



MEMORANDUM

DATE: August 3, 2000

TO: Presidents
Instructional Administrators
Deans of Continuing Education

FROM: Shea Henson, Director of Program Audit Services

SUBJECT: Program Audit Procedures

At the April Presidents' Association Meeting, the Presidents requested information about the program audit process. As a result, the attached document was presented to college presidents at the July 20 Presidents' Association meeting. Since all the presidents may not have received a copy, I have attached the audit procedures summary to help you better prepare for program audits.

The attached document outlines the major components of the annual program audits to be conducted during the 2000-2001 year. While the audit procedures do vary somewhat from year to year, due to changes in legislation, State Board and System Office policy, and the Administrative Code, the core components of the audit are essentially the same as in prior years. New items in the program audit for the 2000-2001 year include:

- A review of college inclement weather plans
- Inclusion of Summer 1999 curriculum class records in the audit sample
- A new review of HRD classes to check for compliance with System Office guidelines established in April 2000
- A review of the literacy data submitted in support of the performance funding measures

If you have any questions about the attached information, please feel free to contact your local program auditor for assistance. Program auditors are available to answer questions and provide assistance to college staff with implementing legislative, State Board, and System Office policies. It is our hope that providing such assistance will help colleges avoid audit problems in the future. Please feel free to call me at the System Office if you need further assistance.

COMMUNITY COLLEGE AUDIT PROCEDURES SUMMARY

Presented to the President's Association, July 20, 2000

Preliminary Reviews

- The college's prior year's audit report, response, and other documents are reviewed to ensure proper steps were taken to resolve any exceptions and concerns. The local board minutes are reviewed to ensure that the board has been made aware of audit findings for the previous year.
- Enrollment trends and other statistical information for the college is reviewed. The purpose of this step is to identify any substantial changes in enrollment and identify the causes.

Review of Computerized Audit Tapes

- The following CC.IA computerized audit reports are run against the college's database:
 1. Underage Students
 2. Master Course Schedule
 3. Continuing Education Instructor Overlap (Optional)
 4. Continuing Education Student Overlap
 5. Duplicate Classes for Extension Students
 6. Curriculum Duplicate Class Report
 7. Address of Extension Instructors (Optional)
 8. Curriculum Overlap
 9. Cooperative Education (Optional)

After these reports have been run, the printouts are reviewed and college staff is asked to clarify any questionable items.

Review of Academic Calendars and Schedules

- The college's academic calendar for the period under review is examined. Academic calendars should contain a minimum of 80 instructional days or the equivalent after all holidays, breaks, etc., are deducted. For non-standard semesters, off-cycle classes, mini-sessions, etc., a sample of classes is reviewed to assure that the proper number of instructional hours has been delivered. The actual class schedule, including unplanned closings due to inclement weather, is reviewed as a part of this step. This step also includes a review of the college's inclement weather plan(s) for the periods under review to ensure that any changes in the college schedule were made consistent with both the local college's plan and System Office guidelines.

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Review of Computer Generated Class Audit Sample

- The following items are reviewed for the audit sample:

Curriculum

- A. Class records are checked to insure that membership hours reported are accurate. Auditors verify that the ten percent point (census date) was calculated accurately and that all students reported meet membership requirements as per 23 NCAC 2D.0323.
- B. Auditors verify that the class schedule is consistent with class hours reported.
- C. From the sample, a minimum of 10% of classes is selected and reviewed to determine if the courses are in compliance with the existing common course library and curriculum standard.

Extension

- A. Class records are checked to insure that membership hours reported are accurate. Auditors verify that the ten percent point (census date) was calculated accurately and that all students reported meet membership requirements as per 23 NCAC 2D.0324.
- B. Instructor contracts are reviewed to verify that payments are consistent with hours reported for the class. (When contract modification occurs, the modification should be supported by attached documentation and appropriately authorized by the Dean or Director.)
- C. Auditors verify that the proper registration fees have been charged or that fee waivers have been granted appropriately and that students' signatures or other evidence of membership have been obtained on a fee roster or registration form.

Special Program Reviews

- Curriculum skills labs are reviewed to assure that lab hours are being reported consistent with 23 NCAC 2D.0323(d). Referrals and time cards should be available for review.
- Co-operative education attendance documentation and workbooks are reviewed to ensure the cooperative education program is operating according to the program guidelines in the NCCCS Cooperative Education Work Experience Handbook and that student membership hours are being reported consistent with 23 NCAC 2D.0323(f).
- A minimum of 25% of the in-plant training classes reported during the review period are reviewed to ensure they are in compliance with 23 NCAC 2E.0402. Approvals by college's board of trustees must be on file and classes must be coded consistent with administrative code provisions.

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Course coding is reviewed to assure proper reimbursement.

- Focused Industrial Training program(s) are reviewed. College documentation should be consistent with the annual FIT report for the prior fiscal year and the departmental budget report as of June 30, for that year. Auditors also verify that funds were spent for instructional costs in compliance with CC-97-204 (FIT program guidelines).
- A minimum of 25% of the current New and Expanding Industry Projects is reviewed to assure that projects and expenditures are consistent with System Office approvals and that classes are operated consistent with the NEIT Guidelines approved by the State Board on April 18, 1997.
- The college's annual Small Business Center report and departmental budget report for the prior fiscal year are reviewed. College documentation should be consistent with the annual report. College expenditures should be consistent with Small Business Center guidelines.
- A sample of the HRD classes offered by the college during the period of review is checked to ensure the courses are operated in compliance with the HRD Policy Manual. Auditors verify that student eligibility, course content, class documentation, advertisement, and instructional payment codes are all appropriate for the HRD program. Auditors also verify that the college has appropriate approvals on file for any classes less than 10 hours long.
- Prison programs are reviewed to ensure that State Board approvals have been obtained and that the programs are in compliance with the proper matrix classification and State Board approvals.

Additional Financial Reviews

- College documentation to support the data submitted for performance measures is reviewed. For the 2000-2001 audit cycle, the data submitted for literacy will be reviewed to ensure the college maintains documentation to support the results reported. The college's system for collecting the data may also be reviewed.
- The college's local Board approved self-supporting policy is reviewed to verify it is consistent with the requirements of numbered memo CC-98-306. Self-supporting revenues and expenses are reviewed to determine that surplus revenue was expended for the direct benefit of students.
- If the college offered instruction during the review period under a service area or collaborative agreement in which FTE was split with another college, these agreements are reviewed and the division of FTE is checked to determine if the proper portion of FTE was reported by each college involved.

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Class Visitation

- From the master schedules for extension courses and the master schedules for curriculum courses, a sample of classes is selected for visitation.

Criteria considered when selecting courses includes:

- Results of prior years' class visits
- Results of pre-audit review
- Results of analytical procedures conducted
- Remote or unusual locations
- Unusual course titles

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 is also reviewed.

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, class content, and attendance of students not present.

Additional Policy Reviews

- If the college offers curriculum tuition deferments, the auditor will review the College Board's approved policy and verify that deferred payments are processed in accordance with that policy. The auditor also reviews percentages of unpaid balances at the end of the semester and checks to see that students with unpaid balances are not allowed to register during the following term.
- The college's current institutional effectiveness plan is reviewed to verify that it contains the required diversity component.
- The auditor reviews the implementation of the college's "Accountability and Credibility Plan" for one extension semester included in the period of review.
- Additional reviews may be conducted as warranted by previous findings, problem areas noted, complaints received, etc. Additional reviews may include curriculum walk-throughs, curriculum

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and/or continuing education course classification reviews, and other procedures necessary to ensure that the college is in compliance with current legislation, State Board and System Office policy, and the Administrative Code.