below outlines the major components of the annual program audits to be conducted during the 2011-2012 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:

As a result of action taken by the State Board of Community Colleges to eliminate duplicative reporting and focus the audit upon class records, Attachment POL 4 *Re-write of Audit Procedures* was approved at their meeting held August 19, 2011. Accordingly, the following administrative reports will no longer be reviewed during the annual audit: Office of State Controller Audit Reports (unless related to the State Auditor's report), College Internal Audit Reports, US Department of Education Audit Reports, Southern Association of Colleges and Schools reviews and substantive communications, Report on Performance Measures, Strategic Plan, Master Facilities Plan, Evaluation of President, and Personnel Policies. Additionally, the college's current Institutional Effectiveness Plan, Business Continuity Plan, and Communicable Disease/Pandemic Influenza in the Work Place Plan will no longer be requested for review. For the curriculum area of review, the Carl Perkins/Tech Prep Articulation Agreement, program terminations, and self-supporting funds balances have been eliminated from the review. For the continuing education area of review, the Customized Training Program and self-supporting funds balances have been eliminated from the review. For the Literacy/Basic Skills area of review, the Basic Skills Goal Completion and Adult High School reviews have been eliminated.

No. Memo CC11-025
Paper Copy/Email
Supersedes CC10-030

In both the curriculum and continuing education areas, the college Maintenance System (Records Retention and Disposition Schedule Review) for archiving student permanent records will now be reviewed on a multi-year basis. The next scheduled review for this item is FY 2014-2015.

Attachment POL 4 as approved by the SBCC can be found at:

http://www.nccommunitycolleges.edu/state_board/SBCC%20Agendas%20&%20Attachments/2011/AUG%202011/POL%204.pdf

Please be reminded that this means the items will not be reviewed during the program audit, but does not negate the need for colleges to have them as required by General Statutes, Administrative Code, or State Board policy.

Audit Review Process

I. 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. Audits conducted by the Office of the State Auditor

II. 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. Documentation is reviewed to ensure evidence of membership has been obtained on attendance records, and attendance records have been signed by the instructor verifying accuracy.
 - v. 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.
- C. 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.
- D. Curriculum Student Work Experience (COE) documentation required for reporting hours for budget/FTE is reviewed to ensure 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*.
- E. The following Computerized Audit (XPA) Reports are reviewed:
- i. Curriculum Duplicate Class Report or XPAE
 - ii. Cooperative Education or XPAA
 - iii. Student Course Overlap for Curriculum and Continuing Education or XPAQ
 - iv. Underage Students – Curriculum or XPAU
- F. 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.
- 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. Instructional Service Agreement (ISA) for which FTE was shared with another college are reviewed. The division of FTE is checked to determine if each college involved reported the applicable proper portion of FTE based on the ISA, and credentials are appropriately awarded.
- I. Additional Reviews may be conducted as warranted by previous findings, problem areas noted, college staff requests, complaints received, etc. Per State Board intent, if the Audit review goes beyond the normal scope, the College President will be notified.

III. 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. Public Safety Training review verifies the following areas:
- i. Any agreements with an external agency/association
 - ii. If the college advertises a partnership with an outside agency/association for Public Safety Training
 - iii. Reimbursement to an external agency/association for fees for service
 - iv. Whether funds were collected and deposited in accordance with CC04-092
- C. Computerized Audit (XPA) Reports are reviewed and college staff is asked to clarify questionable items. The reports reviewed are listed below:
- 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
- D. 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.
- E. 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*.
- F. Instructional Service Agreement (ISA) for which FTE was shared with another college are reviewed. The division of FTE is checked to determine if each college involved reported the applicable proper portion of FTE based on the ISA, and credentials are appropriately awarded.

- G. Additional Reviews may be conducted as warranted by previous findings, problem areas noted, college staff requests, complaints received, etc. Per State Board intent, if the Audit review goes beyond the normal scope, the College President will be notified.

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

- A. Using the current semester schedule for continuing education courses and the current semester schedule for curriculum courses, a sample of classes is selected for visitation.
- B. Criteria considered when selecting classes include:
 - i. Results of prior year's class visits
 - ii. Remote or unusual locations
 - iii. Unusual course titles
- C. For continuing education classes visited class activities will be observed by the auditor. An Instructor Interview Worksheet is completed, including instructor signature and date. Class attendance data will be reviewed and course outlines may be requested.
- D. For curriculum classes visited, an instructor interview is **not** required, but may be conducted. Students attending class may be interviewed concerning the class schedule and class content. Class attendance data and course syllabi may be reviewed.

IV. Post-Audit Procedures

- A. On the day the auditor receives feedback from college staff regarding issues noted in the audit review, a brief discussion in regard to the audit review findings may be held with the college President or other relevant staff members. If there is no time; college staff is unavailable; or the auditor is not appropriately prepared for the discussion, the auditor will call the college President or a designee of the President when the written audit report detailing the scope of the program audit and findings has been completed, and the call will be scheduled at a time convenient to the President.
- B. If there are Findings, the college has 30 days from receipt of the preliminary audit report to respond in writing. When warranted and with a written request from the college President, extensions may be granted to allow a college additional time to develop a response. When submitting the written response to the Executive Director of Audit Services, the college President may also request a conference with the Executive Director of Audit Services and/or the Executive Vice President to present pertinent information regarding the finding(s). Any additional, pertinent information provided by college staff should be different documentation than that provided in the initial audit review just conducted. For example, the attendance record, verification of payment, instructor contract, etc. provided for the reporting of the class hours for budget/FTE at the time of the audit review cannot be replaced by a secondary documentation of the same nature, or in other words, attendance record "B." It is expected that at the time of the audit review, accurate and final documentation will be

provided for the class hours reported for budget/FTE which was used when the class hours were reported for budget/FTE via the ICR. If the college provides additional, different documentation, time must be allowed for a secondary audit review and written response.

When all information has been reviewed and a conclusion reached, a final audit report will be developed and forwarded to the college President. If applicable, the final audit report will include the rationale for any changes or lack thereof for findings where there was non-concurrence by the college. Upon receipt of the final audit report, if there is continued disagreement as the findings by the college, a written appeal may be made to the State Board of Community Colleges. This written appeal must be submitted within 30 days of receipt of the final audit report. The Board's Policy Committee will review the appeal and make its recommendation to the State Board of Community Colleges.

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 2011-2012 is attached and can also be found with their contact information at:

http://nccommunitycolleges.edu/Program_Audit_Services/Auditor_Assigned_Colleges%202011-2012.htm

As in previous years, when a NEW rule or policy is applied to an audit step and 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 issue; the second year after implementation it 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 requirement to reimburse funds based on 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 selife@nccommunitycolleges.edu or telephone (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.

ES:mg

Att..

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

e-copy: Chief Academic Officers
Senior Continuing Education Officers
Chief Financial Officers
Registrars
Student Development Administrators
Student Services Officers

2011-2012 NC Community College System Auditor Assignments

| College | Assigned Auditor | College | Assigned Auditor |
|-----------------------------------|------------------|-----------------------|------------------|
| Alamance CC | Terry McCauley | Martin CC | Terry McCauley |
| Asheville-Buncombe Technical CC | Connie McKinney | Mayland CC | Anne Miller |
| Beaufort County CC | TBA | McDowell Technical CC | Connie McKinney |
| Bladen CC | Terry McCauley | Mitchell CC | Amanda Tolar |
| Blue Ridge CC | Connie McKinney | Montgomery CC | Terry McCauley |
| Brunswick CC | Terry McCauley | Nash CC | TBA |
| Caldwell CC & Technical Institute | Anne Miller | Pamlico CC | TBA |
| Cape Fear CC | Amanda Tolar | Piedmont CC | Amanda Tolar |
| Carteret CC | TBA | Pitt CC | Amanda Tolar |
| Catawba Valley CC | Anne Miller | Randolph CC | Terry McCauley |
| Central Carolina CC | Amanda Tolar | Richmond CC | Amanda Tolar |
| Central Piedmont CC | Anne Miller | Roanoke-Chowan CC | Terry McCauley |
| Cleveland CC | Connie McKinney | Robeson CC | TBA |
| Coastal Carolina CC | TBA | Rockingham CC | Anne Miller |
| College of The Albemarle | Amanda Tolar | Rowan-Cabarrus CC | TBA |
| Craven CC | Amanda Tolar | Sampson CC | Terry McCauley |
| Davidson County CC | Anne Miller | Sandhills CC | Amanda Tolar |
| Durham Technical CC | Anne Miller | South Piedmont CC | Connie McKinney |
| Edgecombe CC | Terry McCauley | Southeastern CC | Terry McCauley |
| Fayetteville Technical CC | Amanda Tolar | Southwestern CC | Connie McKinney |
| Forsyth Technical CC | Connie McKinney | Stanly CC | Anne Miller |
| Gaston College | Connie McKinney | Surry CC | Connie McKinney |
| Guilford Technical CC | Anne Miller | Tri-County CC | Anne Miller |
| Halifax CC | TBA | Vance-Granville CC | Amanda Tolar |
| Haywood CC | Connie McKinney | Wake Technical CC | Terry McCauley |
| Isothermal CC | Connie McKinney | Wayne CC | Terry McCauley |
| James Sprunt CC | Amanda Tolar | Western Piedmont CC | Anne Miller |
| Johnston CC | Amanda Tolar | Wilkes CC | Terry McCauley |
| Lenoir CC | TBA | Wilson CC | TBA |
| Rev. 7/20/2011 | | | |