

Revised Program Audit Procedures

Section	Item	Description	Eliminate	Multi-Year Audit	Every Year Audit	Redundancy as Cause for Elimination or Explanation for Retention
1.01	Audit Entrance Conference	Conference with President upon entrance on campus.	Possibly			Request is to limit the conference to the Auditor (or required Audit Services staff) and President or President's designee. Presidents have said it is taking up staff time unnecessarily. (The intent of Audit Services has been only to announce they are on campus and ask if the President has any specific issues that he wishes for the auditor to review.)
2.01	Audit Reports and Boards of Trustees Must Know Items Review	"Must Know" items are the result of policy adopted by the SBCC in January 2009 in response to the State Auditor's recommendations. The SBCC required that the items be discussed annually with each college's local Board of Trustees and that the discussion be documented in minutes of the meeting. Many of the items being requested are also monitored by other NCCCS staff in addition to the auditor's verification of the discussion. While the items are required by the NC General Statutes or the NC Administrative Code, the requirement that they be discussed each year with the trustees is in SBCC Policy only.				
2.01A	NCCCS Audit Services Report for Prior Year	Audit Report completed by NCCCS Audit Services Staff.			*	Final audit reports for each college are posted on the Audit Services page of the NCCCS website. This Program Audit report should be discussed with the Trustees annually.
2.01B	Other Must Know Items	See items below.	See below.			See below.
	State Auditor's Audit Report	Audits may be one of seven different audits that are conducted by the Office of the State Auditor; however, they are most often financial and IT audits that are usually conducted every other year and every three years, respectively.			*	Reports are posted on the State Auditor's website, and the NCCCS Manager of Systems Accounting/Special Projects receives notification of each posting. Reports are reviewed, and colleges are contacted to alleviate problems that resulted in the findings. The State Auditors Report should be discussed with the Trustees when completed.

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2.01B (Con't)	Financial Statements As Submitted with CAFR	A financial statement is included in each college's Comprehensive Annual Financial Report that is required to be submitted to the State Controller. The Controller then forwards it to the State Auditor. It is used to determine the credit worthiness of the State of NC.	*			The NC State Controller's Office notifies NCCCS Business and Finance staff, usually the Manager of Systems Accounting/Special Projects, of a failure to submit a CAFR or problems. The college is then contacted and assistance provided to enable them to complete the report and submit it. Additionally, the State Auditor reviews the statement as part of their financial audit and a failure to meet the CAFR submission deadline is included in the audit.
	Internal Audits	Audits conducted by internal staff at college.	*			Audits are conducted as a result of internal audit policy at the college.
	US Dept Of Education Audits or Reviews	Audits conducted by the General Accounting Office of the US Congress on programs that use Federal monies.	*			The audits are sometimes conducted at the State level. Colleges may be visited during the audit, but it is generally related to federal financial aid, basic skills or vocational education funding.
	SACS Review or Substantive Change	Review by the Southern Association of Colleges and Schools to determine if colleges meet their accreditation standards. Captured in the SACS "Process of Accreditation" (Rev. 2009).	*			See Also 23 NCAC 2C.0109(a)(1) and .0603
	Report on Performance Measures	Performance measures included in N.C.G.S. 115D-31.3 are used to evaluate the college's performance and used as a basis to qualify for performance funding, a percentage of their general appropriations funding, when available.	*			Reports are submitted to the Associate Vice President of Research and Performance Management who includes them in the NCCCS publication <i>Critical Success Factors</i> posted on the NCCCS website. Results are also included in each college's printed or electronic catalog or on the internet, and are reported to the State Board annually.

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2.01B (Con't)	Strategic Plan	A plan best described as the college's long-range goals and objectives.	*			This item was a part of the General Assembly's appropriation of Advance Planning funds in 2007. The requirement for a Strategic Plan was a contingency to getting Advanced Planning funds.
	Master Facilities Plan	Plan to evaluate and monitor progress on college's facilities.	*			The top three capital projects, developed from a Master Facilities Plan, are requested at least every other year for the Legislature. This provides a sufficient review of college facility requirements.
2.02	Planning and Institutional Effectiveness	See 2.02 A, B, and C	*			See 2.02 A, B, and C
2.02A	Institutional Effectiveness	A plan that focuses on specific initiatives for continuous improvement of programs, services and the learning environment.	*			SACS Core Requirement 2.12 makes this an ongoing activity for each community college.
2.02B	Business Continuity Plan	A plan to ensure the security of and continuous operation of colleges, particularly during disasters/emergencies. These are subject to review during the State Auditor's IT audit.	*			IT Audits are conducted by the State Auditor every three years. The Senior Vice President and Chief of Technology and Workforce Development is the NCCCS contact for these audits.
2.02C	Communicable Disease Plan	A plan to ensure safety and operational guidelines during a communicable disease outbreak.	*			Included in Business Continuity Plans (BCP). Other parts of the BCP are required by the Office of Emergency Management or Health and Human Services.

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2.03	Continuing Education Accountability and Credibility Plan Implementation Review	Plan outlining steps to ensure accountability/credibility in the college's Continuing Education Program.			*	The Director of Continuing Education and Human Resources Development does not require colleges to submit their Internal Audit Plan to the System Office on an annual basis. However, 8-10 colleges per year request their plan be reviewed before it is submitted to their local Board of Trustees. As a result, approximately 30+ copies of local plans are on file in the System Office. Additionally, training is provided annually to local colleges (onsite and regional meetings) on accountability/credibility issues as it relates to the Internal Audit Plan.
3.01	Evaluation of College President Review	Verifies the evaluation of the college president is conducted by the local Board of Trustees and that the evaluation instrument meets the criteria required by the SBCC.	*			Executive Director of the State Board receives these annually.
4.01	College Personnel Policies	Verifies that colleges submit all personnel policies to the System President annually.	*			Policy changes are submitted to the System Office General Counsel, usually as changes occur, and a report is given to Audit Services of those colleges that have submitted changes. See Also 23 NCAC 2C.0210.
5.01	Semesters Included in Audit Samples and Enrollment Trends	Enrollment trends are identified by the auditor.			*	<i>NCCCS Auditor Involvement Only</i> - step in audit review of hours reported for budget/FTE.

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6.01	Summary of Semester Samples Selected for Review	Process to gather audit sample.			*	<i>NCCCS Auditor Involvement Only</i> - step in audit review of hours reported for budget/FTE.
7.00	Academic Calendar: Summer (7.01); Fall+Spring (7.02); Alternative (7.03)	Review to insure college calendar complies with the correct reporting periods for budget/FTE.			*	<i>NCCCS Auditor Involvement Only</i> - step in audit review of hours reported for budget/FTE. (If problem found, must resolve with the college.)
8.00	Curriculum Records Review	Review of Curriculum Records by NCCCS Audit Services to ensure adherence to the NC General Statutes, NC Administrative Code, and policy adopted by the State Board of Community Colleges.			*	<i>NCCCS Auditor Involvement Only</i> - step in audit review of hours reported for budget/FTE and overall recordkeeping.
8.01	Curriculum Termination Review	Review to ensure low enrollment programs are cancelled after two continuous years.	*			Terminations are sent to NCCCS Academic and Student Services; however, the colleges are responsible for initiating the termination. This is a college continuous program review activity per 23 NCAC 2E.0201.
8.02	Curriculum Programs of Study [To Be Revised]	Review to ensure programs being offered are within the program of study approved by the Board.	* (Continue After Re-write)			The NC Administrative Code requires colleges to submit Programs of Study to NCCCS Academic and Student Services prior to their being offered by the college.
8.03	Carl Perkins/Tech Prep Articulation Agreement	Review to ensure hours are reported appropriately and students are given due articulated credit for applicable courses.	*			Congress has eliminated CTP funds, and the audit is no longer needed.

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8.04	Curriculum Records Retention and Disposition Schedule	Review to determine records are retained properly according to the published retention schedule.		*		NCCCS Audit Services, NCCCS Academic and Student Services-Financial Aid and Student Success provides information; the State of NC Archives monitors this, and the State Auditor may include it in audit reviews.
9.01	Curriculum Skills Lab Review (Will Change)	Review to determine if the appropriate referrals to lab were made, and to ensure that student's schedule does not overlap, whereby the student is reported in the class and the lab at the same time (a duplicate request for FTE funding).			*	This item is retained as it is the subject of many audit findings. The item is currently under review for a re-write of student participation and records verification requirements.
10.01	Cooperative Education (COE) Program Review [Work Experience]	Review of students enrolled in the COE program to ensure the coop is appropriate and the hours are reported correctly for budget/FTE.			*	This item is retained as it is the subject of many audit findings. The item is currently under review for a re-write of student participation and records verification requirements.
11.00 thru 11.03	Cooperative Education Program Review: Education for Minors; Huskins; Joint High School Programs; Learn and Earn Online; and Intellectually Gifted/Mature	Review to ensure budget/FTE is reported appropriately and that proper documentation is collected for minors.	*			To be replaced effective January 1, 2012+G30, by Career and College Promise - GS 115D-20(4). (Because legislation changed frequently and programs overlapped, much of this was handled at the System Office using Datatel rather than during the audit last year.)

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12.01	Computer Audit Program Results	Various reports that identify possible duplicate classes, overlapping classes, proper placement in COOP, and underage students and their classes.			*	This review is a useful tool in identifying course overlap and over-reported FTE.
13.01	Curriculum Criminal Justice Certification Review	Review to ensure fee waivers are in order and that fees charged are appropriate.			*	This item is required for review by General Statute 115D-5(b)
14.01	Curriculum Captive/Co-opted Approvals Review (Will Change)	Review to ensure that course offerings are approved and hours reported for budget/FTE are appropriate.			*	NCCCS Director of Public Safety Programs processes approvals; NCCCS Audit Services audits hours and approvals per General Statute 115D-5(c).
15.01	Instructional Service Agreements	Review to ensure instructional agreements, whereby two colleges share in the budget/FTE earned, are adhered to, reported accurately, and credentials are awarded properly.			*	This item is audited per 23 NCAC 2E.0604, as they affect FTE reporting of hours.
16.01	Curriculum Self-Supporting	Review to determine if college is holding an excessive amount of funds in this account which could be marked for reversion.	*			College Financial Officers should be aware of the amount in the fund.
17.00	Continuing Education Records Review	Review of Continuing Education Records by NCCCS Audit Services to ensure adherence to the NC General Statutes, NC Administrative Code, and policy adopted by the State Board of Community Colleges.			*	<i>NCCCS Auditor Involvement Only</i> - step in audit review of hours reported for budget/FTE and class attendance records.

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17.01	Continuing Education Records Retention and Disposition Schedule	Review to determine records are retained properly according to the published retention schedule.		*		State of NC, Department of Cultural Resources, Division of Archives monitors this.
17.02	Basic Skills Review	Review to assess registration information, assessment information, student goals and accomplishments.	*			NCCCS College and Career Readiness Team Leader/Director of Programs Quality and Accountability reviews programs and conducts site visits on a rotational basis.
17.03	Adult High School Completion Review	Review to verify agreements with the local high schools are in place and diplomas are properly signed.	*			NCCCS College and Career Readiness Team Leader/Director of Programs Quality and Accountability reviews programs and conducts site visits on a rotational basis.
18.01	Customized Training (CT) Program Review	Review to determine proper project approvals, training activities are appropriate for the project, and funds spent are properly approved.	*			Projects must be approved by the college president, the CT Program Regional Director, Associate Vice President for CT , the System President, and a designee of the NC Department of Commerce. Spending and program activity is monitored by the CT Regional Training Director and Associate Vice President.
19.01	Public Safety Training Review	Review of external agency/ association agreements, fees reimbursed, and registration fees reported properly for receipt of budget/FTE.			*	NCCCS Director of Public Safety Programs provides program assistance and NCCCS Audit Services audits agreements and hours per 23 NCAC 2E.0405.
20.01	Computer Audit Program Results - XPA	Various reports that identify possible duplicate classes, overlapping classes, and underage students and their classes.			*	This review is a useful tool in identifying course overlap and over-reported FTE.

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21.01	Continuing Education Criminal Justice Certification Review	Review to ensure fee waivers are in order or that fees charged are appropriate.			*	NCCCS Director of Public Safety Programs provides program assistance; NCCCS Audit Services audits fee waivers and hours per GS 115D-5 and 23 NCAC 2E.0405.
22.01	Continuing Education Captive/Co-opted Approvals Review	Review to ensure that course offerings are approved and hours reported for budget/FTE are appropriate.			*	The NC Department of Corrections has approval authority for programs offered at a correctional institution; however, the Director of Continuing Education and Human Resources Development, Director of Public Safety Programs, and NCCCS College and Career Readiness Team Leader/ Director of Programs Quality and Accountability have various responsibilities related to the program offerings and NCCCS Audit Services audits hours and approvals.
23.01	Continuing Education Instructional Service Agreements Review	Review to ensure instructional agreements, whereby two colleges share in the budget/FTE earned, are adhered to, reported accurately, and credentials are awarded properly.			*	This is audited per 23 NCAC 2E.0602, as they affect FTE reporting of hours.
24.01	Continuing Education Self-Supporting Review	Review to determine if college is holding an excessive amount of funds in this account which could be marked for reversion.	*			College Financial Officers should be aware of the amount in the fund.
25.01	Miscellaneous Reviews:	Reviews warranted by previous year's findings, issues noted, or complaints received.		*		

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26.01 thru 28.01	Class Visits: Curriculum and Continuing Education Worksheets - Auditors' Use Only/No college requirement	Class visits are made on-site by the auditor who confirms the class is taught as advertised, whether the instructor of record is teaching the class, relevance of instruction, schedule of class, and whether proper cancellation notices are provided.			*	These items are <i>for NCCCS Auditor Involvement Only</i> - no college involvement in the actual visit.]
29.01	Exit Conference	Meeting to discuss the findings of the audit.	*			<p>Since findings relayed at an exit conference at the close of an audit are potential findings and have caused confusion and/or miscommunication, it is requested that exit conferences be eliminated or limited. If not eliminated, it is requested that participation be limited to the Auditor (or required Audit Services staff) and the College President or one designated member of his staff. The auditor will only provide a very short summary of potential findings. The conference will be held prior to the auditor's departure from the campus (eliminating one trip per audit per college), and by telephone if not conducted prior to the departure.</p> <p>For clarity, an additional review of documentation supporting findings will be made by the Executive Director of Audit Services (and if necessary by the Executive Vice President) before findings are included in a written preliminary report.</p>

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29.01 (Con't.)	Exit Conference			*		Once the report is mailed, the College President will have 30 days to respond in writing, and any additional documentation requested to be reviewed should be included with the response. If desired, a meeting with the Executive Director of Audit Services and/or the Executive Vice President to discuss the college's response/findings, should be requested at the end of the college's written response.
NEW	No State Funds for Intercollegiate Athletics - GS 115D-42.1			*		New Legislation.
NEW	Career and College Promise - GS 115D-20(4)					New Legislation.