



NORTH CAROLINA COMMUNITY COLLEGE SYSTEM
H. Martin Lancaster, President

February 4, 2008

Dr. Rose Johnson, President
Haywood Community College
185 Freedlander Drive
Clyde, NC 28721

Dear Dr. Johnson

Enclosed is the final audit report of findings from the recent audit conducted at Haywood Community College. There were two exceptions noted for the classes and programs reviewed. The college response dated December 3, 2007, provided supportive documentation which was incorporated into the report.

Thank you for cooperating with the System Office Audit Services staff during the performance of the audit.

Sincerely,

Fred G. Williams
Executive Vice President

Enclosure

c: Ms. Peggy C. Melville, Chair, Board of Trustees
Ms. Hilda Pinnix-Ragland, Chair, State Board of Community Colleges
Members, State Board of Community Colleges
Mr. H. Martin Lancaster, System President
Mr. Leslie W. Merritt, Jr., State Auditor
Ms. Jennifer Haygood, Fiscal Analyst
Mr. David McCoy, State Budget Officer
Community College Presidents
Ms. Karen Denney, Chief Financial Officer, Haywood Community College
System Office Vice Presidents

North Carolina Community College System

Audit Findings for Haywood Community College Spring Semester 2006– Spring Semester 2007

An audit was conducted at Haywood Community College by the System Office Audit Services staff on the maintenance of records and the reporting of student membership hours as well as certain college procedures for Spring Semester 2006 through Spring Semester 2007. The audit was conducted to review selected class reports for this period. If disagreement exists, the college may appeal the audit findings to the State Board of Community Colleges. This appeal must be submitted in writing within thirty days of receipt of the final audit report. The Board's Policy Committee will hear the appeal and make its recommendation to the Board.

The scope of the audit included a pre-audit review of selected records pulled from the Institution Class Reports (ICR), programs, policies, and procedures for the period covered by the audit. Based on the pre-audit review, certain class reports were identified for further study. The following audit tests were conducted regarding the ICRs: (1) a statistically valid sample of attendance records and supporting documentation for student membership hour reporting was reviewed; (2) student registration and student receipt information were reviewed for selected programs; (3) college personnel were interviewed regarding student reporting; (4) certain college reporting procedures and practices were reviewed to assure compliance with the North Carolina Administrative Code; (5) selected program classification reviews and class visits were conducted; and (6) the college's accountability and credibility plan was reviewed.

Class visits are conducted on a random basis throughout the year, and a summary of these visits will be forwarded to the college at the end of the fiscal year. If concerns are noted which result from these visits, the college will be immediately notified. Program reviews/class visits conducted for the current fiscal year to date are listed in Attachment Number Two.

Based on the site review two exceptions were noted and are discussed below.

EXCEPTION NUMBER ONE

During a review of curriculum course offerings, a number of errors were noted which resulted in 672 student membership hours incorrectly reported for budget/FTE. The errors are summarized below:

- Title 23 NCAC 02D .0323(f)(2) *Work Experience*, states, (C) "The college shall maintain documentation of all student work experience hours."

Curriculum Procedures Reference Manual, Section 20, Cooperative Education (Work Experience), Reporting Co-op Hours for Budget FTE, 1. Membership Hours, states, "Students enroll in a co-op class and colleges report the hours the same as any other course. If the college elects to report the co-op hours as membership hours, the student must actually begin the work experience activity. In situations where the student attends a co-op orientation meeting, but never participates in the work experience activity, the college shall not report any hours for budget FTE."

<u>Semester/Term</u>	<u>Course Number</u>	<u>Course Title</u>	<u>Hours Excepted</u>
Spring 2007	COE 111 02	Co-op Work Experience I	160
Spring 2007	COE 121 IN1	Co-op Work Experience I	160

Student membership hours were incorrectly reported for two students, there was no documentation that the students actually participated in the work experience.

- Title 23 NCAC 02D .0323(f)(2) *Work Experience*, states, "(C) The college shall maintain documentation of all student work experience hours."

Curriculum Procedures Reference Manual, Section 20, Cooperative Education (Work Experience), Curriculum Program Restrictions, states, in pertinent part, "A student must be enrolled in a curriculum program to participate in a cooperative work experience activity. A curriculum student cannot be "tuition exempted." Students in the following academic codes may not participate in co-op: ...Special Credit Student (T90990)"

<u>Semester/Term</u>	<u>Course Number</u>	<u>Course Title</u>	<u>Hours Excepted</u>
Spring 2007	COE 111 IN1	Co-op Work Experience I	160

Student membership hours were incorrectly reported for one student coded as a Special Credit Student (T90990).

- Title 23 NCAC 02D .0323 *Reporting of Student Hours in Membership for Curriculum Classes* (b)(2) states, in pertinent part, "A student shall be considered to be in class membership when the student meets all of the following criteria: (A) enrolled as evidenced by payment of the applicable tuition and fees, or obtained a waiver as defined in G.S. 115D-5(b); (B) attended one or more classes prior to or on the 10 percent point in the class; (C) has not withdrawn or dropped the class prior to or on the 10 percent point."

<u>Semester/Term</u>	<u>Course Number</u>	<u>Course Title</u>	<u>Hours Excepted</u>
Spring 2007	BIO 111BB 60	General Biology I Lab	48
Spring 2007	EDU 144 IN1	Child Development I	48

Student membership hours were incorrectly reported for two students, as the students dropped the class prior to the ten percent point.

- Title 23 NCAC 02D .0323 *Reporting of Student Hours in Membership for Curriculum Classes* (b)(2) states, in pertinent part, "A student shall be considered to be in class membership when the student meets all of the following criteria: (A) enrolled as evidenced by payment of the applicable tuition and fees, or obtained a waiver as defined in G.S. 115D-5(b); (B) attended one or more classes prior to or on the 10 percent point in the class; (C) has not withdrawn or dropped the class prior to or on the 10 percent point."

<u>Semester Term</u>	<u>Course Number</u>	<u>Course Title</u>	<u>Hours Excepted</u>
Spring 2007	EDU 261 IN1	Early Childhood Administration	48
Spring 2007	SPA 112 N1	Elementary Spanish II	48

Student membership hours were incorrectly reported for two students, as the students entered the class after the ten percent point.

RECOMMENDATION: An audit exception is taken to 672 student membership hours for students who did not meet reporting criteria outlined in Title 23 of the North Carolina Administrative Code and the Curriculum Procedures Reference Manual. Staff should take the necessary steps to familiarize themselves with the aforementioned references to ensure the appropriate number of student membership hours are reported for budget/FTE.

Staff should review all records reported for student membership hours for budget/FTE since Spring 2007 and make any necessary adjustments.

The classes cited are listed below:

CURRICULUM

<u>Course Number</u>	<u>Semester</u>	<u>Original Hours Reported</u>	<u>Corrected Hours</u>	<u>Hours Excepted</u>
COE 111 02	Spring 2007	320	160	160
COE 121 IN1	Spring 2007	480	320	160
COE 111 IN1	Spring 2007	2,400	2,240	160
BIO 111BB 60	Spring 2007	864	816	48
EDU 144 IN1	Spring 2007	1,056	1,008	48
EDU 261 IN1	Spring 2007	960	912	48
SPA 112 N1	Spring 2007	576	528	48
Total Hours Excepted:				672

EXCEPTION NUMBER TWO

During a review of continuing education course offerings, a number of errors were noted which resulted in 1,842 student membership hours incorrectly reported for budget/FTE. The errors are summarized below:

- Title 23 NCAC 02C .0305 *Educational Services for Minors*, states, in pertinent part, “(c) A high school student, 16 years or older, based upon policies approved by the local public or private board of education and board of trustees, may be admitted to any curriculum course one hundred level and above or any continuing education course, except adult basic skills, concurrently...”

<u>Semester/Term</u>	<u>Course Number</u>	<u>Course Title</u>	<u>Hours Excepted</u>
Spring 2006	FIP 3309	Ropes – Level I and II	12

Student membership hours were counted for budget/FTE for a student who was 15 years of age.

- Title 23 NCAC 02D .0324, *Reporting of Student Hours in Membership for Continuing Education Classes*, states, in pertinent part, “(2) Definition of Student Membership. A student is considered to be in class membership when the student meets all of the following

criteria:...(B) Attended one or more classes held prior to or on the 10 percent point in the class; and (C) Has not withdrawn or dropped the class prior to or on the 10 percent point of the class.”

<u>Semester/Term</u>	<u>Course Number</u>	<u>Course Title</u>	<u>Hours Excepted</u>
Spring 2006	FIP 3310	Ladders I and II	32

Student membership hours were reported for budget/FTE for two students who entered the class after the ten percent point of the class.

- Title 23 NCAC 02D .0325 *Limitation in Reporting Student Membership Hour*, states, in pertinent part, (a)(9) “Effective July 1, 1993, no budget/FTE shall be generated by occupational extension students after their first repetition of an occupational extension course. Students who take an occupational extension course more than twice within a five-year period shall pay their cost for the course based on the amount of funds generated by a student membership hour for occupational extension multiplied by the number of actual hours the class is to be taught. These students shall not generate budget/FTE...”

Title 23 NCAC 02D .0324, *Reporting of Student Hours in Membership for Continuing Education Classes*, states, in pertinent part, (2) “Definition of Student Membership. A student is considered to be in class membership when the student meets all of the following criteria: (A) Enrolled as evidenced by payment of the applicable registration fees...”

<u>Semester/Term</u>	<u>Course Number</u>	<u>Course Title</u>	<u>Hours Excepted</u>
Summer 2006	CAB 3100	Cabinet Making	160

Student membership hours were reported for budget/FTE for a student who had previously taken this class twice within a five-year period; the tuition payment was also refunded.

- GS 115D-5(b), states, in pertinent part, “the State Board of Community Colleges may provide by general and uniform regulations for waiver of tuition and registration fees ... for training courses for volunteer firemen, local fire department personnel, volunteer rescue and lifesaving department personnel, local rescue and lifesaving department personnel...”

Title 23 NCAC 02D .0324, *Reporting of Student Hours in Membership for Continuing Education Classes*, states, in pertinent part, (2) "Definition of Student Membership. A student is considered to be in class membership when the student meets all of the following criteria: (A) Enrolled as evidence by payment of the applicable registration fees, or obtained a waiver as defined in Paragraph (a) of Rule .0203 of this Subchapter..."

Numbered memorandum, CC89-031, *Waiver of Fees for Firefighting, Law Enforcement and Emergency Services Personnel*, states, in pertinent part, "Chapter 115D-5(b) authorizes the State Board of Community Colleges to waive tuition and fees for "local" firefighting, law enforcement, rescue and lifesaving personnel..."

<u>Semester/Term</u>	<u>Course Number</u>	<u>Course Title</u>	<u>Hours Excepted</u>
Summer 2006	CJC 3938	Basic Law Enforcement	1,368
Summer 2006	CJC 5045	Spanish for Law Enforcement	72

Students were fee waived inappropriately: the students were sponsored by Blue Ridge Public Safety, a company police department, which does not meet the requirements set forth in the North Carolina General Statutes, North Carolina Administrative Code, and numbered memorandum for fee waivers.

- Title 23 NCAC 02D. 0326 *Budget FTE Funding*, states, in pertinent part, (b) "Any class for which the instructor's services are provided at no cost or for which the instructional cost is paid totally and directly by an external agency is a "gratis" class. In this situation, the class is reported as self-supporting, and does not generate budget/FTE. If a portion of the class is gratis, student hours shall be prorated accordingly."

<u>Semester/Term</u>	<u>Course Number</u>	<u>Course Title</u>	<u>Hours Excepted</u>
Fall 2006	CJC 3952	Mandated In-Service Training Tactical Ops – Pepper Spray	48
Fall 2006	CJC 5020	Certification	6
Fall 2006	FIP 4714	Live Burn Training	6

In each class, the instructors were also students, and their class hours were reported for budget/FTE.

<u>Semester/Term</u>	<u>Course Number</u>	<u>Course Title</u>	<u>Hours Excepted</u>
Fall 2006	FIP 3401	Firefighter Recertification	138

The instructor was paid for 36 hours on the contract. There were contact hours reported for students for budget/FTE in excess of 36 hours (-102 hours). The instructor was also counted for budget/FTE as a student (-36 hours).

RECOMMENDATION: An audit exception is taken to 1,842 student membership hours for students who did not meet reporting criteria outlined in North Carolina General Statutes, Title 23 of the North Carolina Administrative Code, and numbered memorandum. Staff should take the necessary steps to familiarize themselves with the aforementioned references to ensure the appropriate number of student membership hours are reported for budget/FTE.

Staff should review all records reported for student membership hours for budget/FTE since Fall 2007 and make any necessary adjustments.

The classes cited are listed below:

CONTINUING EDUCATION

<u>Contract Number</u>	<u>Course Number</u>	<u>Semester</u>	<u>Original Hours Reported</u>	<u>Corrected Hours</u>	<u>Hours Excepted</u>
0600078	FIP 3309	Spring 2006	252	240	12
0600382	FIP 3310	Spring 2006	240	208	32
0600327	CAB 3100	Summer 2006	1,120	960	160
0600002	CJC 3938	Summer 2006	7,524	6,156	1,368
0600398	CJC 5045	Summer 2006	264	192	72
61333	CJC 3952	Fall 2006	480	432	48
61215	CJC 5020	Fall 2006	42	36	6
61237	FIP 4714	Fall 2006	132	126	6
60684	FIP 3401	Fall 2006	668	530	<u>138</u>
Total Hours Excepted:					1,842

The cooperation of the president and staff during the course of the audit was appreciated.

SUBMITTED BY: Amanda K. Tolar
Audit Dates: September 28 - October 16, 2007

ATTACHMENT NUMBER ONE

**Haywood Community College
Financial Adjustment
FY 2006 - 2007**

A total of 672 curriculum hours were cited that require a financial adjustment:

FTE Calculation Worksheet

Curriculum \$ Value \$4,746.30

Curriculum

Hours	/ 512 =	Curriculum FTE	Curriculum Value	Sub-Total Reversion
672	/ 512 =	1.31 X	\$4,746.30	<u>\$6,217.65</u>

25% Penalty Calculation

Hours	X 25% =	Curriculum Hours	/ 512 =	Curriculum FTE	Curriculum Value	Sub-Total Penalty
672	X 25% =	168	/ 512 =	.33	\$4,746.30	<u>\$1,566.28</u>

Sub-Total Reversion	\$6,217.65
Sub-Total Penalty	\$1,566.28
Total	<u>\$7,783.93</u>

ATTACHMENT NUMBER ONE

**Haywood Community College
Financial Adjustment
FY 2006 - 2007**

A total of 1,842 Continuing Education hours were cited that require a financial adjustment:

FTE Calculation Worksheet

Continuing Education \$ Value \$4,133.06

Continuing Education

Hours	/ 688 =	Continuing Education FTE	Continuing Education Value	Sub-Total Reversion
1,842	/ 688 =	2.68	\$4,133.06	<u>\$11,076.60</u>

25% Penalty Calculation

Hours	X 25% =	Continuing Education Hours	/ 688 =	Continuing Education FTE	Continuing Education Value	Sub-Total Penalty
1,842	X 25% =	461	/ 688 =	.67	\$4,133.06	<u>\$2,769.15</u>

Sub-Total Reversion	\$11,076.60
Sub-Total Penalty	\$ 2,769.15
Total	<u>\$13,845.75</u>

	Total Reversion
Curriculum	\$ 7,783.93
Continuing Education	<u>\$13,845.75</u>
Total	<u>\$21,630</u>

The college should submit Form 104 to the System Office for \$21,630 to resolve the audit exceptions.

ATTACHMENT NUMBER TWO

Haywood Community College SUMMARY OF CLASS VISITS FOR FY 2007 – 2008

CURRICULUM

<u>Course Prefix and Number</u>	<u>Instructor</u>	<u>Location</u>	<u>Date of Visit</u>	<u>Students Enrolled</u>	<u>Attendance at Time of Visit</u>
ART 264	J. Richardson	Tuscola High School	9/26/07	36	18
BIO 111	S. Martin	Main Campus	9/26/07	20	19
HIS 121	W. Gaddis	Main Campus	9/26/07	34	<u>28</u>
Total CURRICULUM Class Visits/Program Reviews to Date:					3

CONTINUING EDUCATION

<u>Course Prefix and Number</u>	<u>Instructor</u>	<u>Location</u>	<u>Date of Visit</u>	<u>Students Enrolled</u>	<u>Attendance at Time of Visit</u>
BSP 2000	B. Reinman	HOV	9/27/07	6	4
BSP 2000	J. Rivert	Main Campus	9/27/07	42	6
BSP 2000	C. Vernon	Dayco Building	9/26/07	15	10
BSP R2000	L. Jefferys	Silver Bluff Rest Home	10/16/07	10	9
CJC 3938	J. Haynes	Dayco Building	9/26/07	-	- *1
CSP 8000	A. Tilmont	Main Campus	9/26/07	20	14 *2
NUR 3240	E. Messer	Main Campus	9/26/07	8	<u>8</u>
Total CONTINUING EDUCATION Class Visits/Program Reviews to Date:					7

*1 Class was taking the state BLET exam. Instructor was not present.

*2 Instructor of record was out due to family emergency. Student, Deb Brown was filing in as the instructor for that day.